Føroya Banki announces strategy and financial targets for 2026

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During the past strategy period, Føroya Banki has undergone a comprehensive transformation, taking steps to refocus the business. Today, Føroya Banki is a solid financial group built on a strong North Atlantic foundation.

By introducing the new strategy for the period leading up to 2026, the bank will continue its efforts to maintain its strong market position in the Faroe Islands and to consolidate its role as a significant player in the Faroese insurance market. As part of its transformation process, the bank has decided to find a suitable and locally anchored name in Greenland. The name change is expected to be implemented in the second half of 2024 and will support the ambition to be an even more significant financial partner for customers in Greenland. The group’s goal of sustainable growth during the strategy period will be achieved through a targeted strategic focus on good customer experiences and profitability.

Financial targets for 2026

Føroya Banki updates its financial targets for 2026, where growth in business volume will contribute to realising higher income. The cost/income ratio must be maintained at a stable level, and capital optimisation is intended to support the services provided to large business customers.

- Return on equity: >12% based on a common equity tier 1 capital ratio of 23%
- Cost/income ratio (%): <53%
- CET1: Around 23%

Furthermore, the focus must be on continued endeavours to generate a stable return for the bank’s shareholders. The bank therefore maintains its ambition to pay dividends of 70% of the profit for the year.

The bank's financial targets are based on a series of macroeconomic forecasts and on sustainable growth in the bank’s lending and deposits during the budget period, coupled with rising market shares in both the Faroe Islands and Greenland.

“In recent years, we have made adaptations to our business, which has left our organisation in a strong position with a sharper focus on markets, customers and products. With a growing business volume, strong earnings and continued cost focus, we stand well prepared to enter the new strategy period with new strategic and financial ambitions,” says Føroya Banki CEO Turið F. Arge.

“In the new strategy period, we have set clear goals to improve our market position through strengthened customer relationships, customer experiences aligned with specific needs and digital tools. We want to be our customers’ preferred financial partner and generate returns and value for all our stakeholders and the communities we are part of.”

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