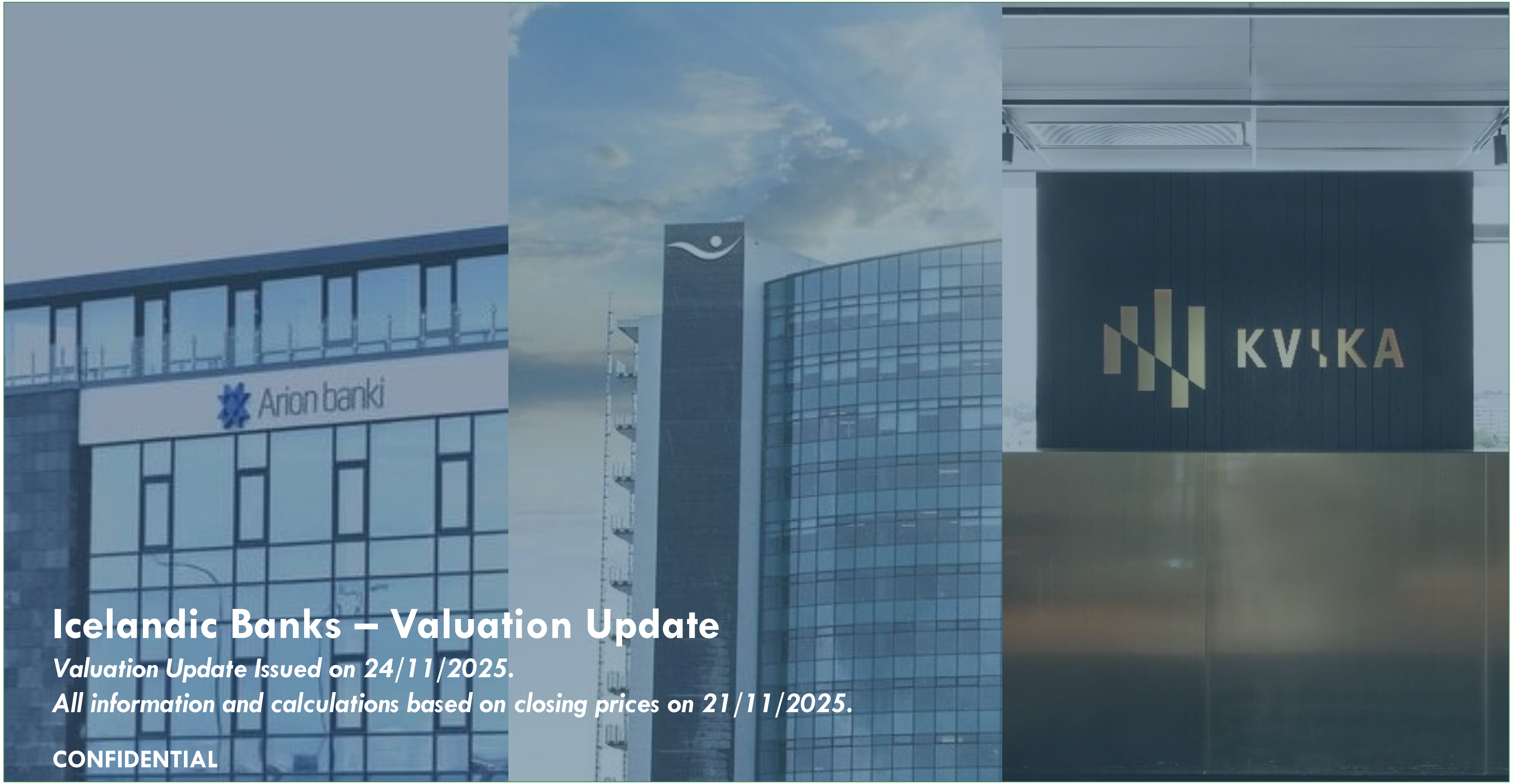

Icelandic Banks – Valuation Update

Valuation Update Issued on 24/11/2025.

All information and calculations based on closing prices on 21/11/2025.

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Discussions

Target Price

- 2025 year-end target price of ISK 291 per share.
- Target price is the average of two approaches, a dividend discount model and a fair value based on a target P/B multiple.

Cost of Capital and Current Valuation

- Cost of equity of 10,48%, a 410bps risk premium.
  - Current valuation implies a CoE of 17,75%, a 1137bps risk premium.

Capital and Non-Core Assets

- CRR3 effects greater than anticipated resulting in higher shareholder distributions and RoE.
- Excess capital will be roughly ISK 39bn at year-end 2025 according to AKKUR estimates.
  - 16% of current market cap.
- Estimated net value of Landey, in excess of book value, roughly ISK 10bn.

Changes Since Initiation Report

- Initiation report issued in December 2024 with a TP of ISK 231.
- Since then, underlying operations have performed considerably better than anticipated resulting in higher estimated earnings.
- Biggest contributor, by far, is net interest income as the NIM has proven more resilient but still expected to drop from result levels in 2025.

M&A

- Arion bank and Kvika signed a letter of intent to merge the banks where exchange ratios have been agreed to.
- Currently in pre-notification discussions with the Icelandic Competition Authority.
- **Merger is not accounted for in the valuation.**

2025 year-end target price of ISK 291.

Cost of equity of 10,48%.

2026E P/E: 7,6x.
Target 2026E P/E: 12,4x.

Implied cost of equity 17,75%.

Arion banki

DDM, P/B valuation and Sensitivity Analysis

Dividend Discount Model									
			0,5	1,5	2,5	3,5	4,5	5,5	6,5
	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Net Income	26.113	32.604	32.628	33.074	34.226	35.429	36.317	37.471	38.668
Current P/E	9,32x	7,47x	7,46x	7,36x	7,11x	6,87x	6,70x	6,50x	6,30x
Current P/B	1,18x	1,13x	1,16x	1,16x	1,13x	1,10x	1,06x	1,03x	1,00x
CET1 ratio	18,2%	19,5%	18,2%	17,6%	17,5%	17,5%	17,5%	17,6%	17,6%
Dividends/Share Buybacks		22.196	39.125	32.628	29.766	28.236	29.229	29.961	30.914
PV of Dividends/Share Buybacks			37.223	28.097	23.201	19.921	18.665	17.318	16.174

Equity Value	**mISK**	**ISK/share**
PV of Dividends/Share Buybacks	160.600	116
Terminal Value	239.824	173
Equity Value of Operations	**400.424**	**289**
Excess Value Landey	9.720	7
Total Equity Value	**410.144**	**297**

Target Price	
DDM Valuation	297
P/B Valuation	286
Target Price	**291**

P/B Valuation									
			0,5	1,5	2,5	3,5	4,5	5,5	6,5
	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Equity	206.582	213.825	207.328	207.774	212.233	219.426	226.514	234.024	241.778
Equity value	369.953	382.924	371.290	372.088	380.074	392.955	405.648	419.097	432.983
Present value			353.241	320.420	296.251	277.236	259.044	242.245	226.531
PV of dividends and share buybacks			37.223	65.320	88.522	108.443	127.108	144.426	160.600
Excess Value Landey			9.720	9.720	9.720	9.720	9.720	9.720	9.720
Total value			**400.184**	**395.460**	**394.492**	**395.399**	**395.872**	**396.391**	**396.851**
Per share			289	286	285	286	286	287	287

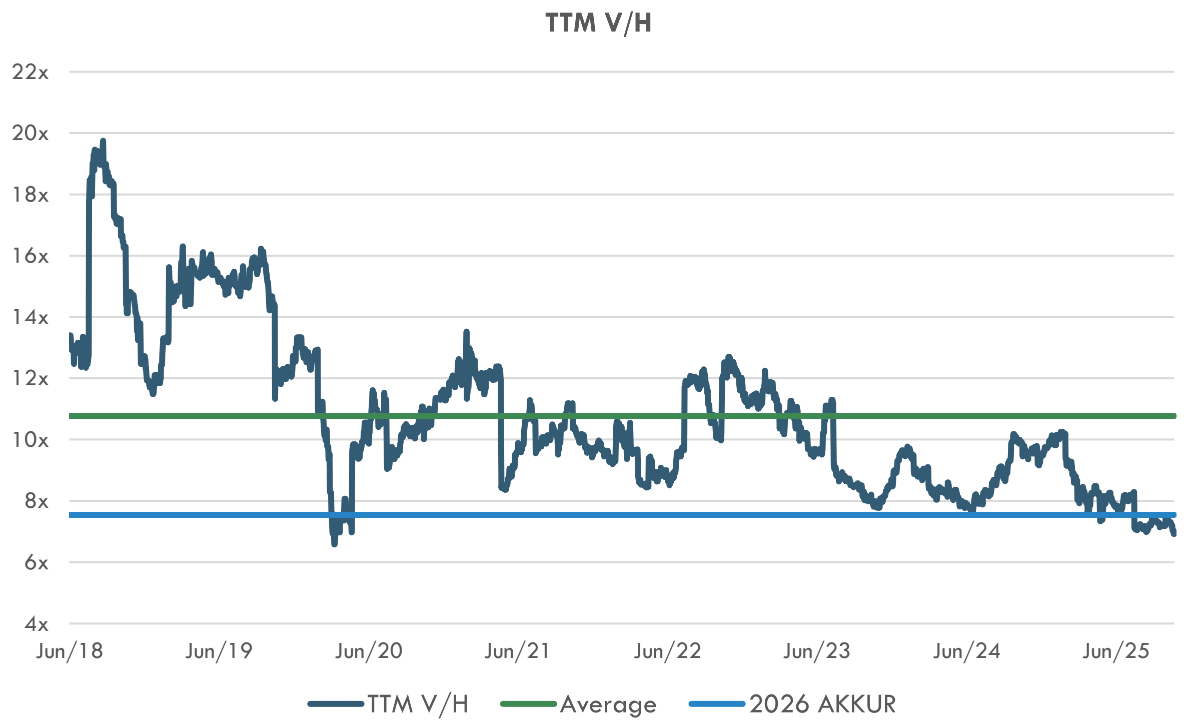
Target RoE	16,0%
Fair value P/B	1,79x

		Cost of Equity						
		8,98%	9,48%	9,98%	10,48%	10,98%	11,48%	11,98%
Terminal Growth	5,0%	437	393	357	328	304	283	266
	4,5%	407	369	339	314	292	274	258
	4,0%	382	350	**324**	**302**	**282**	266	251
	3,5%	362	335	**311**	**291**	**274**	259	245
	3,0%	346	321	**300**	**282**	**267**	253	240
	2,5%	332	310	291	275	260	247	235
	2,0%	320	300	283	268	254	242	231

Arion banki

IRR Analysis

- On average, Arion banki has traded at 10,8x TTM earnings since listing with a high of 19,8x and a low of 6,6x.
- Assuming an entry price of ISK 176 and an exit at 10x earnings at year-end 2028, the IRR is roughly 32% and the money multiple around 1,8x.



IRR Assuming Exit at Year-End 2028							
	Exit P/E Multiple						
Entry Price	7,0x	8,0x	9,0x	10,0x	11,0x	12,0x	13,0x
161	22,3%	27,6%	32,7%	37,4%	41,9%	46,2%	50,3%
166	20,5%	25,8%	30,8%	35,4%	39,9%	44,1%	48,2%
171	18,8%	24,0%	**28,9%**	**33,6%**	**38,0%**	42,1%	46,1%
176	17,2%	22,3%	**27,2%**	**31,8%**	**36,1%**	40,2%	44,2%
181	15,6%	20,7%	**25,5%**	**30,1%**	**34,3%**	38,4%	42,4%
186	14,1%	19,2%	23,9%	28,4%	32,7%	36,7%	40,6%
191	12,7%	17,7%	22,4%	26,8%	31,0%	35,0%	38,9%

Money-Multiple Assuming Exit at Year-End 2028							
	Exit P/E Multiple						
Entry Price	7,0x	8,0x	9,0x	10,0x	11,0x	12,0x	13,0x
161	1,53x	1,69x	1,84x	1,99x	2,15x	2,30x	2,45x
166	1,49x	1,63x	1,78x	1,93x	2,08x	2,23x	2,38x
171	1,44x	1,59x	**1,73x**	**1,88x**	**2,02x**	2,17x	2,31x
176	1,40x	1,54x	**1,68x**	**1,82x**	**1,96x**	2,10x	2,24x
181	1,36x	1,50x	**1,64x**	**1,77x**	**1,91x**	2,05x	2,18x
186	1,33x	1,46x	1,59x	1,72x	1,86x	1,99x	2,12x
191	1,29x	1,42x	1,55x	1,68x	1,81x	1,94x	2,07x

Arion banki

Estimate Changes Since Initiation Report

Summarized Income Statement and KPIs																		
	Current AKKUR Estimates						AKKUR Initation Report Estimates						*Change*					
Figures in mISK	2025E	2026E	2027E	2028E	2029E	2030E	2025E	2026E	2027E	2028E	2029E	2030E	*2025E*	*2026E*	*2027E*	*2028E*	*2029E*	*2030E*
Net Interest Income	53.137	53.810	54.633	56.376	58.180	60.047	46.635	46.635	46.635	46.635	52.740	54.587	*6.502*	*7.175*	*7.998*	*9.741*	*5.440*	*5.460*
Net Fee and Commission Income	17.189	18.136	18.814	19.519	20.251	20.627	17.643	17.643	17.643	17.643	20.328	20.988	*-454*	*493*	*1.171*	*1.876*	*-77*	*-361*
Insurance Service Results	1.785	1.460	1.548	1.640	1.737	1.808	1.102	1.102	1.102	1.102	1.508	1.583	*683*	*358*	*446*	*538*	*229*	*225*
Net Financial Income	816	3.924	3.979	4.034	4.089	4.146	3.141	3.141	3.141	3.141	3.295	3.334	*-2.325*	*783*	*838*	*893*	*794*	*811*
Other Operating Income	4.500	400	400	400	400	400	0	0	0	0	0	0	*4.500*	*400*	*400*	*400*	*400*	*400*
Total Operating Income	**77.426**	**77.730**	**79.373**	**81.969**	**84.658**	**87.028**	**68.521**	**68.521**	**68.521**	**68.521**	**77.871**	**80.493**	***8.905***	***9.209***	***10.852***	***13.448***	***6.787***	***6.536***
Operating Expenses	-28.393	-29.871	-30.758	-31.670	-32.609	-33.639	-29.406	-29.406	-29.406	-29.406	-32.940	-33.910	*1.013*	*-465*	*-1.352*	*-2.264*	*331*	*271*
Bank Levy	-2.056	-2.199	-2.282	-2.361	-2.438	-2.516	-1.964	-1.964	-1.964	-1.964	-2.285	-2.365	*-92*	*-235*	*-318*	*-397*	*-153*	*-151*
Net Impairments	-1.777	-2.808	-2.894	-2.982	-3.073	-3.167	-2.802	-2.802	-2.802	-2.802	-3.184	-3.288	*1.025*	*-6*	*-92*	*-180*	*112*	*122*
Profit Before Tax	**45.200**	**42.853**	**43.439**	**44.955**	**46.538**	**47.706**	**34.349**	**34.349**	**34.349**	**34.349**	**39.462**	**40.929**	***10.851***	***8.504***	***9.090***	***10.606***	***7.076***	***6.777***
Income Tax Expense	-12.596	-10.225	-10.365	-10.729	-11.109	-11.390	-8.184	-8.184	-8.184	-8.184	-9.411	-9.763	*-4.412*	*-2.041*	*-2.181*	*-2.545*	*-1.698*	*-1.626*
Net Income From Continuing Operations	**32.604**	**32.628**	**33.074**	**34.226**	**35.429**	**36.317**	**26.165**	**26.165**	**26.165**	**26.165**	**30.051**	**31.166**	***6.439***	***6.463***	***6.909***	***8.061***	***5.378***	***5.151***
Dividends/Share Buybacks	22.196	39.125	32.628	29.766	28.236	29.229	37.173	31.399	21.899	22.192	23.141	24.041	*-14.977*	*7.726*	*10.729*	*7.574*	*5.096*	*5.188*
Net Interest Margin	3,30%	3,15%	3,10%	3,10%	3,10%	3,10%	3,05%	3,00%	3,00%	3,00%	3,00%	3,00%	*0,25%*	*0,15%*	*0,10%*	*0,10%*	*0,10%*	*0,10%*
Cost to Core Income Ratio	42,1%	43,3%	43,7%	43,6%	43,5%	43,6%	47,7%	48,0%	47,7%	47,4%	47,2%	47,0%	*-5,5%*	*-4,7%*	*-3,9%*	*-3,8%*	*-3,7%*	*-3,4%*
Return on Equity	15,4%	15,3%	15,8%	16,1%	16,2%	16,1%	13,0%	13,6%	14,2%	14,3%	14,4%	14,4%	*2,4%*	*1,7%*	*1,6%*	*1,8%*	*1,8%*	*1,7%*
Core Income %% Risk Exposure Amount	7,8%	7,8%	7,7%	7,8%	7,8%	7,8%	7,3%	7,3%	7,3%	7,3%	7,3%	7,3%	*0,5%*	*0,6%*	*0,4%*	*0,4%*	*0,4%*	*0,4%*
CET1 ratio	19,5%	18,2%	17,6%	17,5%	17,5%	17,5%	18,4%	17,3%	17,2%	17,2%	17,2%	17,2%	*1,1%*	*0,9%*	*0,4%*	*0,2%*	*0,3%*	*0,3%*
Loan Book Growth	7,1%	3,5%	3,5%	3,5%	3,5%	3,5%	3,8%	3,8%	3,8%	3,8%	3,8%	3,8%	*3,3%*	*-0,3%*	*-0,3%*	*-0,3%*	*-0,3%*	*-0,3%*

Shareholders

20 Largest Shareholders and Changes YTD

- Seven out of ten largest shareholders sold shares YTD.
- Arion bank biggest buyer of shares through share buyback programs.
- Pension funds own over 50%.
- Only company that is a top 10 holding in all local equity funds.
- Arion makes up 17,0% of the OMXI15 index and 10,5% of the OMX All Shares index.
  - All funds underweight relative to the OMX15 but in line with OMX All Shares weight.

ARION	31/10/2025		Change - YTD	
Shareholder	Shares	Stake %	Shares	Stake %
Live Pension Fund	135.695.490	9,6%	-1.454.903	-0,1%
Gildi Pension Fund	135.565.033	9,5%	-3.173.985	-0,2%
LSR Pension Fund	131.147.402	9,2%	-1.922.714	-0,1%
Brú Lífeyrissjóður	76.927.304	5,4%	-3.467.000	-0,2%
Stoðir hf.	72.000.000	5,1%	-8.000.000	-0,6%
Frjálsi Pension Fund	55.156.504	3,9%	731.442	0,1%
Vanguard	55.002.630	3,9%	699.147	0,0%
Stapi Pension Fund	43.237.778	3,0%	-2.524.815	-0,2%
Birta Pension Fund	43.150.499	3,0%	-4.595.268	-0,3%
Festa Pension Fund	37.101.422	2,6%	3.080.591	0,2%
Hvalur hf.	36.771.350	2,6%	0	0,0%
Arion banki hf.*	36.739.576	2,6%	32.600.569	2,3%
Stefnir Funds	34.397.360	2,4%	2.950.719	0,2%
Lífsverk Pension Fund	27.600.530	1,9%	4.756.457	0,3%
Almenni Pension Fund	25.740.174	1,8%	1.100.000	0,1%
Íslandsbanki hf.	22.634.445	1,6%	-396.774	0,0%
Eaton Vance	19.773.062	1,4%	19.773.062	1,4%
Landsbréf hf.	16.754.031	1,2%	16.754.031	1,2%
Kjálkanes ehf.	13.780.000	1,0%	13.780.000	1,0%
Iceland Funds	12.926.858	0,9%	-2.345.747	-0,2%
20 largest shareholders	**1.005.394.590**	**70,8%**	**56.910.559**	**4,0%**

* Adjusted for a share capital reduction earlier this year

Assumptions and KPIs

Overview

Assumptions and KPIs																
	Historical Figures								AKKUR Estimates							
	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Net Interest Income																
Loans %% Deposits	165,5%	178,9%	157,0%	144,8%	142,8%	143,6%	145,4%	143,5%	142,0%	145,0%	145,0%	145,0%	145,0%	145,0%	145,0%	145,0%
Net Interest Margin	2,9%	2,8%	2,8%	2,9%	2,8%	3,1%	3,1%	3,1%	3,3%	3,2%	3,1%	3,1%	3,1%	3,1%	3,1%	3,1%
Loan growth - Households		9,6%	5,2%	17,6%	21,5%	10,6%	4,6%	5,0%	3,0%	4,0%	4,0%	4,0%	4,0%	4,0%	4,0%	4,0%
Loan growth - Corporates		8,4%	-6,5%	-3,9%	5,2%	22,6%	8,2%	8,6%	11,5%	3,0%	3,0%	3,0%	3,0%	3,0%	3,0%	3,0%
Net Fee and Commission Income																
Assets Under Management ("AuM") (bnISK)	985	971	1.013	1.131	1.352	1.296	1.383	1.633	1.902	1.969	2.038	2.109	2.183	2.259	2.338	2.420
Y-o-Y change %		-1,4%	4,4%	11,6%	19,5%	-4,1%	6,7%	18,0%	16,5%	3,5%	3,5%	3,5%	3,5%	3,5%	3,5%	3,5%
Asset Management Fees %% AuM		0,40%	0,40%	0,38%	0,44%	0,41%	0,41%	0,35%	0,31%	0,30%	0,30%	0,30%	0,30%	0,30%	0,30%	0,30%
Loans and guarantees Fees %% Loan Book		0,26%	0,26%	0,51%	0,53%	0,43%	0,36%	0,36%	0,40%	0,41%	0,41%	0,42%	0,42%	0,40%	0,40%	0,40%
Collections and Payment Services %% Loan Book		0,20%	0,19%	0,16%	0,17%	0,15%	0,14%	0,13%	0,12%	0,12%	0,12%	0,12%	0,12%	0,12%	0,12%	0,12%
Cards and Payments Solutions %% Credit Card Loans to Individuals		11,6%	12,2%	13,4%	14,2%	25,3%	36,9%	32,6%	33,5%	33,5%	33,5%	33,5%	33,5%	33,5%	33,5%	33,5%
Insurance Service Results																
Combined Ratio	98,3%	92,3%	93,0%	94,4%	93,2%	93,3%	97,0%	88,9%	90,0%	92,0%	92,0%	92,0%	92,0%	92,0%	92,0%	92,0%
Net Claims Ratio	77,2%	74,7%	74,0%	73,3%	73,3%	74,9%	76,5%	69,8%	70,0%	73,0%	73,0%	73,0%	73,0%	73,0%	73,0%	73,0%
Cost Ratio	21,1%	17,6%	19,0%	21,1%	19,9%	18,4%	20,5%	19,1%	20,0%	19,0%	19,0%	19,0%	19,0%	19,0%	19,0%	19,0%
Revenue Growth		11,5%	8,6%	3,4%	12,4%	17,1%	15,3%	12,9%	6,0%	5,5%	5,0%	5,0%	5,0%	3,5%	3,5%	3,5%

Assumptions and KPIs

Overview

Assumptions and KPIs																
	Historical Figures								AKKUR Estimates							
	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Net Financial Income																
Financial Instruments - ROI		2,1%	2,8%	1,6%	2,7%	-1,6%	0,7%	1,4%	0,4%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%
Financial Insrtuments %% Total Assets	9,5%	9,8%	10,8%	19,4%	17,2%	13,2%	13,5%	12,8%	14,7%	14,5%	14,2%	14,0%	13,8%	13,5%	13,3%	13,1%
Salaries and Related Expenses																
FTEs During Period	939	928	866	789	758	759	794	836	870	890	890	890	890	890	890	890
Annual Salary Expense per FTE (mISK)	14,5	15,4	15,4	15,6	19,3	20,9	21,1	22,0	22,2	22,9	23,6	24,3	25,0	25,7	26,5	27,3
Y-o-Y change %		6,2%	-0,1%	1,7%	23,6%	8,2%	1,1%	4,0%	1,0%	3,0%	3,0%	3,0%	3,0%	3,0%	3,0%	3,0%
Other Operating Expenses																
Y-o-Y change %		29,2%	1,9%	-0,9%	-7,2%	-0,9%	7,5%	8,8%	-1,5%	3,5%	3,5%	3,5%	3,5%	3,5%	3,5%	3,5%
Y-O-Y Change Adjusted for One-off Items %		0,3%	1,9%	-0,9%	-7,2%	-0,9%	7,5%	3,9%	3,2%	3,5%	3,5%	3,5%	3,5%	3,5%	3,5%	3,5%
Income Tax	28,3%	31,2%	20,9%	16,2%	19,9%	33,9%	27,2%	25,4%	27,9%	23,9%	23,9%	23,9%	23,9%	23,9%	23,9%	23,9%
Effective Tax Rate																
Other KPIs																
Core Income	41.224	42.258	43.153	45.871	50.178	60.243	64.637	67.577	76.280	77.585	79.383	82.143	85.007	87.490	90.367	93.344
Cost to Core Income Ratio	55,5%	62,2%	62,3%	53,3%	51,6%	44,8%	44,5%	46,9%	42,1%	43,3%	43,7%	43,6%	43,5%	43,6%	43,6%	43,5%
Core Income %% Risk Exposure Amount		5,4%	5,7%	6,3%	6,4%	7,1%	7,2%	7,1%	7,8%	7,8%	7,7%	7,8%	7,8%	7,8%	7,8%	7,8%
Return on Equity		4,2%	7,2%	8,6%	13,9%	10,2%	13,3%	12,9%	15,4%	15,3%	15,8%	16,1%	16,2%	16,1%	16,1%	16,1%
CET1 ratio	23,6%	21,2%	21,2%	22,3%	19,6%	18,8%	19,7%	18,2%	19,5%	18,2%	17,6%	17,5%	17,5%	17,5%	17,6%	17,6%
CAD ratio	24,0%	22,0%	24,0%	27,0%	23,8%	24,0%	24,1%	22,6%	23,4%	22,5%	21,8%	21,5%	21,4%	21,3%	21,3%	21,2%
Equity Ratio	19,7%	17,3%	17,5%	16,9%	14,8%	12,8%	13,1%	12,8%	12,2%	11,5%	11,2%	11,1%	11,1%	11,1%	11,1%	11,2%
Dividend Ratio (incl. Share Buybacks)									85,0%	120,0%	100,0%	90,0%	82,5%	82,5%	82,5%	82,5%

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Íslandsbanki

Discussions

Target Price

- 2025 year-end target price of ISK 181 per share.
- Target price is the average of two approaches, a dividend discount model and a fair value based on a target P/B multiple.

Cost of Capital and Current Valuation

- Cost of equity of 10,58%, a 410bps risk premium.
  - Current valuation implies a CoE of 14,25%, a 787bps risk premium.
- Current valuation implies a 2026 P/E multiple of 8,1x according to AKKUR estimates while target P/E is 11,7x.

Capital

- CRR3 effects greater than anticipated resulting in higher shareholder distributions and RoE.
- Excess capital will be roughly ISK 42bn at year-end 2025 according to AKKUR estimates.
  - 18% of current market cap.

Changes Since Initiation Report

- Initiation report issued in January 2025 with a TP of ISK 164.
- Since then, underlying operations have performed better than anticipated resulting in higher estimated earnings.
- Biggest contributor is net interest income as the NIM has proven more resilient but still expected to drop from result levels in 2025.
- Changes in net fee and commission income mostly due to accounting changes.

M&A

- Íslandsbanki and Skagi signed a merger term sheet where exchange ratios have been agreed to.
- Due diligence is ongoing, and merger is expected to take 9-12 months to conclude.
- **Merger is not accounted for in the valuation.**

2025 year-end target price of ISK 181.

Cost of equity of 10,58%.

2026E P/E: 8,1x.
Target 2026E P/E: 11,7x.

Implied cost of equity 14,25%.

Íslandsbanki

DDM, P/B valuation and Sensitivity Analysis

Dividend Discount Model									
Time			0,5	1,5	2,5	3,5	4,5	5,5	6,5
	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Net Income	24.246	26.736	28.052	28.534	29.623	30.624	31.552	32.523	33.538
Current P/E	9,56x	8,67x	8,26x	8,12x	7,82x	7,57x	7,34x	7,13x	6,91x
Current P/B	1,02x	1,07x	1,13x	1,11x	1,08x	1,05x	1,02x	0,98x	0,95x
CET1 ratio	20,1%	20,0%	18,1%	17,9%	17,7%	17,5%	17,5%	17,4%	17,4%
Dividends/Share Buybacks			40.105	23.844	24.254	25.179	23.733	24.453	25.206
PV of Dividends/Share Buybacks			38.141	20.511	18.871	17.719	15.107	14.078	13.125

Equity Value	**mISK**	**ISK/share**
PV of Dividends/Share Buybacks	137.553	76
Terminal Value	192.418	106
Equity Value of Operations	**329.971**	**182**

Target Price	
DDM Valuation	182
P/B Valuation	180
Target Price	**181**

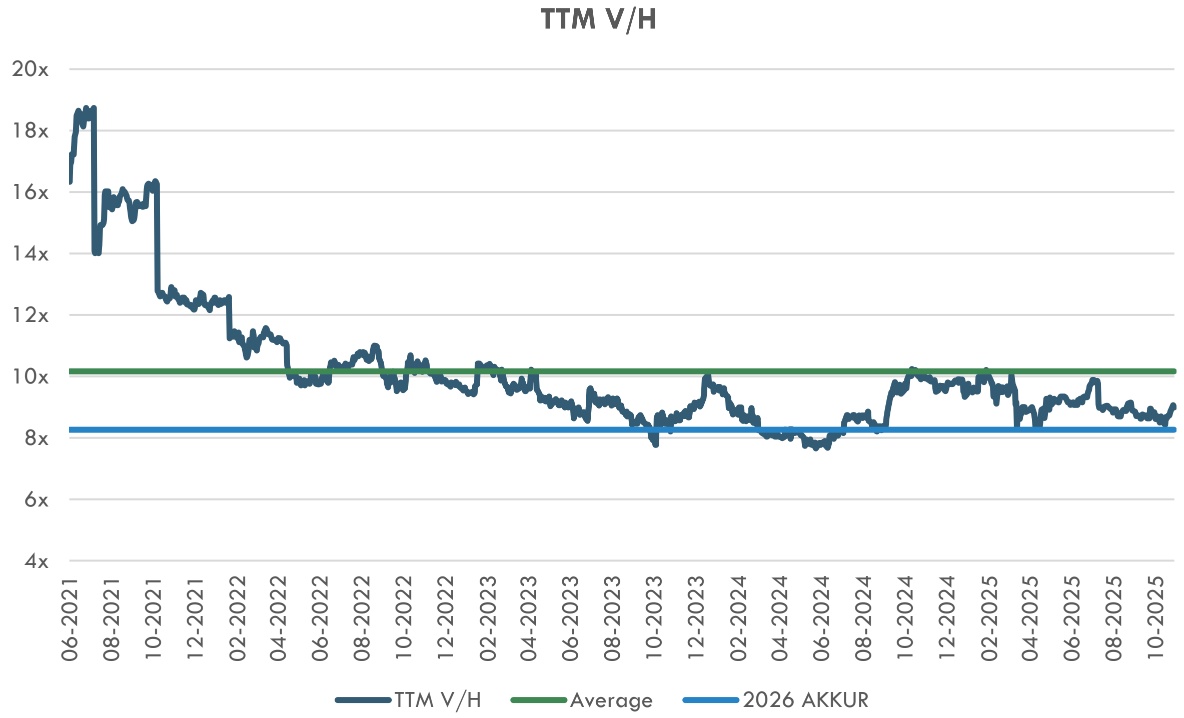
P/B Valuation									
			0,5	1,5	2,5	3,5	4,5	5,5	6,5
	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Equity	227.355	216.230	204.178	208.868	214.236	219.681	227.500	235.570	243.903
Equity value	338.134	321.589	303.664	310.639	318.624	326.721	338.349	350.352	362.745
Present value			288.798	267.214	247.904	229.924	215.365	201.705	188.892
PV of dividends and share buybacks			38.141	58.652	77.523	95.243	110.349	124.427	137.553
Total value			**326.940**	**325.866**	**325.427**	**325.166**	**325.714**	**326.132**	**326.445**
Per share			181	180	180	180	180	180	180
Target RoE	14,0%								
Fair value P/B	1,49x								

Terminal Growth	Cost of Equity						
	9,06%	9,56%	10,06%	10,56%	11,06%	11,56%	12,06%
5,0%	284	255	232	213	197	184	172
4,5%	261	237	217	201	187	175	165
4,0%	242	222	**205**	**191**	**179**	168	159
3,5%	226	209	**195**	**182**	**171**	162	153
3,0%	214	199	**186**	**175**	**165**	156	149
2,5%	203	190	178	168	159	151	144
2,0%	193	182	171	162	154	147	140

Íslandsbanki

IRR Analysis

- On average, Íslandsbanki has traded at 10,2x TTM earnings since listing with a high of 18,7x and a low of 7,7x.
- Assuming an entry price of ISK 126 and an exit at 10x earnings at year-end 2028, the IRR is roughly 21% and the money multiple around 1,7x.



IRR Assuming Exit at Year-End 2028								
		Exit P/E Multiple						
		7,0x	8,0x	9,0x	10,0x	11,0x	12,0x	13,0x
Entry Price	117	13,6%	17,6%	21,4%	24,9%	28,2%	31,3%	34,3%
	120	12,5%	16,5%	20,2%	23,7%	27,0%	30,1%	33,1%
	123	11,4%	15,4%	**19,1%**	**22,5%**	**25,8%**	28,9%	31,8%
	126	10,4%	14,3%	**18,0%**	**21,4%**	**24,7%**	27,7%	30,6%
	129	9,4%	13,3%	**16,9%**	**20,3%**	**23,6%**	26,6%	29,5%
	132	8,4%	12,3%	15,9%	19,3%	22,5%	25,5%	28,4%
	135	7,5%	11,3%	14,9%	18,3%	21,5%	24,5%	27,3%

Money-Multiple Assuming Exit at Year-End 2028								
		Exit P/E Multiple						
		7,0x	8,0x	9,0x	10,0x	11,0x	12,0x	13,0x
Entry Price	117	1,40x	1,54x	1,68x	1,81x	1,95x	2,09x	2,23x
	120	1,36x	1,50x	1,63x	1,77x	1,91x	2,04x	2,18x
	123	1,33x	1,46x	**1,59x**	**1,73x**	**1,86x**	1,99x	2,13x
	126	1,30x	1,43x	**1,56x**	**1,69x**	**1,82x**	1,94x	2,07x
	129	1,27x	1,39x	**1,52x**	**1,65x**	**1,77x**	1,90x	2,03x
	132	1,24x	1,36x	1,48x	1,61x	1,73x	1,86x	1,98x
	135	1,21x	1,33x	1,45x	1,57x	1,69x	1,82x	1,94x

Íslandsbanki

Estimate Changes Since Initiation Report

Summarized Income Statement and KPIs																		
	Current AKKUR Estimates						AKKUR Initation Report Estimates						*Change*					
Figures in mISK	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	***2025E***	***2026E***	***2027E***	***2028E***	***2029E***	***2030E***
Net Interest Income	52.277	53.914	54.730	56.439	58.215	60.060	49.920	51.993	54.016	56.085	57.915	59.800	*2.357*	*1.921*	*715*	*354*	*300*	*260*
Net Fees and Commissions	13.919	14.925	15.836	16.675	17.369	17.934	15.644	16.443	17.349	18.074	18.785	19.509	*-1.725*	*-1.518*	*-1.512*	*-1.399*	*-1.416*	*-1.575*
Net Financial Income	-250	806	805	804	802	801	907	911	914	918	922	926	*-1.157*	*-105*	*-110*	*-114*	*-119*	*-124*
Other Operating Income	1.000	400	400	400	400	400	0	0	0	0	0	0	*1.000*	*400*	*400*	*400*	*400*	*400*
Total Operating Income	**66.946**	**70.045**	**71.772**	**74.318**	**76.787**	**79.196**	**66.471**	**69.347**	**72.279**	**75.077**	**77.622**	**80.235**	***475***	***698***	***-507***	***-759***	***-835***	***-1.039***
Operating Expenses	-27.566	-28.333	-29.237	-30.170	-31.134	-32.128	-29.572	-30.524	-31.506	-32.520	-33.566	-34.647	*2.007*	*2.191*	*2.269*	*2.349*	*2.433*	*2.519*
Bank Levy	-1.999	-2.130	-2.216	-2.290	-2.367	-2.445	-2.029	-2.112	-2.215	-2.305	-2.382	-2.461	*30*	*-19*	*-1*	*15*	*15*	*16*
Net Impairments	-331	-2.750	-2.853	-2.960	-3.071	-3.186	-2.906	-3.015	-3.127	-3.244	-3.366	-3.492	*2.576*	*265*	*274*	*285*	*295*	*307*
Profit Before Tax	**37.051**	**36.832**	**37.466**	**38.898**	**40.216**	**41.437**	**31.963**	**33.697**	**35.431**	**37.008**	**38.308**	**39.635**	***5.087***	***3.135***	***2.036***	***1.890***	***1.908***	***1.802***
Income Tax Expense	-10.314	-8.780	-8.932	-9.276	-9.592	-9.885	-7.611	-8.027	-8.443	-8.822	-9.134	-9.452	*-2.703*	*-752*	*-489*	*-454*	*-458*	*-433*
Net Income From Continuing Operations	**26.736**	**28.052**	**28.534**	**29.623**	**30.624**	**31.552**	**24.352**	**25.669**	**26.987**	**28.186**	**29.174**	**30.183**	***2.384***	***2.383***	***1.547***	***1.436***	***1.450***	***1.370***
Dividends/Share Buybacks	25.000	40.105	23.844	24.254	25.179	23.733	41.672	40.181	20.536	20.240	21.140	21.880	*-16.672*	*-76*	*3.309*	*4.014*	*4.039*	*1.853*
Net Interest Margin	3,15%	3,10%	3,05%	3,05%	3,05%	3,05%	2,95%	3,00%	3,00%	3,00%	3,00%	3,00%	*0,20%*	*0,10%*	*0,05%*	*0,05%*	*0,05%*	*0,05%*
Cost to Core Income Ratio	41,6%	41,2%	41,4%	41,3%	41,2%	41,2%	45,1%	44,6%	44,1%	43,9%	43,8%	43,7%	*-3,5%*	*-3,4%*	*-2,7%*	*-2,6%*	*-2,6%*	*-2,5%*
Return on Equity	12,1%	13,3%	13,8%	14,0%	14,1%	14,1%	10,7%	12,2%	13,0%	13,1%	13,1%	13,1%	*1,3%*	*1,2%*	*0,8%*	*0,9%*	*1,0%*	*1,0%*
Core Income %% Risk Exposure Amount	6,5%	6,7%	6,6%	6,6%	6,6%	6,6%	6,3%	6,5%	6,5%	6,5%	6,5%	6,5%	*0,2%*	*0,3%*	*0,2%*	*0,1%*	*0,1%*	*0,1%*
CET1 ratio	20,0%	18,1%	17,9%	17,7%	17,5%	17,5%	19,7%	17,6%	17,5%	17,5%	17,5%	17,5%	*0,3%*	*0,5%*	*0,3%*	*0,1%*	*-0,1%*	*-0,1%*
Loan Book Growth	4,2%	3,7%	3,7%	3,7%	3,7%	3,8%	3,7%	3,7%	3,7%	3,7%	3,8%	3,8%	*0,5%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*

Shareholders

20 Largest Shareholders and Changes YTD

- All shareholder except three acquiring shares YTD.
- Íslandsbanki biggest buyer of shares through share buyback programs.
- Pension funds own considerably less in Íslandsbanki than in Arion banki.
- Seven out of eleven local equity funds have Íslandsbanki as a top 10 holding.
- Íslandsbanki makes up 10,6% of the OMXI15 index and 9,6% of the OMX All Shares index.
  - Most funds underweight relative to both indices.

ISB	31/10/2025		Change - YTD	
Shareholder	Shares	Stake %	Shares	Stake %
LSR Pension Fund	157.841.425	8,4%	5.743.606	0,3%
Gildi Pension Fund	141.920.244	7,5%	5.603.016	0,3%
Live Pension Fund	121.863.258	6,5%	11.660.232	0,6%
Capital Group	100.744.765	5,4%	0	0,0%
Brú Lífeyrissjóður	79.274.172	4,2%	5.150.374	0,3%
Vanguard	79.214.840	4,2%	34.184.162	1,8%
Íslandsbanki hf.*	60.502.009	3,2%	74.655.382	4,0%
Frjálsi Pension Fund	44.158.544	2,3%	15.846.059	0,8%
Stapi Pension Fund	32.825.751	1,7%	12.733.123	0,7%
Birta Pension Fund	29.568.971	1,6%	-848.430	0,0%
Kvika Banki - Safnreikningur	26.382.443	1,4%	26.382.443	1,4%
Lífsverk Pension Fund	23.553.483	1,3%	513.783	0,0%
Almenni Pension Fund	21.916.117	1,2%	1.432.027	0,1%
Eaton Vance	19.860.535	1,1%	19.860.535	1,1%
Festa Pension Fund	19.072.940	1,0%	-2.685.000	-0,1%
Arion banki hf.	18.062.134	1,0%	18.062.134	1,0%
Söfnunarsjóður Lífeyrisréttinda	15.474.876	0,8%	8.319	0,0%
Ursus ehf.	15.458.679	0,8%	15.458.679	0,8%
Landsbréf hf.	13.924.654	0,7%	13.924.654	0,7%
IS Funds	11.358.600	0,6%	11.358.600	0,6%
20 largest shareholders	**1.007.695.186**	**53,6%**	**243.760.444**	**13,0%**

* Adjusted for a share capital reduction earlier this year

Assumptions and KPIs

Overview

Assumptions and KPIs																
	Historical Figures								AKKUR Estimates							
	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Net Interest Income																
Loans %% Deposits	133,2%	146,2%	145,5%	148,2%	146,0%	150,2%	143,8%	139,8%	140,0%	140,0%	140,0%	140,0%	140,0%	140,0%	140,0%	140,0%
Net Interest Margin	2,90%	2,80%	2,80%	2,90%	2,80%	3,10%	3,10%	2,90%	3,15%	3,10%	3,05%	3,05%	3,05%	3,05%	3,05%	3,05%
Loan growth - Households		6,69%	9,33%	25,26%	19,06%	9,56%	4,23%	5,15%	5,50%	4,50%	4,50%	4,50%	4,50%	4,50%	4,50%	4,50%
Loan growth - Corporates		15,66%	4,41%	3,43%	-0,66%	8,93%	2,06%	6,57%	3,00%	3,00%	3,00%	3,00%	3,00%	3,00%	3,00%	3,00%
Net Fee and Commission Income																
Asset Management Fees %% Total Assets		0,195%	0,191%	0,187%	0,224%	0,211%	0,185%	0,180%	0,180%	0,190%	0,200%	0,210%	0,220%	0,220%	0,220%	0,220%
Loans and guarantees Fees %% Loan Book		0,183%	0,173%	0,211%	0,211%	0,207%	0,187%	0,160%	0,170%	0,175%	0,180%	0,180%	0,180%	0,180%	0,180%	0,180%
Payments Processing Fees %% Total Assets		0,327%	0,344%	0,359%	0,452%	0,513%	0,526%	0,520%	0,520%	0,520%	0,520%	0,520%	0,520%	0,000%	0,000%	0,000%
Investment Banking Fees %% Total Assets		0,213%	0,209%	0,196%	0,256%	0,242%	0,212%	0,209%	0,220%	0,230%	0,240%	0,250%	0,250%	0,250%	0,250%	0,250%
Net Financial Income																
Financial Instruments - ROI		-1,5%	-0,8%	-0,8%	1,9%	-0,2%	0,5%	0,2%	-0,2%	0,5%	0,5%	0,5%	0,5%	0,5%	0,5%	0,5%
Financial Insrtuments %% Total Assets	3,9%	7,7%	6,4%	11,1%	11,6%	9,8%	11,4%	10,7%	9,4%	9,1%	8,8%	8,5%	8,3%	8,0%	7,7%	7,5%

Assumptions and KPIs

Overview

Assumptions and KPIs																
	Historical Figures								AKKUR Estimates							
	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Salaries and Related Expenses																
FTEs During Period	1.098	1.076	1.079	910	794	772	770	799	780	775	775	775	775	775	775	775
Annual Salary Expense per FTE (mISK)	13,9	14,4	13,0	14,2	16,9	17,4	19,5	20,4	21,9	22,5	23,2	23,9	24,6	25,4	26,1	26,9
Y-o-Y change %		3,8%	-9,8%	9,3%	18,9%	3,3%	11,8%	4,9%	7,0%	3,0%	3,0%	3,0%	3,0%	3,0%	3,0%	3,0%
Other Operating Expenses																
Y-o-Y change %		3,9%	-14,4%	-7,9%	-0,2%	1,4%	9,6%	1,0%	-10,7%	3,5%	3,5%	3,5%	3,5%	3,5%	3,5%	3,5%
Y-O-Y Change Adjusted for One-off Items %		3,9%	-14,4%	-7,9%	-0,2%	-1,5%	3,5%	5,7%	-7,0%	3,5%	3,5%	3,5%	3,5%	3,5%	3,5%	3,5%
Income Tax																
Effective Tax Rate	28,0%	32,7%	30,7%	26,5%	18,5%	25,8%	27,3%	28,1%	27,8%	23,8%	23,8%	23,8%	23,9%	23,9%	23,9%	23,9%
Other KPIs																
Core Income	43.749	44.164	43.721	43.896	46.892	57.179	61.894	60.387	66.196	68.839	70.567	73.114	75.584	77.995	80.500	83.103
Cost to Core Income Ratio	64,1%	65,3%	58,2%	53,4%	50,9%	42,1%	43,1%	46,5%	41,6%	41,2%	41,4%	41,3%	41,2%	41,2%	41,2%	41,2%
Cost to Income Ratio	63,5%	64,1%	56,3%	54,3%	47,6%	42,1%	42,1%	44,6%	41,2%	40,4%	40,7%	40,6%	40,5%	40,6%	40,6%	40,6%
Core Income %% Risk Exposure Amount		5,4%	5,1%	4,8%	5,1%	6,0%	6,3%	6,0%	6,5%	6,7%	6,6%	6,6%	6,6%	6,6%	6,6%	6,5%
Return on Equity		5,4%	5,0%	3,7%	11,5%	11,5%	11,1%	10,7%	12,1%	13,3%	13,8%	14,0%	14,1%	14,1%	14,0%	14,0%
CET1 ratio	22,3%	20,0%	19,6%	20,0%	21,3%	18,8%	21,4%	20,1%	20,0%	18,1%	17,9%	17,7%	17,5%	17,5%	17,4%	17,4%
CAD ratio	23,9%	22,2%	22,4%	23,0%	25,3%	22,2%	25,3%	23,2%	23,3%	22,7%	22,3%	21,9%	21,6%	21,4%	21,2%	21,1%
Equity Ratio	17,5%	15,6%	15,0%	13,9%	14,3%	14,0%	14,2%	14,1%	12,6%	11,6%	11,5%	11,4%	11,3%	11,4%	11,4%	11,4%
Dividend Ratio (incl. Share Buybacks)									103,1%	150,0%	85,0%	85,0%	85,0%	77,5%	77,5%	77,5%

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Kvika banki

Discussions

Target Price

- 2025 year-end target price of ISK 23,1 per share.
- Target price is the average of two approaches, a dividend discount model and a fair value based on a target P/B multiple.

Cost of Capital and Current Valuation

- Cost of equity of 10,62%, a 425bps risk premium.
  - Current valuation implies a CoE of 13,25%, a 687bps risk premium.
- Current valuation implies a 2026 P/E multiple of 11,4x according to AKKUR estimates while target P/E is 15,7x.

Excess Capital

- CRR3 effects considerably greater than anticipated resulting in higher shareholder distributions and RoE.
- Excess capital will be roughly ISK 11bn at year-end 2025 according to AKKUR estimates.
  - 15% of current market cap.

Changes Since Initiation Report

- Initiation report issued in December 2024 with a TP of ISK 25,7.
  - Prior to one-off dividend of ISK 5 per share after sale of TM.
- Since then, underlying operations have performed roughly in line with estimates resulting in minor changes.
- Greater loan book growth than expected target will likely be achieved earlier than previously anticipated.
- Operating expenses likely to be higher than expected earlier.

M&A

- Arion bank and Kvika signed a letter of intent to merge the banks where exchange ratios have been agreed to.
- Currently in pre-notification discussions with the Icelandic Competition Authority.
- **Merger is not accounted for in the valuation.**

2025 year-end target price of ISK 23,1.

Cost of equity of 10,62%.

2026E P/E: 11,4x.
Target 2026E P/E: 15,7x.

Implied cost of equity 13,25%.

Kvika banki

DDM, P/NTA valuation and Sensitivity Analysis

Dividend Discount Model							
			0,50	1,50	2,50	3,50	4,50
	2024	2025S	2026S	2027S	2028S	2029S	2030S
Net income	4.690	3.947	6.361	8.230	9.270	10.379	11.032
Current P/E	15,3x	18,1x	11,2x	8,7x	7,7x	6,9x	6,5x
Current P/NTA	1,91x	1,51x	1,46x	1,40x	1,27x	1,17x	1,11x
CAD ratio	22,8%	26,3%	22,8%	21,2%	20,9%	21,1%	21,1%
Dividends/Share buybacks		27.010	5.089	6.584	4.635	6.228	8.274
PV of Dividends/Share buybacks			4.838	5.659	3.601	4.374	5.254

Equity Value	**mISK**	**ISK/share**
PV of Dividends/Share buybacks	23.727	5,4
Terminal Value	76.372	17,3
Deferred Tax Assets	1.096	0,2
Total Equity Value	**101.195**	**22,9**

Target Price	
DDM Valuation	22,9
P/B Valuation	23,3
Target Price	**23,1**

P/NTA Valuation							
			0,5	1,5	2,5	3,5	4,5
	2024	2025E	2026E	2027E	2028E	2029E	2030E
Net Tangible Assets	65.551	46.237	48.029	50.195	55.350	60.022	63.300
Equity value			97.812	102.223	112.722	122.236	128.912
Present value				87.862	87.584	85.858	81.854
PV of dividends and share buybacks				10.498	14.099	18.473	23.727
Deferred Tax Assets				1.096	1.096	1.096	1.096
Total value				**99.455**	**102.779**	**105.427**	**106.677**
Per share				22,5	23,3	23,9	24,2

Target RoTE	18,0%
Fair value P/NTA	2,04x

Terminal Growth \ Cost of Equity	9,12%	9,62%	10,12%	10,62%	11,12%	11,62%	12,12%
2,0%	25,0	23,4	21,9	20,6	19,5	18,4	17,5
2,5%	26,2	24,4	22,8	21,3	20,1	19,0	18,0
3,0%	27,6	25,5	**23,7**	**22,2**	**20,8**	19,6	18,5
3,5%	29,3	26,9	**24,8**	**23,1**	**21,6**	20,2	19,1
4,0%	31,3	28,5	**26,1**	**24,2**	**22,5**	21,0	19,7
4,5%	33,7	30,4	27,7	25,4	23,5	21,9	20,4
5,0%	36,7	32,7	29,5	26,9	24,7	22,9	21,3

Kvika banki

IRR Analysis

- Historical TTM P/E multiple for Kvika does not tell us anything as the operations have changed quite a lot over time and the multiple has been all over the place.
- Instead of an exit P/E multiple a P/NTA multiple is used.
- Assuming an entry price of ISK 16,675 and an exit at 2x NTA at year-end 2028, the IRR is roughly 22% and the money multiple around 1,8x.

		IRR Assuming Exit at Year-End 2028						
		Exit P/NTA Multiple						
		1,25x	1,50x	1,75x	2,00x	2,25x	2,50x	2,75x
Entry Price	13,68	13,9%	20,0%	25,6%	30,7%	35,3%	39,7%	43,8%
	14,68	11,0%	17,1%	22,5%	27,4%	32,0%	36,3%	40,3%
	15,68	8,4%	14,3%	**19,6%**	**24,5%**	**29,0%**	33,1%	37,1%
	16,68	6,1%	11,8%	**17,0%**	**21,8%**	**26,2%**	30,3%	34,1%
	17,68	3,9%	9,5%	**14,6%**	**19,3%**	**23,6%**	27,6%	31,4%
	18,68	1,9%	7,4%	12,4%	17,0%	21,3%	25,2%	28,9%
	19,68	0,0%	5,4%	10,4%	14,9%	19,1%	22,9%	26,6%

		Money-Multiple Assuming Exit at Year-End 2028						
		Exit P/NTA Multiple						
		1,25x	1,50x	1,75x	2,00x	2,25x	2,50x	2,75x
Entry Price	13,68	1,44x	1,67x	1,91x	2,14x	2,37x	2,61x	2,84x
	14,68	1,34x	1,56x	1,78x	1,99x	2,21x	2,43x	2,65x
	15,68	1,25x	1,46x	**1,66x**	**1,87x**	**2,07x**	2,27x	2,48x
	16,68	1,18x	1,37x	**1,56x**	**1,75x**	**1,95x**	2,14x	2,33x
	17,68	1,11x	1,29x	**1,47x**	**1,66x**	**1,84x**	2,02x	2,20x
	18,68	1,05x	1,22x	1,40x	1,57x	1,74x	1,91x	2,08x
	19,68	1,00x	1,16x	1,32x	1,49x	1,65x	1,81x	1,97x

Kvika banki

Estimate Changes Since Initiation Report

Summarized Income Statement and KPIs																		
	Current AKKUR Estimates						AKKUR Initation Report Estimates						*Change*					
Figures in mISK	2025E	2026E	2027E	2028E	2029E	2030E	2025E	2026E	2027E	2028E	2029E	2030E	*2025E*	*2026E*	*2027E*	*2028E*	*2029E*	*2030E*
Net Interest Income	11.760	14.099	16.795	18.383	20.080	21.258	11.480	13.928	16.670	18.657	19.752	20.613	*280*	*171*	*125*	*-274*	*328*	*645*
Net Fee and Commission Income	6.623	6.861	7.557	8.158	8.727	9.181	6.080	6.784	7.721	8.483	8.945	9.325	*543*	*76*	*-163*	*-326*	*-218*	*-143*
Net Financial Income	650	829	821	841	881	908	829	911	971	1.054	1.108	1.145	*-178*	*-82*	*-149*	*-213*	*-227*	*-238*
Other Operating Income	212	300	300	300	300	300	300	300	300	300	300	300	*-88*	*0*	*0*	*0*	*0*	*0*
Total Operating Income	**19.245**	**22.089**	**25.474**	**27.682**	**29.988**	**31.647**	**18.688**	**21.924**	**25.661**	**28.495**	**30.105**	**31.383**	***557***	***165***	***-187***	***-812***	***-117***	***264***
Operating Expenses	-12.086	-12.307	-12.890	-13.500	-14.138	-14.806	-11.072	-11.589	-12.131	-12.697	-13.289	-13.909	*-1.014*	*-718*	*-759*	*-803*	*-849*	*-897*
Bank Levy	-338	-380	-435	-483	-522	-548	-300	-365	-438	-504	-535	-557	*-38*	*-15*	*4*	*21*	*13*	*9*
Net Impairments	-542	-897	-1.043	-1.146	-1.240	-1.303	-652	-791	-920	-1.037	-1.101	-1.145	*110*	*-107*	*-122*	*-109*	*-139*	*-158*
Other Expenses	-593	0	0	0	0	0	0	0	0	0	0	0	*-593*	*0*	*0*	*0*	*0*	*0*
Profit Before Tax	**5.687**	**8.504**	**11.107**	**12.554**	**14.088**	**14.990**	**6.664**	**9.179**	**12.172**	**14.257**	**15.180**	**15.772**	***-977***	***-674***	***-1.065***	***-1.703***	***-1.092***	***-782***
Income Tax Expense	-1.740	-2.143	-2.876	-3.284	-3.708	-3.958	-1.525	-2.179	-2.965	-3.507	-3.744	-3.896	*-215*	*36*	*88*	*223*	*36*	*-62*
Net Income From Continuing Operations	**3.947**	**6.361**	**8.230**	**9.270**	**10.379**	**11.032**	**5.139**	**6.999**	**9.207**	**10.750**	**11.435**	**11.876**	***-1.193***	***-638***	***-977***	***-1.480***	***-1.056***	***-843***
Dividends/Share Buybacks	27.010	5.089	6.584	4.635	6.228	8.274	28.147	1.750	2.302	6.450	8.576	8.907	*-1.137*	*3.339*	*4.283*	*-1.815*	*-2.349*	*-633*
Net Interest Margin	5,53%	5,30%	5,51%	5,38%	5,44%	5,48%	5,64%	5,57%	5,55%	5,45%	5,45%	5,47%	*-0,11%*	*-0,27%*	*-0,04%*	*-0,07%*	*-0,01%*	*0,01%*
Cost to Core Income Ratio	63,5%	56,5%	51,2%	49,3%	47,6%	47,2%	63,1%	56,0%	49,7%	46,8%	46,3%	46,5%	*0,4%*	*0,5%*	*1,5%*	*2,5%*	*1,3%*	*0,8%*
Return on Equity	5,0%	9,2%	11,7%	12,6%	13,3%	13,5%	6,5%	9,7%	11,8%	12,8%	13,1%	13,1%	*-1,5%*	*-0,5%*	*-0,1%*	*-0,2%*	*0,2%*	*0,4%*
Core Income %% Risk Exposure Amount	9,4%	9,0%	9,3%	9,2%	9,3%	9,4%	7,4%	7,4%	7,5%	7,6%	7,7%	7,7%	*2,0%*	*1,6%*	*1,9%*	*1,6%*	*1,6%*	*1,7%*
CAR ratio	26,3%	22,8%	21,2%	20,9%	21,1%	21,1%	22,3%	21,9%	21,1%	21,3%	21,2%	21,2%	*4,0%*	*0,9%*	*0,2%*	*-0,4%*	*-0,2%*	*-0,1%*
Loan Book Growth	37,4%	23,9%	15,8%	10,4%	6,1%	4,1%	26,1%	21,6%	21,6%	8,2%	4,1%	4,1%	*11,3%*	*2,3%*	*-5,7%*	*2,1%*	*2,1%*	*0,0%*

Shareholders

20 Largest Shareholders and Changes YTD

- Kvika bank biggest buyer of shares through share buyback programs.
- Six out of eleven local equity funds have Kvika as a top 10 holding.
- Kvika makes up 6,1% of the OMXI15 index and 3,4% of the OMX All Shares index.
  - Most funds underweight relative to OMXI15.

KVIKA	31/10/2025		Change - YTD	
Shareholder	Shares	Stake %	Shares	Stake %
Lífeyrissjóður verzlunarmanna	418.083.679	9,0%	-15.000.000	-0,3%
Lífeyrissj.starfsm.rík. A-deild	372.187.313	8,0%	-2.490.000	-0,1%
Gildi - lífeyrissjóður	363.879.756	7,9%	97.357.953	2,1%
Birta lífeyrissjóður	318.760.236	6,9%	55.466.349	1,2%
Stoðir hf.	235.000.000	5,1%	-100.000.000	-2,2%
Kvika banki hf.*	214.210.410	4,6%	243.390.409	5,3%
Stapi lífeyrissjóður	131.979.112	2,8%	11.623.373	0,3%
Lífsverk lífeyrissjóður	127.921.771	2,8%	5.500.000	0,1%
Frjálsi lífeyrissjóðurinn	120.041.572	2,6%	10.472.000	0,2%
Almenni lífeyrissjóðurinn	109.974.402	2,4%	0	0,0%
Lífeyrissj.starfsm.rík. B-deild	69.064.445	1,5%	-11.510.000	-0,2%
Landsbankinn hf.	64.991.514	1,4%	-47.964.844	-1,0%
Vanguard Total International S	64.199.255	1,4%	0	0,0%
Vanguard Emerging Markets Stock	58.647.780	1,3%	-2.771.139	-0,1%
Landsbréf - Úrvalsbréf hs.	53.687.573	1,2%	53.687.573	1,2%
Stefnir - Innlend hlutabréf hs.	46.717.707	1,0%	-2.073.576	0,0%
Arion banki hf.	46.569.101	1,0%	-45.914.937	-1,0%
Vörður tryggingar hf.	42.968.615	0,9%	42.968.615	0,9%
Attis ehf.	41.750.000	0,9%	41.750.000	0,9%
Eignarhaldsfélagið VGJ ehf.	41.319.945	0,9%	41.319.945	0,9%
20 largest shareholders	**2.858.884.241**	**61,7%**	**292.741.776**	**6,3%**

* Adjusted for a share capital reduction earlier this year

Assumptions and KPIs

Overview

Assumptions and KPIs																
					Historical Figures*								AKKUR Estimates			
	2015	2016	2017	2018	2019	2020PF	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E
Net Interest Income																
Loans %% Deposits	144,8%	124,8%	164,8%	162,7%	171,0%	87,9%	109,9%	104,8%	98,1%	108,8%	90,0%	90,0%	90,0%	90,0%	90,0%	90,0%
Net Interest Margin		2,68%	3,73%	3,52%	3,30%	3,96%	4,67%	5,58%	5,28%	5,72%	5,53%	5,30%	5,51%	5,38%	5,44%	5,48%
Loan growth		20,5%	-2,6%	16,2%	2,2%	126,4%	5,0%	49,7%	27,2%	10,2%	37,4%	23,9%	15,8%	10,4%	6,1%	4,1%
Cost of risk		-0,95%	-0,06%	-0,06%	-1,05%	-2,21%	0,20%	-0,63%	-0,84%	-0,42%	-0,30%	-0,39%	-0,38%	-0,37%	-0,37%	-0,37%
Net Fee and Commission Income																
Commercial Banking Fees %% Loan Book			2,24%	2,27%	2,01%	1,30%	1,23%	1,09%	1,13%	1,07%	0,90%	0,83%	0,76%	0,74%	0,74%	0,74%
Investment Banking Fees %% Total Assets			1,72%	1,62%	1,45%	1,10%	0,94%	0,72%	0,50%	0,44%	0,55%	0,47%	0,47%	0,47%	0,47%	0,47%
UK Fees %% Total Assets			0,00%	0,00%	0,00%	0,00%	0,00%	0,13%	0,15%	0,18%	0,17%	0,14%	0,14%	0,14%	0,14%	0,14%
Assets Under Management (AuM) - Y-o-Y Change %			117,4%	10,6%	46,4%	23,7%	0,2%	-12,5%	1,7%	-3,0%	2,2%	6,1%	6,1%	6,1%	6,1%	6,1%
Asset Management Fees %% AuM			0,608%	0,693%	0,816%	0,728%	0,701%	0,620%	0,531%	0,531%	0,517%	0,549%	0,569%	0,569%	0,569%	0,569%
Net Financial Income																
Financial Instruments - ROI		6,7%	2,6%	2,0%	2,0%	3,8%	4,0%	1,0%	0,8%	1,6%	0,8%	1,0%	1,0%	1,0%	1,0%	1,0%
Financial Instruments %% Totel Assets	30,4%	32,7%	29,7%	33,5%	34,1%	22,5%	19,8%	21,6%	14,8%	23,4%	22,7%	20,8%	18,7%	18,2%	17,9%	17,7%

* 2020 (ProForma) and 2021 include TM operations

Assumptions and KPIs

Overview

Assumptions and KPIs																
	Historical Figures*										AKKUR Estimates					
	2015	2016	2017	2018	2019	2020PF	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E
Operating Expenses																
FTEs	81	84	91	110	130	305	316	251	280	247	247,25	246	250	254	258	262
Annual Salary Expense per FTE (mISK)	27,1	24,7	26,3	24,9	25,7	21,2	22,3	21,0	22,0	26,1	28,1	29,1	30,1	31,1	32,2	33,4
Y-o-Y change %		-8,8%	6,7%	-5,5%	3,1%	-17,3%	4,9%	-5,6%	4,4%	18,8%	7,6%	3,6%	3,5%	3,5%	3,5%	3,5%
Other Expenses (mISK)	1.752	1.146	1.273	1.271	1.722	4.269	5.905	3.812	4.331	4.162	5.145	5.156	5.368	5.591	5.823	6.067
Y-o-Y change %		-34,6%	11,2%	-0,2%	35,5%	147,9%	38,3%	-35,4%	13,6%	-3,9%	23,6%	0,2%	4,1%	4,1%	4,2%	4,2%
Income Tax																
Effective Tax Rate		-5,1%	-17,5%	-6,1%	-14,5%	4,2%	-2,9%	-0,9%	13,0%	13,2%	28,9%	24,1%	24,9%	25,2%	25,4%	25,5%
Other KPIs																
Core Income (mISK)	4.083	5.187	4.922	5.920	7.248	13.703	19.105	13.777	14.380	16.872	19.034	21.789	25.174	27.382	29.688	31.347
Cost to Core Income Ratio	96,6%	62,1%	74,6%	67,7%	69,8%	78,4%	67,8%	66,0%	75,0%	62,9%	63,5%	56,5%	51,2%	49,3%	47,6%	47,2%
Operating Expesnses %% Net Interest Income	351,0%	302,5%	234,9%	235,7%	284,8%	342,8%	261,9%	128,3%	134,5%	109,6%	102,8%	87,3%	76,7%	73,4%	70,4%	69,6%
Core Income %% Risk Exposure Amount	15,0%	14,3%	11,7%	12,8%	13,4%	14,1%	19,9%	10,0%	8,3%	8,7%	9,4%	9,0%	9,3%	9,2%	9,3%	9,4%
Net Interest Income %% Credit Risk		5,3%	6,2%	5,8%	5,1%	5,6%	6,9%	7,9%	6,4%	6,4%	7,3%	7,8%	8,0%	7,9%	8,0%	8,0%
Return of Equity		28,1%	17,3%	14,6%	18,7%	18,3%	16,7%	5,5%	2,8%	5,5%	5,0%	9,2%	11,7%	12,6%	13,3%	13,5%
Return on Tangible Equity		29,2%	20,8%	19,2%	24,9%	32,3%	30,7%	9,9%	6,1%	14,1%	9,7%	13,5%	16,8%	17,6%	18,0%	17,9%
Pre-Tax Return on Tangible Equity		27,2%	17,1%	17,7%	20,6%	31,9%	28,1%	9,8%	6,8%	15,5%	13,4%	17,6%	22,1%	23,3%	24,0%	23,9%
EPS (ISK)	-0,11	0,44	0,36	0,40	0,60	1,72	2,76	0,99	0,52	1,06	0,89	1,44	1,86	2,10	2,35	2,50
BV per Share (ISK)	1,48	1,67	2,49	2,94	3,51	15,20	17,74	18,36	18,56	20,27	15,48	15,76	16,14	17,19	18,13	18,75
TBV per Share (ISK)	1,45	1,65	1,97	2,40	2,77	8,48	10,62	10,64	7,75	8,48	10,72	11,12	11,61	12,78	13,84	14,58

* 2020 (ProForma) and 2021 include TM operations

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Icelandic Banks vs Nordic Peers

Attractive Valuation

- Comparing the valuation of Icelandic banks to a peer group of Nordic banks the Icelandic banks are quite cheap.
- Obviously, a lot a factors come into play such as smaller size, less liquidity, higher interest rates etc.
- This could explain a slight discount but not such a huge difference.

Bank	P/B	P/NTA	ROE% LTM	ROE% 2026E	P/E 2025E	P/E 2026E	P/E 2027E
ARION	1,2x	1,2x	15,2%	15,3%	7,6x	7,5x	7,4x
ISB	1,0x	1,0x	11,0%	13,1%	8,7x	8,3x	8,2x
KVIKA	1,1x	1,6x	9,5%	9,2%	18,1x	11,2x	8,7x
Handelsbanken	1,3x	1,3x	12,7%	11,3%	10,6x	11,1x	10,6x
SEB	1,5x	1,5x	14,0%	14,0%	11,1x	10,7x	9,9x
Swedbank	1,4x	1,6x	15,5%	13,0%	10,4x	10,8x	10,2x
DNB	1,3x	1,6x	15,8%	14,1%	9,4x	9,9x	9,7x
Danske bank	1,3x	1,4x	12,8%	12,6%	10,5x	10,1x	9,5x
Nordea	1,5x	1,8x	15,3%	14,7%	10,3x	10,2x	9,5x
Average (excl. IS banks)	**1,4x**	**1,5x**	**14,3%**	**13,3%**	**10,4x**	**10,5x**	**9,9x**