

Increased activity and satisfactory results for H1 2025

Turið F. Arge, CEO
5 August 2025

Overview

- Føroya Banki at a glance
- Financials
 - Operating income
 - Insurance
 - Costs
 - Impairment charges
 - Capital ratios
- The Faroese and Greenlandic economy
- Summary H1 2025
- Appendices

Føroya Banki at a glance

- Full-service banking institution with headquarters in the Faroe Islands:
 - 5 branches in the Faroe Islands
 - 1 branch in Greenland
- Føroya Banki operates three subsidiaries in the Faroe Islands:
 - Trygd (non-life insurance)
 - NordikLív (life insurance)
 - Skyn (real estate broker)
- Moody's A1 long-term deposit and issuer rating of the bank was reaffirmed in 2024, albeit with a negative outlook.
- The Group has a total of approximately 200 full-time employees.
- While maintaining a leading position in the Faroe Islands, Føroya Banki is a challenger in Greenland. Furthermore, the Group sees a growth potential in the Faroese insurance market.

Presence in the North Atlantic region

Faroe Islands

Loans: DKK 8,221m
Deposits: DKK 9,022m
Market share: ~40%

Greenland

Loans: DKK 1,475m
Deposits: DKK 1,385m
Market share: ~20%

Group figures

Loans: DKK 9,697m
Deposits: DKK 10,407m
Net interest and fee income
2024: DKK 421m
Gross premiums 2024: DKK 176m

Strong performance

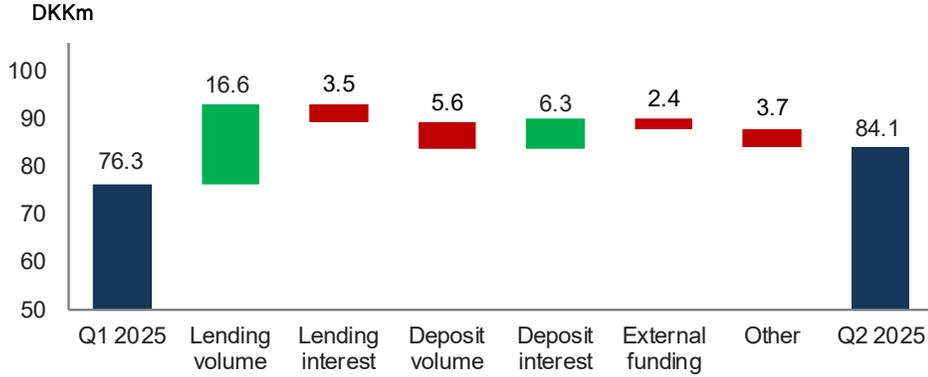
- Solid 4.7% improvement in total business volumes in H1 :
 - Increase in lending volumes, mortgage credit and deposit volumes
- The decline in interest rates is offset by increased lending activity, leading to higher net interest income.
- Solid insurance results with few large claims.
- The significant increase in other operating income is mainly attributable to one-off factors, including:
 - extraordinary income originating from the Bank's ownership in sector companies
 - sale of one of the Bank's branch offices
- Outlook 2025: Net profit guidance raised to DKK 235-265m (from DKK 210-240m).
 - Driven by strong insurance results, growth in business activity, low impairment charges and extraordinary income

Profit & Loss				
<i>DKKm</i>		Q2 2025	Q1 2025	<i>Index</i>
Net interest income		84	76	110
Net fee and commission income		19	20	97
Net insurance income		27	16	172
Other operating income		24	13	185
Operating income		154	125	124
Operating costs		68	69	99
Profit before impairment charges		86	56	154
Net impairment charges on loans		2	5	34
Operating profit		84	51	166
Investment portfolio earnings		30	25	122
Profit before tax		115	76	151
Tax		21	15	146
Net profit		93	61	153
Key Metrics				
<i>DKKbn</i>	Target 2026	Q2 2025	Q1 2025	<i>Index</i>
Loans and advances		9.7	9.3	105
Deposits and other debt		10.4	10.3	101
Mortgage credit		2.9	2.9	100
Operating cost / income, %	< 53.0	44.1	55.1	
CET1 capital ratio, %	23.0	22.7	23.5	
RoE after tax (annualised)*, %	> 12.0	15.6	12.6	

*Non-recurring items are excluded in the annualisation

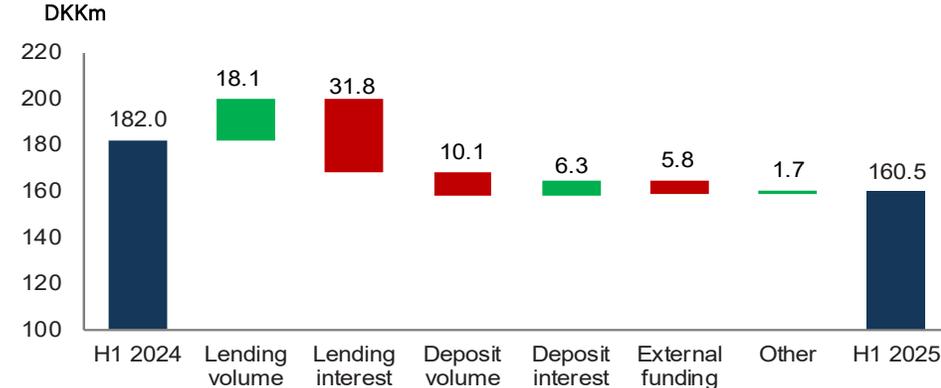
Interest rates decreasing

QoQ changes in net interest income

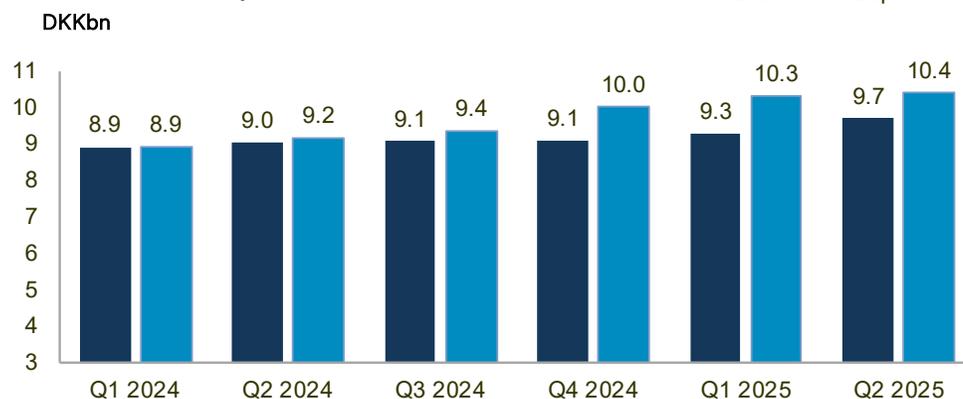


- Net interest income up by DKK 7.8m QoQ and down by DKK 21.5m YoY, primarily due to:
 - Lower interest rates reduce interest income, while the increase in lending volumes prompts a QoQ rise in income.
- The continued decrease in interest rates is advantageous for our customers and is expected to improve customers' credit quality even further.
- Satisfactory development in lending and deposit volumes:
 - Lending volumes up by 5% QoQ and by 7% YoY
 - Deposit volumes up by 1% QoQ and by 13% YoY
- Sound balance between deposits and lending, leading to a favourable position for pursuing our strategic plans towards 2026.

YoY changes in net interest income



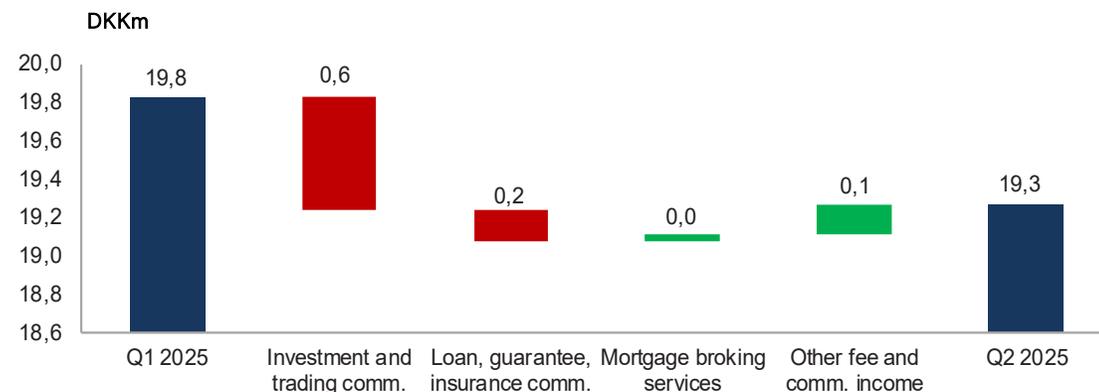
Loans and deposits



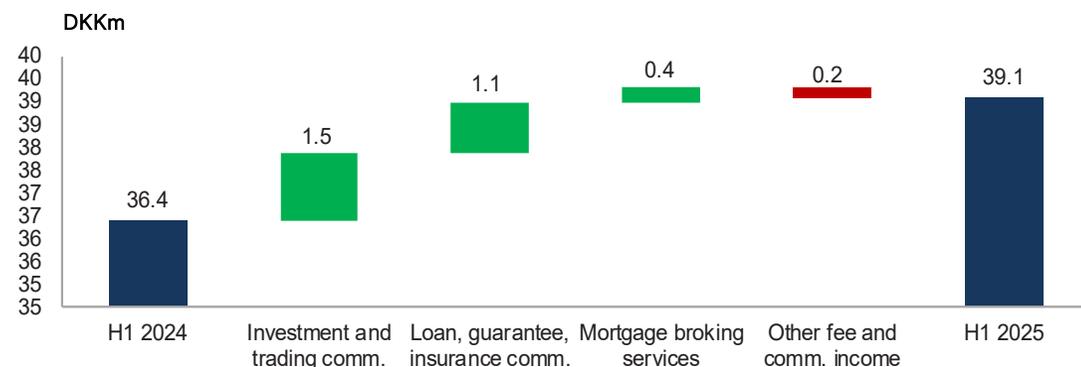
Increased activity in the investment sector YoY

- Fee and commission income down by DKK 0.5m QoQ and up by DKK 2.7m YoY.
- Increase in investment activity during the past year.
- Mortgage broking services flat QoQ and up by 15% YoY:
 - A significant increase in demand for mortgage loans in Greenland, especially from our corporate customers.
 - We expect a further increase in demand for mortgage broking services in 2025, as the level of interest rates keeps falling.

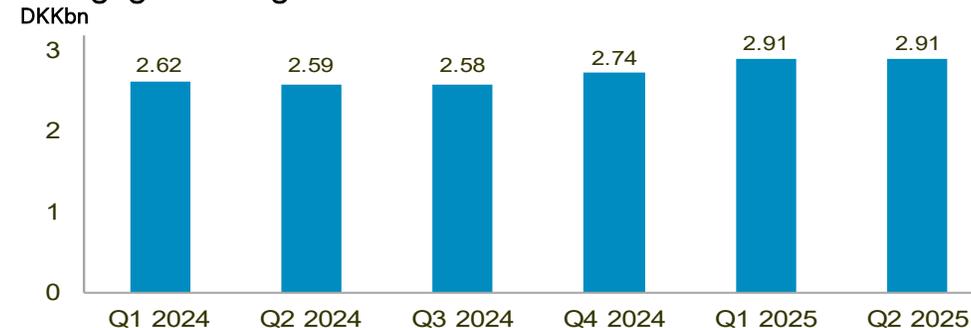
QoQ changes in fee and commission income



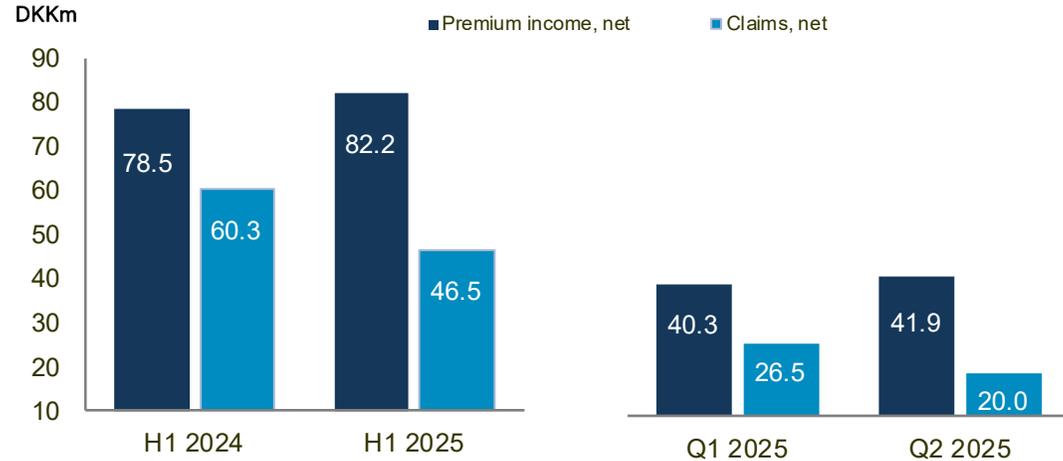
YoY changes in fee and commission income



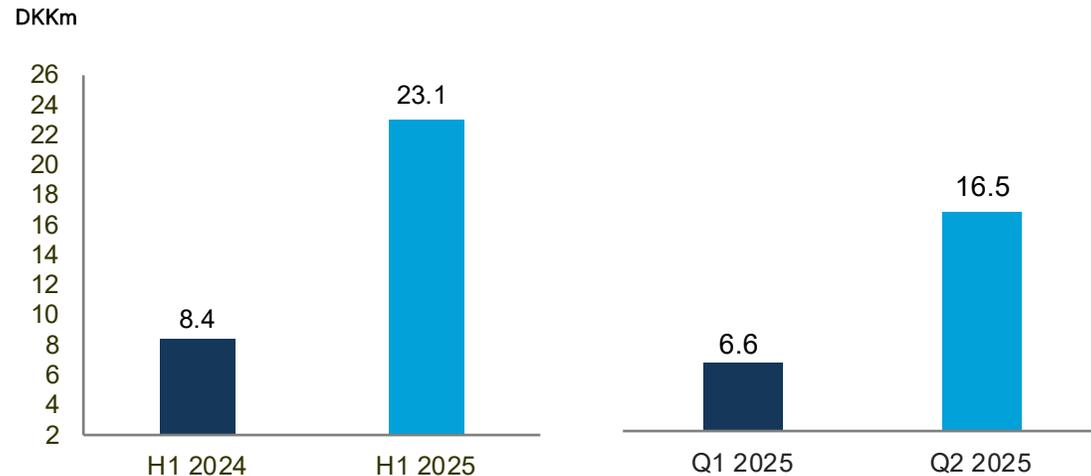
Mortgage-broking services



Premiums and claims



Profit before tax



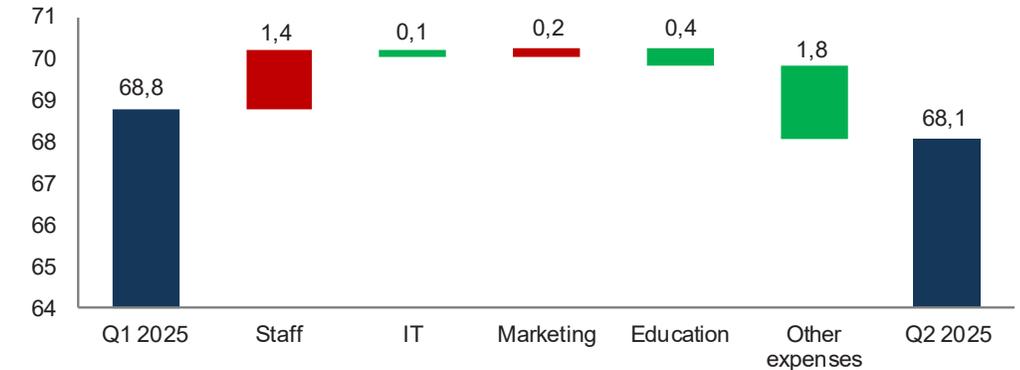
Few claims resulted in strong insurance performance

- Combined ratio of 76.5% for H1 2025 compared to 94.5% for H1 2024 – still well below our 2026 target of 88%.
- Insurance premiums grew by 4.6% in 2025 due to price rises and a continued inflow of new customers.
- Fewer insurance claims than expected in H1 2025 resulted in a YoY decrease, primarily due to the absence of storms and large claims during the period.
- This resulted in a highly satisfactory profit before tax for H1 2025.

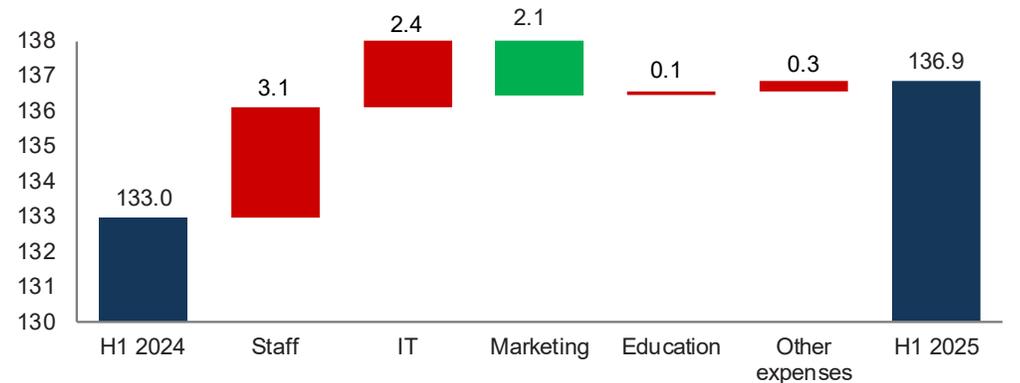
Cost/income ratio of 49.1%

- Total operating costs increased by 2.9% YoY but decreased by 1.0% QoQ. Total costs are lower than expected for this quarter:
 - Increase in staff costs and marketing costs compared to previous quarter.
 - Year-on-year, IT costs have increased due to increased prices, and staff costs have increased due to the yearly salary adjustments.
- End-of-period FTE of 199 - down by 5 FTE compared to Q1 2025.
- Operating costs are under pressure because of a general increase in costs. Focus is still on keeping costs on a low level to improve operational efficiency and to meet the 2026 C/I target.

QoQ changes in operating costs
DKKkm

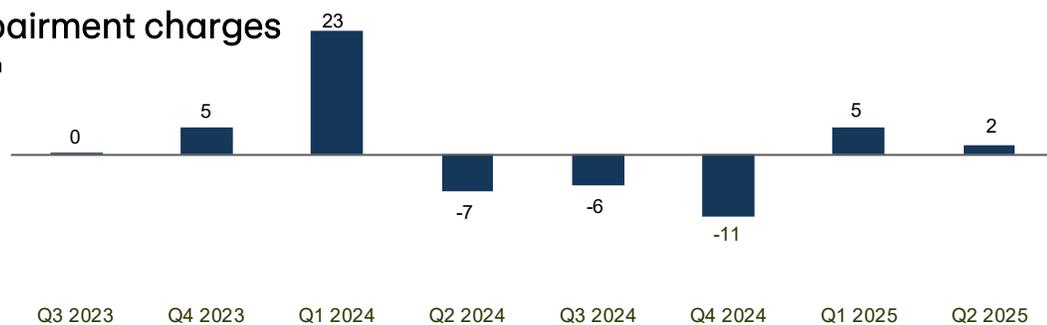


YoY changes in operating costs
DKKkm

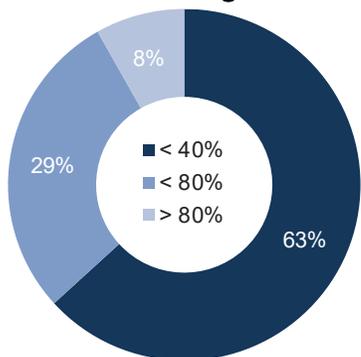


Impairment charges

DKK m

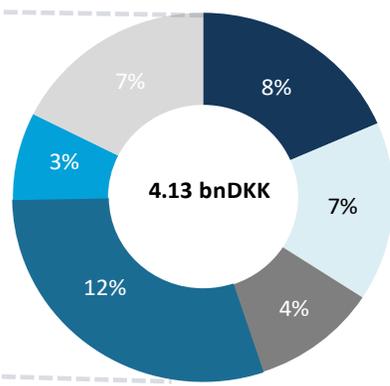
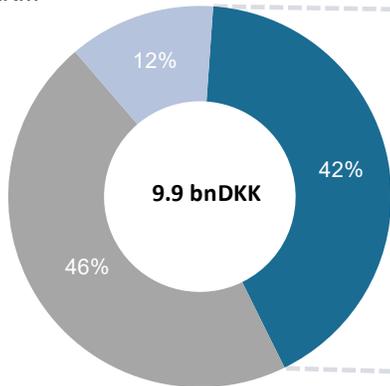


LTV for housing loans¹



Gross lending by sector

DKK m



■ Corporate sector ■ Private sector
■ Public sector

■ Agriculture, forestry and fishing
■ Manufacturing and mining
■ Trade

■ Corporate sector - other
■ Real estate
■ Transport, hotels, restaurants etc.

Customers display strong credit robustness in general

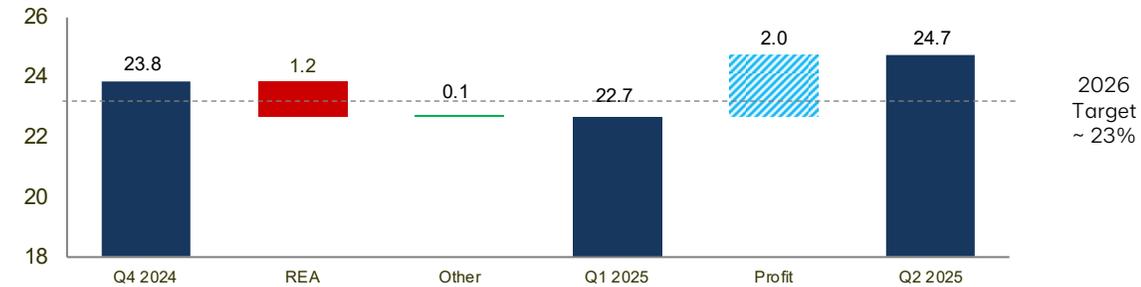
- Impairment charges of DKK 2m in Q2 2025 compared to DKK 5m in Q1 2025.
 - Evenly distributed between individual and statistical impairment charges.
- Discretionary management estimate of DKK 101.5m in Q2 2025. Unchanged from previous quarter.
 - Related to general economic uncertainty caused by geopolitical tensions and macroeconomic developments.
- Strong LTV ratios for housing loans. 92% of total housing loans below LTV of 80% and 63% below LTV of 40%.
- Well-diversified corporate customer portfolio for prudent risk diversification across industries.

¹) Lending for housing accounts for DKK 4.3bn of total retail lending of DKK 4.6bn

Strong capital and liquidity positions

- REA up by 4.1% over Q4 2024 to DKK 7,545m due to increase in lending volumes.
- The Faroese and Greenlandic authorities have announced an increase in the SIFI capital buffer from 2% to 3% (FO) as of 1 July 2025 and the countercyclical capital buffer from 0% to 1% (GL) as from 2026. The Bank already complies with the higher capital requirements announced by the authorities.
- The Bank is in a dispute with the Danish tax-authorities regarding the sale of the Group's Danish activities in 2021. The potential impact on the equity may amount to up to 25m DKK and is presented as a contingent liability in the half-year report.
- In June, Føroya Banki issued Senior Non-preferred bonds amounting to DKK 250m. In the same process, the Bank repaid Senior Non-preferred bonds for DKK 150m.
- Liquidity coverage ratio (LCR) of 259.7% and NSFR ratio of 158.3%. Both well above the requirement of 100%.

Changes in CET1 ratio



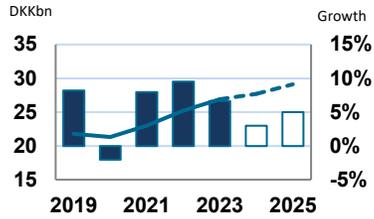
Changes in MREL Capital Ratio



Faroese economic outlook

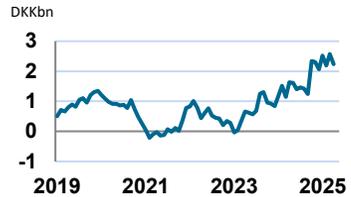
Strong and growing economy, but an ageing population raises concerns regarding fiscal stability.

Strong economy



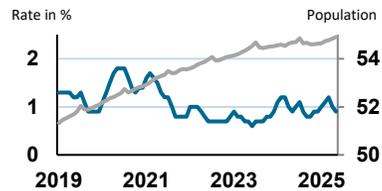
GDP & Inflation

- Economic growth expected to continue. Outlook for 2025: 5.0% p.a. (nominal prices)
- Inflation has decreased steadily after Covid – in May'25 it stood at 0.7% p.a.



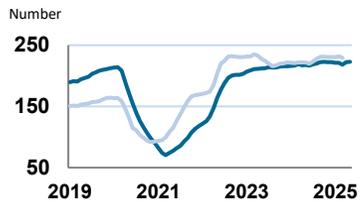
Positive trade balance

- Imports to the Faroe Islands have decreased more than exports, resulting in an increased positive balance of trade



Low unemployment and population growth

- Unemployment rate remains low, standing at 0.9% in May 2025
- Population at all-time high, but growth rate has slowed significantly



Tourism rebounding

- Record number of passengers flying through Vágar Airport and record number of hotel nights in 2025
- Contribution to economy growing rapidly

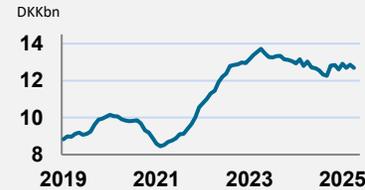
— Passengers
— Hotel Occupancy

Downside risks



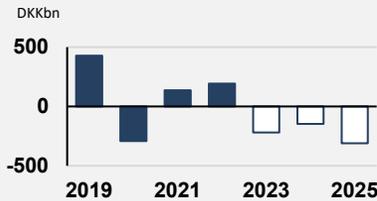
Restrictions on trade

- The US has introduced historically high import tariffs, ranging from 10% to 54%. International trade will be negatively impacted, which is especially detrimental to small, open economies.



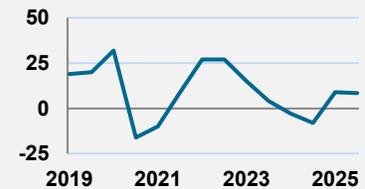
Exports

- Exports are down approximately 8% from peak levels in 2023 at DKK 12.5bn due to lower catch volumes (pelagic) and lower salmon prices.



Long-term fiscal stability

- Significant deficits ought not to occur in a period when the economy is firing on all cylinders. The Faroes are facing long-term challenges (pensions) due to an ageing population.



Business confidence (ESI)

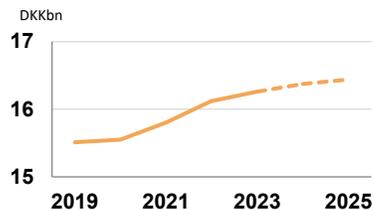
- Overall confidence is 8, which is lower than the long term average of 14. Construction confidence is down, due to lower demand while confidence within Services is marginally up.

ESI: Economic Sentiment Indicator

Greenlandic economic outlook

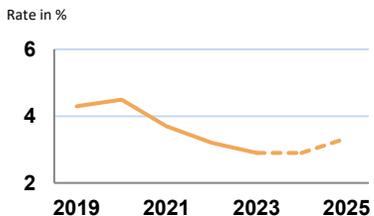
Moderate economic growth, new airport opened in Nuuk, but structural challenges remain.

Moderate growth momentum



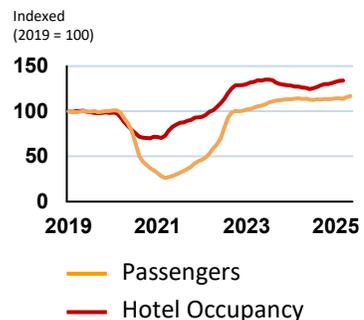
GDP

- Continued economic growth, but at a lower rate (2025 est. 0.4% (real))
- Stabilised by Danish block grant, which constitutes around a quarter of GDP



Decreasing unemployment

- Unemployment has decreased in recent years. Latest data indicate a slight increase from record low levels
- Very tight labour market in large towns and for skilled labour



Tourism rebounding / Airport capacity

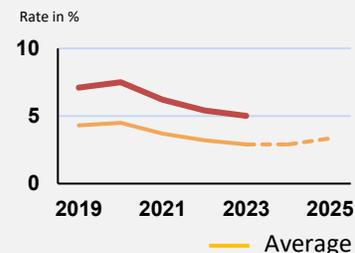
- Record number of passengers flying to and from Greenland and record number of hotel nights in 2025
- New international flights to Nuuk (New York & Reykjavik) are likely to have a material effect on the tourist industry

Downside risks and structural challenges



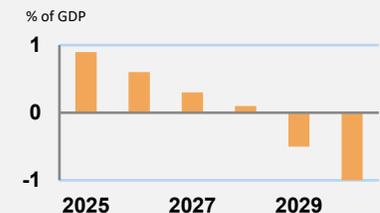
Export

- Record strong exports in 2023, but as at end 1Q'25 export is down 17% from peak level
- Balance of trade remains negative, but reduced compared to previous years



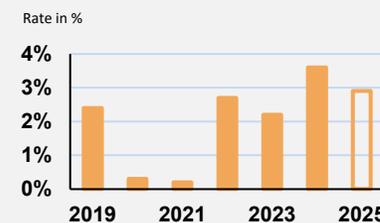
Structural challenges

- The unemployment rate for people with basic education (9 years) has decreased but remains persistently high (red line) compared to the average rate



Long-term fiscal stability

- Greenland's public finances are projected to deteriorate in the coming years due to an ageing population (reduced revenues and higher expenditures)



Inflation

- After low inflation rates in 2020 and 2021, the rate has increased and is forecast at 2.9% in 2025

H1 in summary

- Solid performance, although interest rates continue to decrease
- Good growth in lending, deposits and mortgage credit
- Extraordinary income increases net profit
- Low impairment level – general customer credit robustness
- Continued strong liquidity and capital positions
- Revised net profit guidance from DKK 210-240m to DKK 235-265m



Questions?

Appendices

- Group
- Banking
- Personal Banking
- Corporate Banking
- Banking – Faroe Islands
- Banking – Greenland
- Insurance – Trygd
- Developments in business volumes
- Credit quality of loan portfolio

Group

Increase in total operating profit despite a decline in interest income.

DKKm	H1 2025	H1 2024	Index	Q2 2025	Q1 2025	Index	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Net interest income	160	182	88	84	76	110	78	87	90	92
Net fee and commission income	39	36	107	19	20	97	19	18	17	19
Net insurance income	42	27	158	27	16	172	10	20	15	12
Other operating income (less reclassification)	37	21	174	24	13	185	9	10	10	11
Total operating income	279	266	105	154	125	124	117	135	132	135
Operating costs ¹	137	133	103	68	69	99	72	69	68	65
Profit before impairment charges	142	133	106	86	56	154	46	66	63	70
Impairment charges, net	7	16	43	2	5	34	-11	-6	-7	23
Operating profit	135	118	115	84	51	166	57	72	70	47
Investment portfolio earnings ³	55	58	95	30	25	122	31	48	35	23
Profit before tax	190	175	108	115	76	151	88	119	105	70
Operating costs/income, %	49	50		44	55		61	51	52	48
Number of FTE, end of period	199	209	96	199	204	98	207	206	209	209

1 Comprises staff costs, administrative expenses and amortisation, sector costs, depreciation and impairment charges (less reclassification to non-recurring items).

2 Reclassified from Staff costs and administrative expenses.

3 Incl. net income from investments accounted for under the equity method (excl. sector shares).

Banking

Satisfactory increase in lending volumes, deposit volumes and mortgage credit.

DKKm	H1 2025	H1 2024	Index	Q2 2025	Q1 2025	Index	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Net interest income	160	182	88	84	76	110	78	87	90	92
Net fee and commission income	48	44	107	24	24	98	23	22	21	23
Other operating income	32	19	174	22	11	204	9	9	9	10
Total operating income	240	245	98	129	111	117	110	118	120	125
Operating costs	125	121	104	62	63	98	67	63	62	59
Profit before impairment charges	115	124	93	67	48	141	44	55	58	66
Impairment charges, net	7	16	43	2	5	34	-11	-6	-7	23
Operating profit	108	108	100	66	43	154	55	61	65	44
Investment portfolio earnings	53	52	103	28	25	113	29	43	33	19
Profit before tax	162	160	101	94	68	139	84	104	97	63
Loans and advances	9,697	9,023	107	9,697	9,272	105	9,086	9,072	9,023	8,915
Deposits and other debt	10,407	9,180	113	10,407	10,306	101	10,007	9,359	9,180	8,930
Mortgage credit	2,909	2,585	113	2,909	2,906	100	2,741	2,579	2,585	2,621
Operating costs/income, %	52	49		48	57		60	53	52	47
Number of FTE, end of period	171	178	96	171	174	98	177	175	178	178

Personal Banking

Satisfactory increase in lending volumes and deposit volumes.

DKKm	H1 2025	H1 2024	Index	Q2 2025	Q1 2025	Index	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Net interest income	79	96	82	41	37	111	40	46	47	60
Net fee and commission income	36	34	106	18	18	99	18	17	16	18
Other operating income	19	11	176	13	6	215	6	11	6	6
Total operating income	134	141	95	72	61	118	64	75	69	84
Operating costs	103	99	104	51	52	98	55	52	51	48
Profit before impairment charges	31	42	75	22	10	222	9	23	18	34
Impairment charges, net	2	-2	106	-1	3	-37	-2	-8	4	-6
Operating profit	30	44	68	23	7	326	10	31	13	39
Investment portfolio earnings	28	27	106	15	13	112	15	23	17	14
Profit before tax	58	70	82	38	20	185	26	54	30	53
Loans and advances	4,487	4,202	107	4,487	4,418	102	4,373	4,298	4,202	4,124
Deposits and other debt	6,720	6,161	109	6,720	6,505	103	6,228	6,161	6,161	5,788
Mortgage credit	2,181	2,174	100	2,181	2,169	101	2,175	2,160	2,174	2,191
Number of FTE, end of period	76	80	95	76	76	99	79	77	80	79

Corporate Banking

A significant increase in corporate mortgage loans, primarily in Greenland.

DKKm	H1 2025	H1 2024	Index	Q2 2025	Q1 2025	Index	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Net interest income	82	86	95	43	39	109	38	40	43	33
Net fee and commission income	12	11	111	6	6	94	6	5	5	5
Other operating income	13	7	171	8	4	190	2	-2	3	3
Total operating income	106	104	102	57	49	115	46	44	51	42
Operating costs	23	22	104	11	11	96	11	11	11	11
Profit before impairment charges	84	82	102	46	38	120	35	33	40	32
Impairment charges, net	5	18	29	3	2	121	-10	2	-11	29
Operating profit	79	24	322	43	36	120	45	-2	11	5
Investment portfolio earnings	25	25	101	13	12	115	14	20	16	5
Profit before tax	104	90	116	56	47	119	58	50	67	10
Loans and advances	5,210	4,821	108	5,210	4,855	107	4,713	4,774	4,821	4,791
Deposits and other debt	3,687	3,019	122	3,687	3,802	97	3,779	3,198	3,019	3,143
Mortgage credit	728	411	177	728	736	99	565	419	411	430
Number of FTE, end of period	13	15	91	13	15	92	15	15	15	15

Banking – Faroe Islands

Solid increase in deposit and lending volumes, as well as mortgage credit.

DKKm	H1 2025	H1 2024	Index	Q2 2025	Q1 2025	Index	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Net interest income	138	150	92	72	66	110	66	73	74	75
Net fee and commission income	40	37	107	20	20	100	20	18	18	19
Other operating income	29	18	162	19	10	182	8	6	9	8
Total Operating income	206	206	100	111	96	115	94	97	101	103
Operating costs	104	103	101	51	52	98	55	53	53	50
Profit before impairment charges	103	103	100	59	43	136	39	44	48	53
Impairment charges, net	6	-18	34	-2	8	-28	3	3	-2	-15
Operating profit	97	120	80	62	35	175	36	41	51	68
Investment portfolio earnings	42	39	109	22	20	113	23	33	24	14
Profit before tax	139	159	87	84	55	153	58	74	75	82
Loans and advances	8,221	7,515	109	8,221	7,874	104	7,658	7,580	7,515	7,433
Deposits and other debt	9,022	7,975	113	9,022	9,060	100	8,604	8,291	7,975	7,775
Mortgage credit	1,699	1,609	106	1,699	1,701	100	1,718	1,571	1,609	1,638
Operating costs/income, %	50	50		47	55		60	54	53	48
Number of FTE, end of period	154	159	97	154	156	99	158	158	159	159

Banking – Greenland

The slight decrease in bank loans is offset by the significant increase in mortgage loans. Deposit volumes continue to develop positively.

DKKm	H1 2025	H1 2024	Index	Q2 2025	Q1 2025	Index	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Net interest income	23	32	72	12	11	115	12	14	15	17
Net fee and commission income	8	7	110	4	4	85	3	4	3	4
Other operating income	3	1	527	3	0	895	0	3	0	1
Total operating income	34	39	86	19	15	124	16	21	18	23
Operating costs	21	18	121	10	11	97	12	9	9	9
Profit before impairment charges	12	22	58	8	4	192	5	12	9	14
Impairment charges	1	34	2	4	-3	-124	-15	-8	-5	38
Operating profit	12	-12	97	4	8	54	19	20	14	-25
Investment portfolio earnings	11	13	88	6	5	114	6	10	8	5
Profit before tax	23	1	2,533	10	13	79	25	30	22	-19
Loans and advances	1,475	1,508	98	1,475	1,398	106	1,428	1,492	1,508	1,482
Deposits and other debt	1,385	1,205	115	1,385	1,246	111	1,403	1,067	1,205	1,155
Mortgage credit	1,210	977	124	1,210	1,205	100	1,022	1,009	977	983
Operating costs/income, %	63	45		56	72		64	47	43	40
Number of FTE, end of period	17	19	90	17	18	94	18	17	19	19

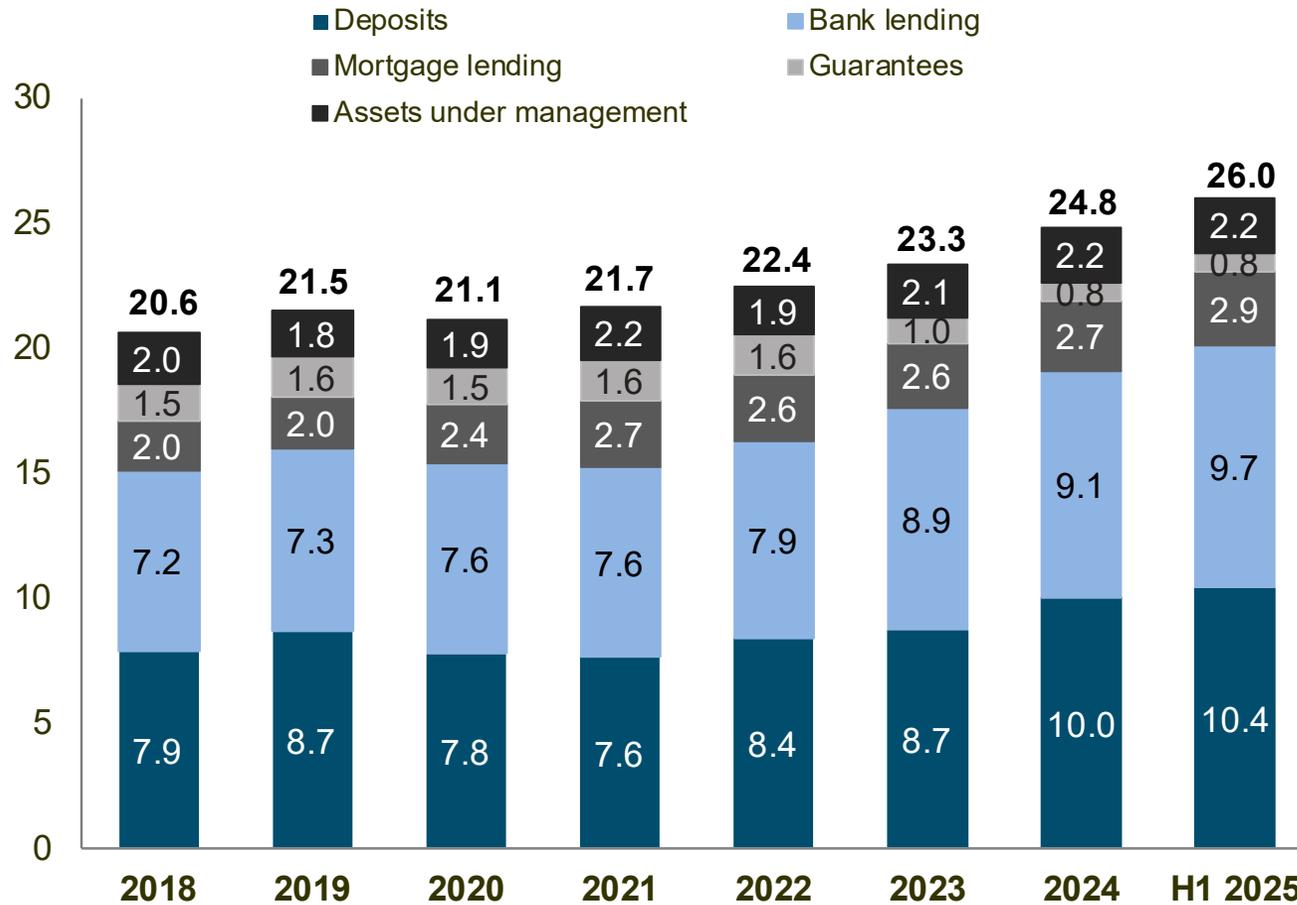
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Strong results for H1 2025, primarily driven by few large claims and storms.

DKKm	H1 2025	H1 2024	Index	Q2 2025	Q1 2025	Index	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Premium income, net of reinsurance	82	79	105	42	40	104	38	40	40	39
Claims, net of reinsurance	47	60	77	20	27	75	32	22	29	31
Net insurance income	36	18	195	22	14	159	6	18	11	8
Net income from investment activities	2	6	30	2	0	2976	2	4	2	3
Operating income	37	24	157	23	14	170	7	21	13	11
Operating costs	14	15	92	7	7	96	6	7	8	8
Profit before tax	23	8	275	17	7	250	1	14	5	3
Combined ratio	77	95		67	87		102	74	93	99
Claims ratio	57	77		48	66		85	55	73	81
Number of FTE, end of period	21	23	93	21	23	93	23	23	23	23

Developments in business volumes

The business volume at the end of H1 2025 is DKK 26.0bn, which is 4.7% higher than the end of last year.



Business volumes (sum of deposits, lending, guarantees and AUM)

Credit quality of the loan portfolio

Good credit quality in general

	Q2 2024	Q2 2025	change
Portfolio without weakness	7,013	8,335	1,322
Portfolio with some weakness	4,007	3,716	-291
Portfolio with weakness	498	306	-193
- of which unsecured	44	12	-33
- impairments	10	6	-4
Portfolio with OIE	429	332	-97
- of which unsecured	88	88	
- impairments	58	44	-13
Portfolio w/o individual classification	27	28	1
Total	11,973	12,716	742

Total loan portfolio (gross exposure) includes

- Loans and advances
- Credits
- Unused credits
- Guarantees

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