

Good performance in 2024

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“2024 was generally a year of positive business trends for the Føroya Banki Group. It was also a year marked by continued geopolitical tensions, by inflation being brought under control and interest rates coming down following several years of rising interest rates and high inflation.

The financial statements showed sound core operations, and we find the performance for the year with a net profit of DKK 310 million and a return on equity of close to 16% satisfactory. The positive performance was backed by growth in both deposits and lending, increased investment activity and a solid return on the investment portfolio. This strong starting point will support us in successfully pursuing our strategic plans for sustainable growth in the strategy period towards 2026.

Costs were kept in line with the original guidance for the year, resulting in a cost/income ratio of 53%. That we were able to reverse impairment charges for the eighth year running reflects the sound credit quality of our customers and is a good jumping-off point for 2025,” says Føroya Banki CEO Turið F. Arge.

We delivered a profit after tax of DKK 310 million, and at the general meeting on 27 March we expect to recommend a dividend distribution of DKK 350 million (DKK 36.46 per share), of which DKK 133 million is originating from a capital optimisation and DKK 217 million represents 70% of the net profit for 2024.

Highlights of Føroya Banki's annual report for 2024:

Q4 2024 relative to Q3 2024

- Operating profit before impairment charges decreased from DKK 66m in Q3 2024 to DKK 46m in Q4 2024.
 - Net interest income amounted to DKK 78m in Q4 2024, down by DKK 8m over Q3 2024.
 - Fee and commission income was up by DKK 1m from DKK 18m in Q3 2024 to DKK 19m in Q4 2024.
 - Net insurance income amounted to DKK 10m in Q4 2024, which was a DKK 9m decrease quarter on quarter.
 - Other operating income amounted to DKK 9m in Q4 2024, which was DKK 1m less than the Q3 figure.
 - Operating costs amounted to DKK 72m in Q4, up by DKK 3m compared to Q3 2024.
- Impairment charges were a reversal of DKK 11m in Q4 2024, compared to a reversal of DKK 6m in Q3 2024.
 - The investment portfolio yielded a gain of DKK 31m in Q4 2024, against a gain of DKK 48m in Q3 2024.
- The overall profit before tax for Q4 2024 was DKK 88m, against DKK 119m in Q3 2024.

Q1-Q4 2024 vs Q1-Q4 2023

- Føroya Banki reported operating profit before impairment charges of DKK 245m for Q1-Q4 2024, a DKK 21m (9%) decrease on Q1-Q4 2023.
 - Net interest income was down by DKK 13m to DKK 347m in Q1-Q4 2024 compared to DKK 360m in Q1-Q4 2023.
 - Fee and commission income was down by DKK 3m to DKK 74m in Q1-Q4 2024 from DKK 77m in Q1-Q4 2023.
 - Net insurance income was down by DKK 3m in Q1-Q4 2024 to DKK 57m relative to Q1-Q4 2023.
- - Other operating income was up by DKK 9m to DKK 41m in the Q1-Q4 2024 period compared to Q1-Q4 2023.
 - Operating costs amounted to DKK 273m in Q1-Q4 2024, an increase of DKK 14m over Q1-Q4 2023.
- Impairment charges were a net reversal of DKK 1m in Q1-Q4 2024, compared to a DKK 10m net reversal in Q1-Q4 2023. Føroya Banki has raised the management estimated provision from DKK 100m to DKK 101.5m due to the general economic uncertainty.
- The investment portfolio yielded a gain of DKK 136m in Q1-Q4 2024 against a gain of DKK 109m in Q1-Q4 2023.
- The overall profit before tax was DKK 382m in Q1-Q4 2024 against DKK 308m in Q1-Q4 2023.
- Bank lending volumes were up by 2% from DKK 8,883m at 31 December 2023 to DKK 9,086m at 31 December 2024.
- Mortgage broking services increased from DKK 2,599m at 31 December 2023 to DKK 2,741m at 31 December 2024.
- Deposits were up by 4% from DKK 8,351m at 31 December 2022 to DKK 8,710m at 31 December 2023.

Capital ratios

At 31 December 2024, the Group had a CET 1 capital ratio of 23.8%, against 25.8% at 31 December 2023. The total capital ratio including MREL was 36.3% at 31 December 2024 against 41.1% at 31 December 2023.

Guidance for 2025

Føroya Banki's management is guiding for FY 2025 net profit in the DKK 210-240m range (FY 2024: DKK 310m). The guidance is subject to uncertainty and will, amongst other things, depend on economic conditions, developments in the Group's markets, loan impairments and market value adjustments.

Appendix: Q1-Q4 2024 financial highlights and comparative figures

Highlights and ratios

DKKm	2024	2023	Index	Q4 2024	Q3 2024	Index	Q2 2024	Q1 2024	Q4 2023
Net interest income	347	360	96	78	87	90	90	92	100
Net fee and commission income	74	77	96	19	18	106	17	19	17
Net insurance income	57	60	95	10	20	52	15	12	12
Other operating income (less reclassification)	41	32	129	9	10	91	10	11	4
Operating income	519	528	98	117	135	87	132	135	133
Operating costs	-273	-259	106	-72	-69	104	-68	-65	-65
Sector costs	0	0		0	0		0	0	0
Profit before impairment charges	245	269	91	46	66	69	63	70	68
Impairment charges, net	1	10	11	11	6	203	7	-23	-5
Operating profit	246	279	88	57	72	79	70	47	62
Non-recurring items	0	-9		0	0		0	0	0
Profit before investment portfolio earnings and tax	246	270	91	57	72	79	70	47	62
Investment portfolio earnings	136	109	125	31	48	64	35	23	46
Profit before tax	382	379	101	88	119	73	105	70	109
Tax	72	72	100	15	23	65	18	15	20
Net profit	310	308	101	72	96	75	87	55	89
Loans and advances	9.086	8.883	102	9.086	9.072	100	9.023	8.915	8.883
Deposits and other debt	10.007	8.710	115	10.007	9.359	107	9.180	8.930	8.710
Mortgage credit	2.741	2.599	105	2.741	2.579	106	2.585	2.621	2.599
Equity	2.076	1.851	112	2.076	2.004	104	1.909	1.824	1.851
Total capital ratio, incl. MREL capital, %	36,3	41,1		36,3	37,9		40,8	39,9	41,1
CET 1 capital, %	23,8	25,8		23,8	25,1		25,6	25,0	25,8

ROE, %	15,8	16,9		14,2	19,6		18,6	12,0	19,6
ROE, excl. one-offs, %	15,8	17,3		14,2	19,6		18,6	12,0	19,6
Liquidity Coverage Ratio (LCR), %	337,4	228,2		337,4	302,2		285,6	283,6	228,2
Operating cost/income, %	53	49		61	51		52	48	49
Number of FTE, end of period	207	207	100	207	206	101	209	209	207

Further details are available in the annual report.

Føroya Banki has banking activities in Greenland and the Faroe Islands and insurance activities in the Faroe Islands. Founded in the Faroe Islands more than a century ago, the Group has total assets of DKK 14.5bn and 207 employees. The Bank is subject to the supervision of the Danish Financial Supervisory Authority and is listed on Nasdaq Copenhagen.

Contacts

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Attachments

- [Annual Report 2024.pdf](#)
- [FB-2024-12-31-en.zip](#)
- [Risk Management Report 2024.pdf](#)
- [Q4 2024 IR Presentation.pdf](#)