List of Signatures

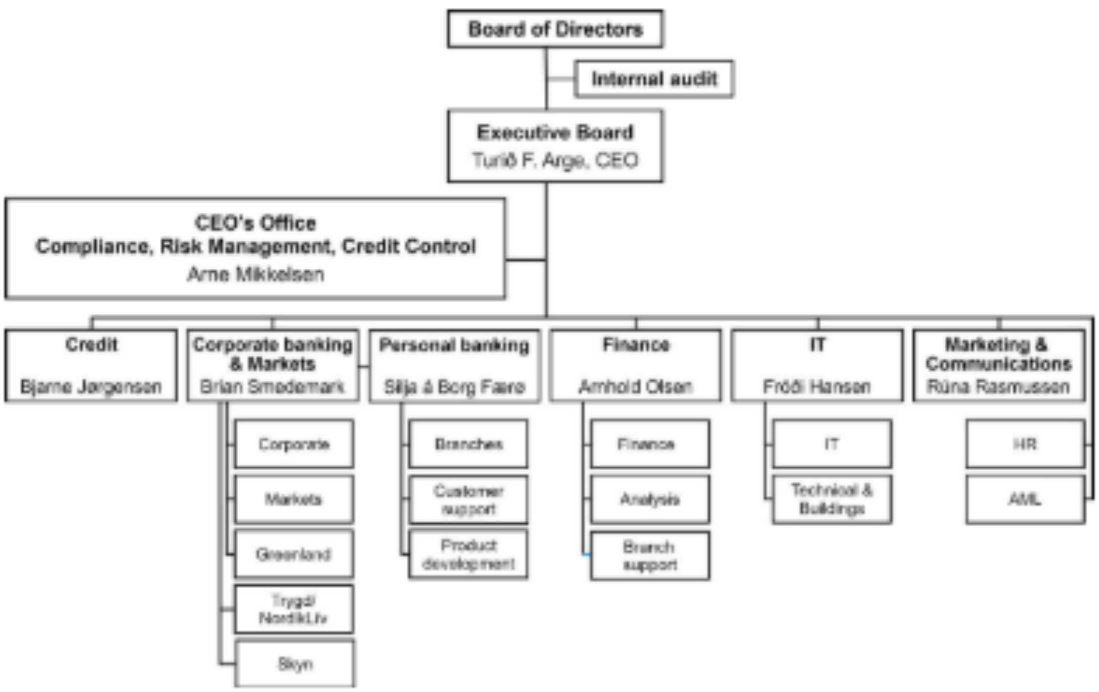
Annual Report 2024.pdf

Name	Method	Signed at
Marjun Hanusardóttir	MitID	2025-02-27 22:02 GMT+01
Birgir Durhuus	MitID	2025-02-27 14:48 GMT+01
Rúna Hentze	MitID	2025-02-27 08:22 GMT+01
ARNI TOR RASMUSSEN	MitID	2025-02-26 19:48 GMT+01
Turið Finnbogadóttir Arge	MitID	2025-02-26 15:57 GMT+01
Kenneth Mikael Samuelsen	MitID	2025-03-03 09:37 GMT+01
Jørgin Fróði Sivertsen	MitID	2025-02-26 14:52 GMT+01
Annfinn Vitalis Hansen	MitID	2025-02-26 13:13 GMT+01
Alexandur Johansen	One-Time-Password	2025-03-06 13:18 GMT+01
Tom Ahrenst	MitID	2025-02-26 13:11 GMT+01
ARNDIS POULSEN	MitID	2025-03-04 11:43 GMT+01
Benny Erik Voss	MitID	2025-02-26 12:45 GMT+01
Kristian Reinert Davidsen	MitID	2025-03-06 20:51 GMT+01

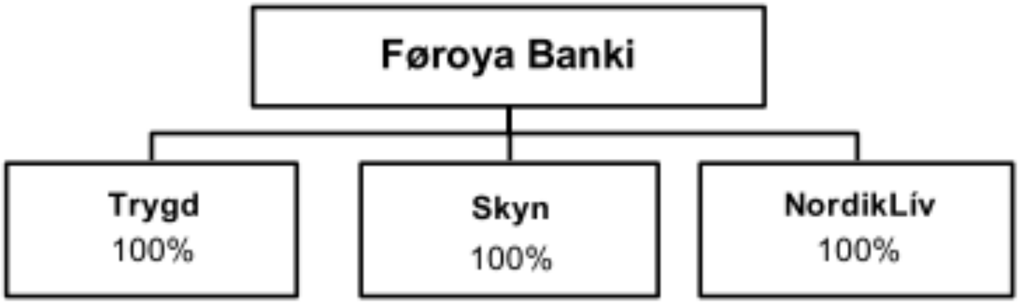
Føroya Banki

Annual Report
2024

Contents


Board of Directors
Internal audit
Executive Board
Turið F. Arge, CEO
CEO's Office
Compliance, Risk Management, Credit Control
Arne Mikkelsen
Credit
Bjarne Jørgensen
Corporate banking & Markets
Brian Smedemark
Personal banking
Silja á Borg Færø
Finance
Arnhold Olsen
IT
Fróði Hansen
Marketing & Communications
Rúna Rasmussen
Corporate
Markets
Greenland
Trygd/ NordikLiv
Skyn
Branches
Customer support
Product development
Finance
Analysis
Branch support
IT
Technical & Buildings
HR
AML

Overview of the Group



Banking is the primary business activity under the Føroya Banki brand in the Faroe Islands and in Greenland. The Group has non -life and life insurance operations in the Faroe Islands under the Trygd and NordikLív brands. Other activities include Skyn, a Faroese estate agency.

- Operations in 2 countries, Faroe Islands and Greenland
- 207 employees (FTE)
- 6 banking branches
- Insurance activities in the Faroe Islands
- Estate agency in the Faroe Islands

Financial highlights and ratios - Føroya Banki Group

Highlights DKK 1,000	Full year 2024	Full year 2023	Index 24 / 23	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
Net interest income	442,251	419,461	105	103,019	111,609	114,103	113,520	112,279
Dividends from shares and other investments	11,897	6,115	196	0	0	11,996	1	0
Net fee and commission income	78,752	81,680	96	20,515	19,354	17,387	21,496	22,168
Net interest and fee income	533,000	507,257	105	123,534	130,963	143,486	135,016	134,447
Net insurance result	47,747	45,925	104	7,463	18,450	12,416	9,418	6,321
Interest and fee income and income from insurance activities, net	580,747	553,182	105	130,997	149,414	155,902	144,434	140,768
Market value adjustments	45,343	54,614	83	12,056	26,442	-127	6,972	31,721
Other operating income	9,694	9,294	104	1,889	3,092	2,326	2,386	4,407
Staff costs and administrative expenses	248,369	243,670	102	65,929	62,476	61,582	58,382	60,648
Impairment charges on loans and advances etc.	-1,072	-10,043	11	-11,400	-5,619	-6,783	22,730	5,098
Net profit	**316,427**	**307,533**	**101**	**72,342**	**96,047**	**87,000**	**55,038**	**88,568**
Loans and advances	9,096,392	8,882,855	102	9,096,392	9,072,315	9,022,744	8,915,364	8,882,855
Bonds at fair value	1,757,200	1,396,516	126	1,757,200	1,348,404	1,323,609	1,409,035	1,396,516
Intangible assets	5,084	1,702	299	5,084	5,558	4,993	5,347	1,702
Assets held for sale	2,207	0		2,207	0	0	0	0
Total assets	14,511,644	12,944,838	112	14,511,644	14,055,478	13,491,880	13,377,435	12,944,838
Amounts due to credit institutions and central banks	823,455	719,106	115	823,455	962,792	683,841	698,191	719,106
Issued bonds at amortised cost	981,190	986,134	99	981,190	984,002	985,414	992,496	986,134
Deposits and other debt	10,003,346	8,702,192	115	10,003,346	9,353,549	9,173,368	8,996,102	8,702,192
Total shareholders' equity	2,076,037	1,850,608	112	2,076,037	2,003,695	1,909,388	1,824,127	1,850,608

Ratios and key figures	Dec. 31 2024	Dec. 31 2023	Dec. 31 2024	Sept. 30 2024	June 30 2024	March 31 2024	Dec. 31 2023
Solvency							
Total capital, incl. MREL capital, ratio, %	36.3	41.1	36.3	37.9	40.8	39.9	41.1
Total capital ratio, %	25.2	29.4	25.2	26.5	29.2	28.6	29.4
Tier 1 capital ratio, %	23.8	28.0	23.8	25.1	27.5	27.0	28.0
CET 1 capital	23.8	25.8	23.8	25.1	25.6	25.0	25.8
RWA, DKK mil	7,180	6,819	7,180	6,993	6,859	7,019	6,819
Profitability							
Return on shareholders' equity after tax, %	15.8	16.9	3.5	4.9	4.7	3.0	4.9
Cost / income, %	40.3	38.0	39.6	33.2	35.2	54.4	38.7
Cost / income, % (excl. value adjustm. and impairments)	43.5	44.6	51.8	42.7	39.4	41.5	44.7
Return on assets	2.1	2.4	0.5	0.7	0.6	0.4	0.7
Market risk							
Interest rate risk, %	1.2	0.8	1.2	1.0	0.9	0.8	0.8
Foreign exchange position, %	0.8	0.6	0.8	0.8	0.6	0.8	0.6
Foreign exchange risk, %	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Liquidity							
Liquidity Coverage Ratio (LCR), %	337.4	228.2	337.4	302.2	285.6	283.6	228.2
Net Stable Funding Ratio (NSFR), %	154.5	151.8	154.5	156.6	154.4	156.3	151.8
Credit risk							
Change in loans and advances, %	2.3	9.9	0.2	0.5	1.2	0.4	1.1
Gearing of loans and advances	4.4	4.8	4.4	4.5	4.7	4.9	4.8
Impairment and provisioning ratio, end of period, %	1.8	1.8	1.8	1.9	2.0	2.0	1.8
Write-off and provisioning ratio, %	0.0	-0.1	-0.1	-0.1	-0.1	0.2	0.1
Share of amounts due on which interest rates have been reduced, end of period, %	0.2	0.3	0.2	0.2	0.2	0.2	0.3
Shares							
Earnings per share after tax (nom. DKK 20), DKK	32.4	32.1	7.6	10.0	9.1	5.7	9.3
Market price per share (nom. DKK 20), DKK	162.0	164.5	162.0	152.0	150.0	153.0	164.5
Book value per share (nom. DKK 20), DKK	216.8	193.3	216.8	209.3	199.4	190.5	193.3
Other							
Number of full-time employees, end of period	207	207	207	206	209	209	207

Letter to our stakeholders

2024 was generally a year of positive business trends for the Føroya Banki Group. If we take a slightly broader perspective, we also saw inflation being brought under control and interest rates coming down following several years of rising interest rates and high inflation.

Solid financial performance

Our financial performance for the year showed sound core operations, an improved profit before tax compared to 2023, and a return on equity of close to 16%. The positive performance was backed by growth in deposits and lending and increased investment activity. Costs were kept in line with the original guidance for the year, resulting in a cost/income ratio of 53%. We reversed impairment charges for the eighth year running, reflecting the sound credit quality of our customers.

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

New name and new strategy

Since the Danish business was sold in 2021, our focus has been on providing outstanding services and advice to customers in the Faroese and Greenlandic markets. As a step on our transformation journey, we changed the Group's name from BankNordik to the original Føroya Banki in March, and in November we adopted the locally rooted name of Bankivik for the Greenlandic business.

In August, we announced a new strategy for the period leading up to 2026, which is to maintain the Bank's strong market position in the Faroe Islands, to consolidate our position in the Faroese insurance market and to become an even more significant financial partner for customers in Greenland. Our goal of sustainable growth during the strategy period will be achieved through a targeted strategic focus on good, preferably digital, customer experiences and profitability.

Risk outlook marked by geopolitical uncertainty

The geopolitical situation in 2024 was strained as war, growing tension and uncertainties led to increased focus on cybersecurity and digital resilience, not least in the financial sector. Global economic policy shifts may have a destabilising effect on the markets we operate in. We must therefore be prepared to navigate change and make sure that we have sufficient insight and knowledge to be able to make considered decisions.

In times of uncertainty, a sound capital structure is key, and our robust capital position enables us to comply with the ever-stricter capital requirements.

Sustainability – adapting to new requirements

Operating an efficient, responsible and sustainable business enables us to promote stability and make a positive impact on the communities we are part of. In 2024, we continued our long-standing efforts to become a more sustainable business and help our customers make sustainable choices. During the year, all our personal customer advisers received training in engaging with customers on sustainability issues – a similar course to the one our corporate customer advisers completed in 2023.

In response to the upcoming stricter sustainability data management and reporting requirements, we made the necessary preparations in 2024 for reporting under the CSRD effective from the 2025 financial year.

A digital milestone

Continually improving customer experiences was a key focus of our strategy work in 2024, so it was a milestone when, towards the end of the year, we launched a feature making it possible for customers to set up accounts directly in our online banking solution in seconds. The event marked an important step on our digital journey, as this technical solution has laid the groundwork for the digitalisation of even more services that will enhance the user experience on our digital platforms in the future.

High level of employee and customer satisfaction

In our annual customer satisfaction survey, we were pleased to see positive development, particularly in the assessment of our digital solutions. This is a clear indication that the work we are doing to enhance our digital platforms fulfils a real need among our customers.

A high customer satisfaction score is not achieved through digitalisation alone, however, and we are very aware of the important role our employees play in gaining customer loyalty. We are continually striving to ensure employee wellbeing and development in our organisation, and we were therefore very heartened by the sky-high wellbeing and loyalty scores in the annual employee satisfaction survey.

Advising customers during times of uncertainty and change requires skills and experience, and I have immense respect for our incredibly talented employees. On that note, I would like to thank each and every one of our employees for their exceptional efforts in 2024. I would also like to thank all of our customers for their great support, which we experience on a daily basis.

Turið F. Arge
Chief Executive Officer

Strategy 2026

New name, values and strategy

Since the Danish business was sold in 2021, Føroya Banki's focus has been on providing outstanding services and advice to customers in the Faroese and Greenlandic markets. As a step on the transformation journey, the Group's name was changed from BankNordik to the original Føroya Banki in March, and in November the bank adopted the locally rooted name of Bankivik for the Greenlandic business.

In August, a new strategy for the period leading up to 2026 was announced, which is to maintain Føroya Banki's strong market position in the Faroe Islands, to consolidate the position in the Faroese insurance market and to become an even more significant financial partner for customers in Greenland. The goal of sustainable growth during the strategy period will be achieved through a targeted strategic focus on good, preferably digital, customer experiences and profitability.

Financial targets for 2026

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

Furthermore, the focus will be on continued endeavours to generate a stable return for the bank's shareholders. The ambition to pay dividends of 70% of the profit for the year bank is maintained. 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.

Targets

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

Value foundation

In 2024, The Group revised its value foundation with input from the entire organisation. These values serve as a guiding principle for behaviour and reflect how the Group wishes to be perceived. The work on the values resulted in the following value foundation, which applies to the entire group:

Misson: A future where everyone has the financial resources to focus on what is important.

Vision: We strive to provide financial security in Greenland and the Faroe Islands.

At Føroya Banki, the mission and values are closely connected. Based on the mission, a set of fundamental values are developed that govern the Group's relationships – with customers, partners and communities, as well as interactions within the Group itself.

Core values

- Teamwork
- Customer commitment
- Enthusiasm

Strategic focus areas

- Customer experience
- Profitability

Financial Review

The following figures and comments are generally stated relative to 2023 and relate to the adjusted figures, see the section "Applied calculation methods and alternative performance measures" on p. 13 for more information on the adjustments made.

Adjusted Income statement, Group

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[1]	-273	-259	106	-72	-69	104	-68	-65	-65
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[2]	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[3]	136	109	*125*	31	48	*64*	35	23	46
Profit before tax	**382**	**379**	**101**	**88**	**119**	**73**	**105**	**70**	**109**
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

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).

Income statement

Operating income

Net interest income amounted to DKK 347m in 2024 compared to DKK 360m in 2023, reflecting the fact that the bank's funding costs were higher during 2024 than in 2023.

Net fee and commission income fell by DKK 3m year on year to DKK 74m in 2024, due to lower guarantee commissions during the year. Also, the Bank decided to make online banking free to all personal customers during the year.

Net insurance income was DKK 57m in 2024 compared to DKK 60m in 2023 due to increased claims.

Other operating income came in at DKK 41m in 2024 compared to DKK 32m in 2023. The increase was mainly due to value adjustments and dividends from the Bank's sector shares.

The Group therefore recognised total operating income of DKK 519m in 2024, a 2% decrease from 2023.

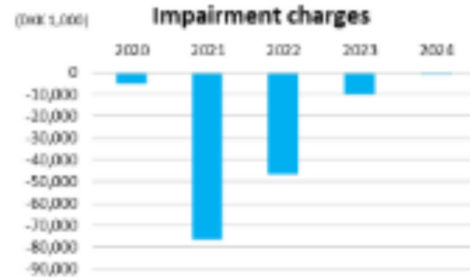
Operating costs

Overall operating costs increased by DKK 15m in 2024, to DKK 272m. The increase was driven by increased staff costs as well as IT-related costs. Cost discipline remains a focus area for the Group, and the drive to improve operational efficiency and automation will continue in the years ahead.

Net impairment charges

The Føroya Banki Group's low-risk credit approach meant that in 2024, for the eighth year in a row, net impairment charges were a reversal of DKK 1m. The figure in 2023 was a reversal of DKK 10m. The management provision was at DKK 101.5m at year-end 2024, up slightly from DKK 100m at the end of 2023. The Group's management has taken the provision due to continuing geopolitical and macroeconomic risk factors as well as uncertainties related to the modelling of future losses and possible errors in calculating the Bank's impairment charges.

The Group remains confident about its through-the-cycle credit policy and its sound lending portfolio. Strong loan-to-value private sector exposure makes up about half of the Group's loans and advances, and on the corporate side, the Group is not overexposed to historically risky industries. As a result, Føroya Banki still expects to be able to keep impairment charges on a relatively low level.



Operating profit

The Group's operating profit in 2024 came in at DKK 246m, DKK 33m lower than in 2023.

Non-recurring items

No non-recurring items were recognised during 2024. In 2023, DKK 9m in non-recurring costs were recognised.

Investment portfolio earnings

The Bank's investment portfolio earnings in 2024 amounted to DKK 136m, reflecting higher interest income on the Bank's liquidity holdings. The figure in 2023 was DKK 109m.

Profit before tax

The Føroya Banki Group achieved a profit before tax for 2024 of DKK 382m, a DKK 3m increase on the DKK 379m reported in 2023.

Financial results for Q4 2024

Net interest income in Q4 2024 was DKK 78m, down from DKK 87m in Q3 2024. Net fee and commission income was DKK 19m in Q4, an increase of DKK 1m relative to Q3, while net insurance income was DKK 10m in Q4 compared to DKK 20m in the previous quarter.

Operating costs amounted to DKK 71m in Q4, a DKK 3m increase compared to Q3. Impairment charges amounted to a reversal of DKK 11m in Q4 2024 compared to a reversal of DKK 6m in Q3. Profit before tax amounted to DKK 89m in Q4 2024 compared to DKK 119m in Q3 2024.

Balance sheet

Lending

Loans and advances amounted to DKK 9,086m in 2024, an increase of DKK 204m, or 2%, compared to DKK 8,883m in 2023. The increase was driven by a DKK 307m increase in the Personal Banking segment, with overall lending in the Corporate Banking segment down by DKK 103m. The bank's brokered mortgage credit saw growth of 5%, or DKK 142m, during 2024, to DKK 2,741m.

Føroya Banki expects the long-term trend of Faroese household preferences shifting towards the traditional Danish financing model of 80% mortgage funding and the residual in 2nd lien bank lending to continue. In 2024, the bank saw modest growth in mortgage credit to personal customers and strong growth in demand from corporate customers.

Føroya Banki places great emphasis on maintaining sound credit policy guidelines to ensure that lending growth does not come at the expense of the Group's financial sustainability. About half of the loan portfolio is allocated to personal lending and half to a well-diversified corporate sector, as shown in the figure below.

Deposits

Total deposits amounted to DKK 10,003m at 31 December 2024, an increase of DKK 1,301m, or 15%, from a year earlier. This reflects the Banks focus on deposits during the year, including on fixed term deposits from both personal and corporate customers. Deposits grew by 5%, or DKK 467m in the personal banking segment, while corporate deposits grew by 25%, or DKK 831m during the year.

Solvency and liquidity

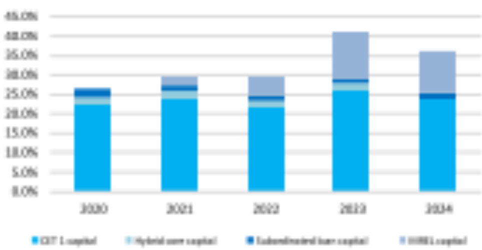
Føroya Banki held total capital of DKK 2,603m, incl. Minimum Requirement for own funds and Eligible Liabilities (MREL capital), at 31 December 2024 compared to DKK 2,806m at 31 December 2023. The decrease was a result of the planned payment of dividends totalling DKK 350m mentioned below and the repayment of hybrid capital amounting to DKK 150m in September 2024. The Bank maintains its target of reducing its CET1 capital to 23% relative to REA and further increasing its MREL-eligible capital. MREL capital and Senior Preferred capital amounted to DKK 791m at 31 December 2024 compared to DKK 798m a year earlier. The slight decrease was due to value adjustments of the MREL-eligible capital issued in SEK. Subordinated capital amounted to DKK 100m at 31 December 2024, flat compared to 31 December 2023, and hybrid core capital was DKK 0m at 31 December 2024 compared to DKK 150m 31 December 2023. Core capital amounted to DKK 1,712m at 31 December 2024, which was a decrease of DKK 196m from DKK 1,908m at 31 December 2023. CET1 capital amounted to DKK 1,712m at 31 December 2024, DKK 46m lower than the CET1 capital of DKK 1,758m at 31 December 2023.

The Group's MREL capital ratio decreased to 36.3% at 31 December 2024 compared to 41.1% a year earlier. The total capital ratio decreased to 25.2% at the end of 2024 from 29.4% at the end of 2023. The core capital ratio decreased to 23.8% at the end of 2024 from 28.0% at the end of 2023, while the Group's CET 1 ratio decreased to 23.8% at the end of 2024 from 25.8% the previous year. The Group's solvency requirement at the end of 2024 decreased to 10.0% from 10.3% at year-end 2023. Consequently, the solvency surplus at 31 December 2024 was 15.2% compared to 19.0% in 2023. Compared to the external capital requirements, incl. MREL requirements, totalling 28.7% at the end of 2024, Føroya Banki had a solvency surplus of 7.5 percentage points.

The Group's liquidity coverage ratio (LCR) was 337.4% at year-end 2024, well above the requirement of 100%

and increased compared to 31 December 2023, when the ratio was 228.2%.

Solvency



Other

Supervisory Diamond

The Supervisory Diamond is used to measure a bank's risk profile. The model identifies four areas that if not within certain limits are considered to indicate increased risk. As shown in the figure, the Bank met all criteria by a comfortable margin.

The Supervisory Diamond	2024	2023	FSA limit
Sum of large exposures	144.3%	139.7%	< 175%
Liquidity indicator	260.9%	223.7%	>100 %
Loan growth	2.3%	9.9%	< 20 %
Property exposure	12.0%	13.1%	< 25 %

Dividends proposed

At the upcoming Annual General Meeting, to be held on 27 March 2025, the Board intends to propose total dividend payments of DKK 350m for 2024, consisting of an ordinary dividend of DKK 217m (70% of the net profit) and a dividend of DKK 133m originating from a capital optimisation. The dividend is thus DKK 36.46 per share.

More information on the dividend policy is available on our website at www.foroyabanki.com/dp

Faroese and Greenlandic real estate markets

During 2024, Føroya Banki and other Faroese and Greenlandic financial institutions provided the FSA with material based on their deep local knowledge to support the FSA in making its assessment regarding the real estate markets in the two geographies being well-developed and long-established.

The matter was resolved on 2 September 2024, with the FSA concluding that the market for residential property was well-developed and long-established in both countries.

The Bank has taken note of the decision and has taken it into account when calculating its risk-weighted exposure.

Debt issuance

Due to the continuous focus on optimising its CET1 capital, Føroya Banki plans to continue issuing senior non-secured loans in 2025.

Rating

Føroya Banki obtained its initial rating from Moody's on 21 March 2022, when both the long-term deposit and issuer rating were set at A2, outlook positive. The Group was very pleased that Moody's, in continued recognition of the Bank's "very strong capitalisation and sound recurring profitability" on 20 November 2023 upgraded the Bank's long-term deposit and issuer rating to A1.

The rating was reaffirmed on 25 October 2024, albeit with a negative outlook.

Category	Moody's rating
Counterparty risk rating	A1/P-1
Bank deposits	A1/P-1
Baseline credit assessment	baa1
Counterparty risk assessment	A1(cr)/P-1(cr)
Issuer rating	A1
Outlook	Negative

Events after the balance sheet date

Other than what is mentioned in the Annual Report, no events of significance for the reporting period have occurred after 31 December 2024.

Follow up on Outlook 2024

Throughout the year 2024, the bank has revised the guidance upward for its annual result expectations twice, once in August and again in October. The third and latest revision was in January 2025. These revisions were based on favourable developments in the investment portfolio earnings and lower impairments than initially anticipated.

Outlook 2024	Net result	Return on Equity
Initial outlook 2024	225-255m DKK	12% - 14%
Revised outlook 2024	250-280m DKK	
Revised outlook 2024	275-300m DKK	
Latest outlook 2024	302-312m DKK	
Final results 2024	310m DKK	15.8%

Outlook 2025

Føroya Banki expects to continue growing its overall lending and mortgage volumes in 2025 to both personal and corporate customers.

In the personal banking segment, the Group will continue to build on the progress of previous years by establishing stronger relationships and continuing to enhance the user experience to attract new customers. In Greenland, Føroya Banki expects to grow lending to existing customers as well as attracting new customers, thereby growing its market share.

On the corporate side, the Group sees an opportunity to increase volumes in 2025 due to continued investment activity in both the Faroe Islands and Greenland, despite the uncertain global economic outlook. To help manage its capital position as MREL requirements continue to be phased in, Føroya Banki will continue to utilise Danish government guarantee programmes to reduce the risk-weighted portion of corporate exposure in 2025.

The Bank's net interest income is expected to decrease slightly in the coming year, as the Bank expects the Danish Central Bank to lower its deposit rate by a cumulative 0.75 percentage points. However, future interest rate movements are of course subject to central bank policy.

Insurance premiums are expected to continue to grow due to both customer acquisition and general price increases. Even though it is difficult to predict the level of net insurance income due to significant variations in claims levels from one year to the next, Føroya Banki expects net insurance income to be stable in 2025 compared to 2024.

The Group's operating costs rose slightly in 2024, as staff and IT costs continued to increase for the financial sector in general. As expected, the Group's cost/income ratio rose slightly to 53% (2023: 49%). The Group expects operating costs in 2025 to be marginally higher than 2024, driven by staffing and IT cost increases.

The Føroya Banki Group is fully focused on serving the Faroese and Greenlandic markets. It remains as one of the larger players in the Faroe Islands and a strong challenger in Greenland. Focus will remain on increasing efficiency and reducing operating costs while consistently offering market-leading services and strong asset quality.

The guidance is based on impairments amounting to 0.30 percentage points of the bank's lending portfolio in 2025.

Earnings on the Group's investment portfolio were strongly positive in 2024 and are expected to remain strong in 2025, albeit not quite at the level seen in 2024 due to market rates trending slightly downward.

In 2025, Føroya Banki expects to achieve a net profit in the range of DKK 210-240m (2024: DKK 310m).

	Outlook 2025
Net results	210-240m DKK
Return on Equity	10.4% - 11.9%
Impairments	0.30 pp of loans

This outlook is subject to uncertainty relating to the interest rate developments, market value adjustments, impairments and geopolitical affairs.

Our external environment

The macroeconomic environment has a significant impact on any financial institution. Føroya Banki, therefore, naturally follows the economic developments in the Faroe Islands and Greenland closely.

The two North Atlantic economies are affected by global economic developments. The IMF estimates that the global economy (as measured by global real GDP) grew by 3.2% in 2024, with the Faroese GDP expected to increase by 3.9% and the Greenland GDP by 0.9%.

Up to and into 2023, the historically high inflation rates post Covid, which in the Faroe Islands peaked at 10.1% (Nov. 22), was the main concern of economists and central bankers. To combat the high inflation rate, central banks started increasing interest rates in 2022, and by 2023 inflation rates started decreasing.

Danmark Nationalbank's policy rate is at present 2.35%, which is a reduction of 1.25%-pt from the last peak at 3.60% (June 2024).

The reduced policy rate is causing both deposit and loan rates to decrease and is expected to reduce net interest margins which will result in downward pressure on Føroya Banki's net interest income.

The past and forecasted future reductions in global interest rates are expected to stimulate global economic activity resulting in a projected global GDP growth (real) of 3.3% in 2025 (OECD estimate). The Euro area is projected to achieve a relatively modest GDP growth of 1.3%, reflecting the structural and economic challenges Europe is facing, such as high energy prices, increased competition from Chinese manufacturers and high public sector debt.

The geopolitical situation continues to be relatively strained. In Europe, Russia is continuing its war of aggression against Ukraine. In the Baltic Sea, several instances of apparent sabotage on subsea power- and communication cables have occurred. In the Middle East, the war in Gaza is continuing and Syria is yet to stabilize after the fall of the Assad regime. In the Far East, China is maintaining its assertive posture, especially towards Taiwan and its claim on the South China Sea. In the USA, newly elected president Trump stated his wish for Canada and Greenland to be incorporated into the USA, if necessary, by force.

Developments in the Faroese and Greenlandic economies have again been directionally similar in 2024. The bank continues to track key indicators for both economies, and developments have generally followed the expected trend in 2024, with a few blips along the way such as the 28-day strike in the Faroe Islands during the summer of 2024.

The Faroese Economic Council estimated in September that the Faroese economy will grow by 4.7% in nominal terms in 2024 following growth of 5.6% in 2023. The GDP expansion in 2024 is driven by consumption and investment made by the public and private sectors and an increase in net exports (the value of both exports and imports decreased in 2024, with the import value decreasing by more). The outlook for 2025 is stable, but nominal GDP growth is expected to decline to 3.3%, which would be the lowest level seen since 2020, and before that since 2009.

The Greenland Economic Council estimated in September that the Greenland's economy will grow by 3.1% in nominal terms in 2024 following growth of 4.0% in 2023. The reduced growth reflects a reduction in the value of Greenland's export, led by marginally lower prices for fish products. The outlook for 2025 is stable with the GDP expected to grow by 4.0% in nominal terms. A significant portion of Greenland's GDP stems from investment infrastructure (airports in Nuuk, Ilulissat and Qaqortoq) and investment in housing, and although infrastructure investment is a prerequisite for lifting future growth, a decline in investment activity will present certain challenges once ongoing projects are completed.

Both the Faroe Islands and Greenland have extraordinarily tight labour markets. The Faroese unemployment rate and labour participation rate are world-leading, whereas Greenland is experiencing demand for skilled labour that far outstrips supply.

The Greenlandic labour market is also challenged by the fact that education levels in the local population are lower than in other Western countries. Both countries import a significant number of workers and have in recent years made it easier for employers to obtain permits to do so.

Føroya Banki remains optimistic about its prospects given the health of the two markets in which it operates. Customers are financially sound, and lending demand is satisfactory due to healthy levels of economic activity.

Applied calculation methods and alternative performance measures

Alternative performance measures
The Bank applies a number of alternative performance measures. These measures are applied where they provide greater informational value about, e.g. the Bank's earnings, or as a common denominator for multiple items. The Bank is aware of the need for applying calculations consistently and with comparative figures. The alternative performance measures applied are defined below:

Operating income
Sum of Net interest income (less interest income from the Groups bond portfolio), Net fee income, Net insurance income and Other operating income.

Profit before impairment charges
Profit before Investment portfolio earnings, Impairment charges and Non-recurring costs.

Operating profit
Profit before non-recurring costs and before Investment portfolio earnings.

Other operating income
Other operating income, Dividends related to sector shares, Value adjustments related to sector shares, and Profit or loss from currency transactions.

Operating costs
Sum of Staff costs and administrative expenses, Sector costs, Other operating expenses and Amortisation, depreciation and impairment charges on intangible assets and property, plant and equipment.

Impairments
Sum of Impairment charges on loans and reversed impairment charges on loans taken over.

Non-recurring items
Non-recurring staff costs, administrative expenses and extraordinary impairment charges on tangible assets.

Investment portfolio earnings
Interest income from the bond portfolio, value adjustments less value adjustments of sector shares and less of profit or loss from currency transactions. Dividends less dividends related to sector shares, Income from holdings in associates.

Adjusted results

Note	Adjusted income statement 2024, Group, DKK 1,000	Income statement	Restatement	Restated income statement
1, 5	Net interest income	442,251	-95,367	346,884
2	Net fee and commission income	90,748	-16,986	73,762
5, 6, 7	Net insurance income	47,747	8,875	56,622
2, 4	Other operating income	9,694	31,543	41,237
	Operating income	**590,441**	**-71,935**	**518,506**
3, 6	Operating costs	258,990	14,322	273,312
	Profit before impairment charges	**331,451**	**-86,257**	**245,194**
	Impairment charges	-1,072	0	-1,072
	Operating profit	**332,524**	**-86,257**	**246,267**
3	Non-recurring items	0	0	0
	Profit before investment portfolio earnings and tax	**332,524**	**-86,257**	**246,267**
1, 4, 7	Investment portfolio earnings	49,952	86,257	136,209
	Profit before tax	**382,476**	**0**	**382,476**

Note	Adjusted income statement 2023, Group, DKK 1,000	Income statement	Restatement	Restated income statement
1, 5	Net interest income	419,461	-59,876	359,585
2	Net fee and commission income	87,796	-10,811	76,985
5, 6, 7	Net insurance income	45,925	13,789	59,714
2, 4	Other operating income	9,294	22,713	32,007
	Operating income	**562,476**	**-34,185**	**528,291**
3, 6	Operating costs	252,905	6,114	259,019
	Profit before impairment charges	**309,571**	**-40,299**	**269,272**
	Impairment charges	-10,043	0	-10,043
	Operating profit	**319,614**	**-40,299**	**279,315**
3	Non-recurring items	0	-8,928	-8,928
	Profit before investment portfolio earnings and tax	**319,614**	**-49,227**	**270,387**
1, 4, 7	Investment portfolio earnings	59,716	49,227	108,943
	Profit before tax	**379,330**	**0**	**379,330**

Note	Restatements made to the income statement, DKK 1,000	2024	2023
1	Reclassification of interest income related to bonds from the item interest income to investment portfolio earnings.	86,492	67,116
2	Dividends and fees reclassified from Net fee and commission income to Other operating income.	16,986	10,811
3	Reclassification of severance costs to Non-recurring items.	0	8,928
4	Reclassification of value adjustments related to sector shares and of profit or loss from currency transactions to Other operating income.	14,557	11,902
5	Reclassification of interest income to Net insurance income from Net interest income due to implementation of IFRS 17	8,875	7,240
	Reclassification from Net fee and commision income to Operation costs due to implementation of IFRS 17		
6	Reclassification of operating costs from Net insurance income to Operating costs due to implementation of IFRS 17	14,322	15,042
7	Reclassification of market value adjustments from net insurance income to Investment portfolio earnings due to implementation of IFRS 17	14,322	5,987

Management and directorships

The current members of the Board of Directors and Executive Management of P/F Føroya Banki are the following:

Board of Directors

Birgir Durhuus (Chair)	
Elected by the General Meeting	
Year of birth	1963
Gender	Male
Nationality	Faroese
First time elected to the Board:	2023
Most recently re-elected:	2024
Term expires:	2026
Independent	Independent
Educational background:	Master of Finance, Copenhagen Business School
Competencies:	Several years of working experiences from the Danish financial sector. Primarily Danske Bank, Nordea and Nykredit where he was analyst and headed different departments within investments and Risk Management. Former CEO of Asgard Asset Management
Principal occupation:	Partner at Absolute Return Partners, London
Directorships and other offices:	Former chairman of Atlantic Petroleum

Annfinn Vitalis Hansen (vice chair)	
Elected by the General Meeting	
Year of birth	1963
Gender	Male
Nationality	Faroese
First time elected to the Board:	2024
Most recently re-elected:	
Term expires:	2026
Independent	Non-independent
Educational background:	Master of law, University of Copenhagen. Lawyer and Partner at LEKS lawfirm.
Competencies:	In-depth knowledge and several years og practical working experiences within various legal issues. Broad and extensive knowledge of the Faroese business community and its structures.
Principal occupation:	Partner at LEKS lawfirm
Directorships and other offices:	Boardmember of Ruth Holding ApS, GTM Familie Holding ApS and Sp/f RMV Holding.

Árni Tór Rasmussen	
Elected by the General Meeting	
Year of birth	1975
Gender	Male
Nationality	Faroese
First time elected to the Board:	2024
Most recently re-elected:	
Term expires:	2026
Independent	Non-independent
Educational background:	Educated within finance, accounting and investments.
Competencies:	In-depth knowledge of the faroese business community and practical experiences within various commercial projects and investment activities.
Principal occupation:	Self-employed - CEO at different companies with investment activities
Directorships and other offices:	CEO at Sp/f RMV Holding. Chairman at Sp/f Navigare shipping and P/F Rayni Service

Marjun Hanusardóttir	
Elected by the General Meeting	
Year of birth	1954
Gender	Female
Nationality	Faroese
First time elected to the Board:	2024
Most recently re-elected:	
Term expires:	2025
Independent	Independent
Educational background:	MSc. in Food Science, Royal Veterinary- and Agricultural University, Copenhagen. Diploma in Public Administration, Danish High School of Public Administration. MSc. Distinction in Management, Robert Gordon University, Aberdeen.
Competencies:	Several years of practical experiences and in-depth knowledge of management and public administration, being head of the National Administration and counsellor regarding political and public affairs.
Principal occupation:	Self-employed
Directorships and other offices:	Former Permanent Secretary at the Prime Minister's Office (1998-2021). Former Executive Director at Heilsufrøðiliga Starvsstovan - The Faroese Food and Environmental Agency (1987-1998).

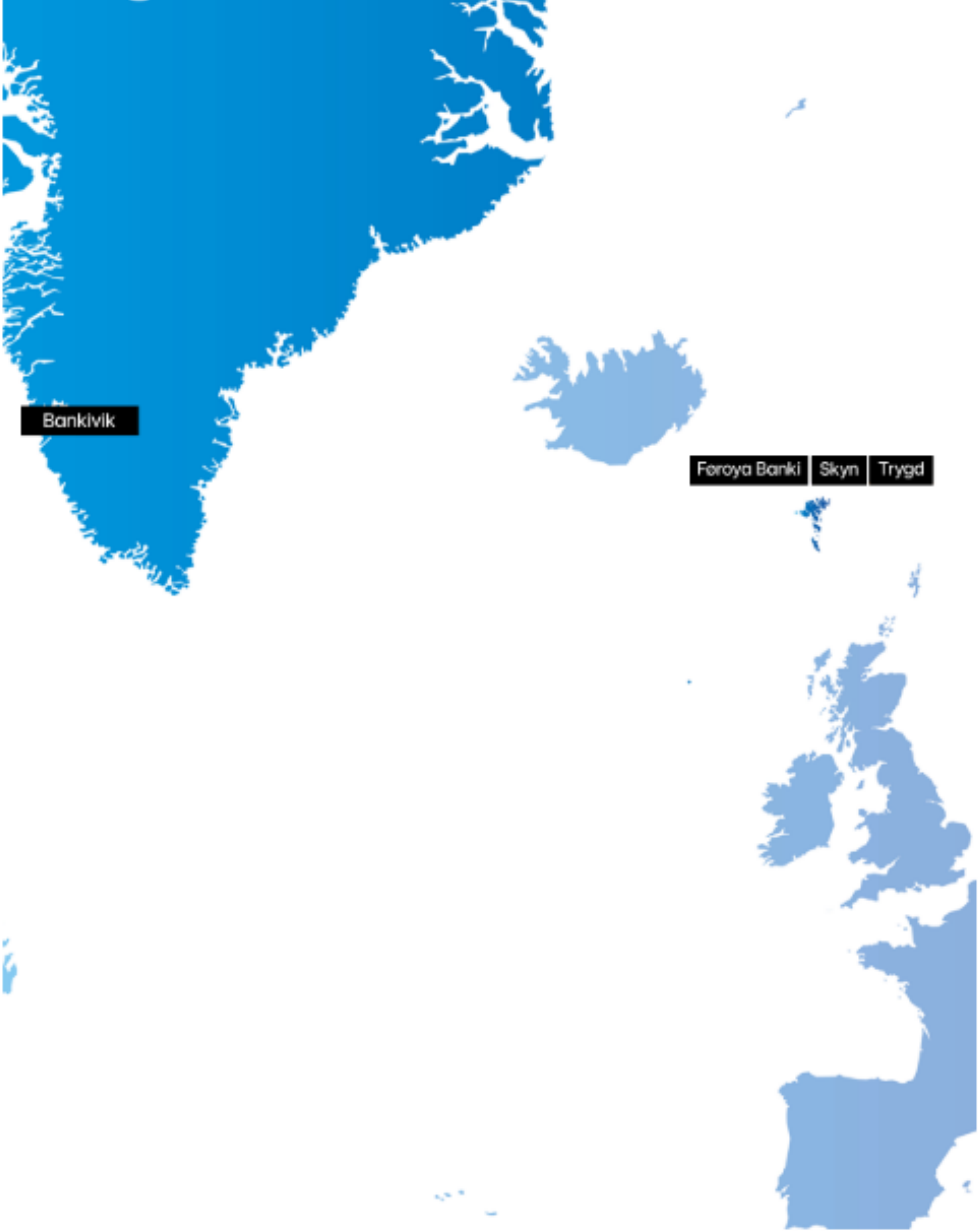
Kristian Reinert Davidsen	
Elected by the General Meeting	
Year of birth	1966
Gender	Male
Nationality	Faroese
First time elected to the Board:	2022
Most recently re-elected:	2024
Term expires:	2026
Independent	Independent
Educational background:	HD (Graduate Diploma in Organisation and Strategy), Copenhagen Business School; MSc Electrical Engineering & Telecommunications, DTU Denmark.
Competencies:	Working experiences and in-depth knowledge of management, strategy processes and project managing. In-depth knowledge of digital transformation and security related to personal data and cyber security.
Principal occupation:	CEO at Faroese Telecom, Former CEO at Tusass (TELE Greenland).
Directorships and other offices:	Chair of LBF (Engineering Consultancy)

Tom Ahrenst	
Elected by the General Meeting	
Year of birth	1960
Gender	Male
Nationality	Danish
First time elected to the Board:	2023
Most recently re-elected:	2024
Term expires:	2025
Independent	Independent
Educational background:	Executive Management program, Columbia Business School; Executive Management program, Wharton Business School. HD-accounting, Copenhagen Business School.
Competencies:	More than 30 years of practical credit-related experiences from Danske Bank and Nykredit. Indepth knowledge within Credit and Corporate area in general, including financing of mergers and acquisitions, capital market transactions, structuring of company financing and management of credit-related risks as a whole.
Principal occupation:	Independent Advisor and Board Member
Directorships and other offices:	Board member of Core Property Management P/S. Former chair of Nykredit Leasing A/S and Nykredit Finance plc. Former board member of Frankfurter Bodenkredit Gmbh.
Alexandur Johansen	
Elected by the employees	
Year of birth	1979
Gender	Male
Nationality	Faroese
First time elected to the Board:	2018
Most recently re-elected:	2022
Term expires:	2026
Educational background:	Financial education and subsequent continuing education within financial and insurance aspects.
Competencies:	In-depth understanding of insurance aspects. All-round advisory services.
Principal occupation:	P/F Trygd - Commercial Insurance - Head of corporate department.
Directorships and other offices:	None
Kenneth Samuelsen	
Elected by the employees	
Year of birth	1966
Gender	Male
Nationality	Faroese
First time elected to the Board:	2010
Most recently re-elected:	2022
Term expires:	2026
Educational background:	Financial education
Competencies:	Broad knowledge of sector and labour market relationships. Customer and employer satisfaction. Experience within and knowledge of IT.
Principal occupation:	Føroya Banki - IT-department - unit Faroe Islands.
Directorships and other offices:	None
Rúna Hentze	
Elected by the employees	
Year of birth	1966
Gender	Female
Nationality	Faroese
First time elected to the Board:	2021
Most recently re-elected:	2023
Term expires:	2026
Educational background:	Financial education supplemented with different banking related courses.
Competencies:	Broad knowledge and experience within different aspects of Banking services. In-depth knowledge and experiences within Retail Banking and funds
Principal occupation:	Føroya Banki - Backoffice
Directorships and other offices:	None

Executive board

Turið F. Arge (CEO)	
Year of birth	1982
Gender	Female
Nationality	Faroese
Year of joining the Executive Management:	2022
Educational background:	Cand.merc.Aud, Aarhus Business School; Executive MBA, Henley Business School.
Principal occupation:	CEO at P/F Føroya Banki
Board positions held that are relevant to banking and insurance:	Boardmember of P/F Trygd, P/F NordikLiv, P/F Skyn. Boardmember of BI Holding A/S, SDC A/S and the Faroese Banking organisation.

Segments



Segments

Reference is made to the preceding Financial Review, which provides an overview of the Group, including the Bank at an overall level.

The Bank's activities are divided into two main segments, Personal Banking and Corporate Banking. Details about these two segments are provided on the following pages. The last page of the segment section sets out performance of the Bank's subsidiary Trygd.

Banking

Adjusted income statement, Banking

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	90	92	97	23	22	105	21	23	21
Other operating income	37	27	134	9	9	93	9	10	3
Operating income	**473**	**479**	**99**	**110**	**118**	**93**	**120**	**125**	**124**
Operating cost	-250	-235	106	-67	-63	106	-62	-59	-59
Profit before impairment charges	**223**	**244**	**92**	**44**	**55**	**79**	**58**	**66**	**65**
Impairment charges, net	1	10	11	11	6	203	7	-23	-5
Operating profit	**225**	**254**	**88**	**55**	**61**	**90**	**65**	**44**	**59**
Non-recurring items	0	-9		0	0		0	0	0
Profit before investment portfolio earnings and tax	**225**	**245**	**92**	**55**	**61**	**90**	**65**	**44**	**59**
Investment portfolio earnings	123	101	123	29	43	67	33	19	42
Profit before tax	**348**	**346**	**101**	**84**	**104**	**80**	**97**	**63**	**102**
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	9,160	8,930	8,710
Mortgage credit	2,741	2,599	105	2,741	2,579	106	2,585	2,621	2,599
Operating cost/income, %	53	49		60	53		52	47	48
Number of FTE, end of period	177	176	101	177	175	101	176	178	176

The Bank's net interest income was DKK 347m in 2024 compared to DKK 360m 2023 reflecting the fact that the Bank's funding costs were higher during 2024 than in 2023. Net fee and commission income fell by DKK 2m to DKK 90m in 2024 compared to DKK 92m in 2023, due to lower guarantee commissions as well as the Bank's decision to make online banking free for all personal customers. Other operating income increased 34% or DKK 10m relative to 2023 to DKK 37m due mainly to higher income from the Bank's sector shares. As a result, the Bank's operating income as a whole fell slightly by DKK 6m year on year in 2024 to DKK 473m. Operating costs increased by DKK 15m in 2024 compared to 2023, which was as expected and mainly due to staff and IT costs. The cost/income ratio was thus 53% for the year compared to 49% for the previous year. The resulting profit before impairment charges was DKK 223m in 2024 compared to DKK 244m in 2023.

Føroya Banki maintains its through-the-cycle credit policy. Due to the continued sound financial health of its customers despite uncertain global economic conditions, the Bank saw a net reversal of impairments of DKK 1m in 2024 for the eighth year in a row. In 2023, the Bank reversed DKK 10m of previously impaired loans. The management provision was at DKK 101.5m at year-end 2024, up slightly from DKK 100m at the end of 2023. The resulting operating profit for the banking segment in 2024 was DKK 225m, DKK 30m lower than in 2023.

No non-recurring items were recognised in 2024 compared to costs of DKK 9m being recognised in 2023 due to changes in the Bank's management. Investment portfolio earnings were DKK 123m in 2024, up from DKK 101m in 2023 due mainly to higher interest income on the Bank's liquidity with the Danish National Bank. As a result, the Bank's profit before tax was DKK 348m in 2024, up DKK 2m compared to 2023.

Loans and advances to customers grew by DKK 204m in 2024 or 2% to DKK 9,086m, and the portfolio of the Bank's brokered mortgage credit grew by DKK 142m or 5% to DKK 2,741m. In total loans and mortgage credit grew 3% in 2024. Customer deposits were up by 15% or DKK 1,298m to DKK 10,007m. The funds that the bank manages on behalf of customers grew by 17% during 2024, reflecting both positive returns on managed assets as well as the acquisition of new customers.

Personal Banking

Adjusted Income statement, Personal banking

DKKm	2024	2023	Index	Q4 2024	Q3 2024	Index	Q2 2024	Q1 2024	Q4 2023
Net interest income	208	223	94	41	54	76	55	60	72
Net fee and commission income	69	69	101	18	17	104	16	18	16
Other operating income	21	20	106	4	5	83	6	6	2
Operating income	**299**	**311**	**96**	**62**	**75**	**83**	**77**	**84**	**90**
Operating costs	-213	-196	109	-57	-52	109	-54	-49	-49
Profit before impairment charges	**86**	**114**	**76**	**5**	**23**	**24**	**23**	**34**	**40**
Impairment charges, net	10	2	570	2	7	21	-4	5	-5
Operating profit	**96**	**116**	**83**	**7**	**30**	**22**	**19**	**39**	**35**
Non-recurring items	0	-8		0	0		0	0	0
Profit before investment portfolio earnings and tax	**96**	**108**	**89**	**7**	**30**	**22**	**19**	**39**	**35**
Investment portfolio earnings	89	69	129	21	31	67	23	14	30
Profit before tax	**185**	**177**	**105**	**28**	**61**	**45**	**43**	**53**	**65**
Loans and advances	4,373	4,066	108	4,373	4,298	102	4,202	4,124	4,066
Deposits and other debt	6,228	5,761	108	6,228	6,161	101	6,161	5,788	5,761
Mortgage credit	2,175	2,179	100	2,175	2,160	101	2,174	2,191	2,179
Number of FTE, end of period	79	81	97	79	77	102	80	79	81

Føroya Banki's operating income from personal banking customers fell by 4% in 2024. Net interest income was down by DKK 14m to DKK 208m. Net fee and commission income was flat at DKK 69m and other operating income increased by DKK 1m to DKK 21m. The resulting operating income totalled DKK 299m compared to DKK 311m in 2023.

Operating costs rose to DKK 212m in 2024 from DKK 196m in 2023. As a result, profit before impairment charges came in at DKK 86m compared to DKK 114m in 2023. Impairment charges were a net reversal of DKK 10m in 2024 compared to a reversal of DKK 2m in 2023. No non-recurring items were recognised in 2024, whereas non-recurring costs of DKK 8m were recognised in 2023. Investment portfolio earnings amounted to DKK 89m compared to DKK 69m in 2023. Profit before tax was thus DKK 185m in 2024 compared to DKK 177m in 2023.

Direct lending to personal customers rose by DKK 307m, i.e. 8%, to DKK 4,373m at year-end 2024. Brokered mortgage credit was largely flat at DKK 2,175m at year-end 2024 compared to DKK 2,179m at year-end 2023. Deposits from personal customers were up by DKK 467m, i.e. 8%, over year-end 2023 to DKK 6,228m at year-end 2024.

Corporate Banking

Adjusted Income statement, Corporate Banking

DKKm	2024	2023	Index	Q4 2024	Q3 2024	Index	Q2 2024	Q1 2024	Q4 2023
Net interest income	138	137	101	38	33	114	35	33	28
Net fee and commission income	21	24	88	5	5	109	5	5	5
Other operating income	15	7	209	5	4	109	3	3	1
Operating income	**174**	**168**	**104**	**48**	**42**	**112**	**43**	**42**	**34**
Operating costs	-37	-32	115	-10	-10	98	-8	-10	-10
Profit before impairment charges	**137**	**135**	**101**	**38**	**32**	**118**	**35**	**32**	**24**
Impairment charges, net	-8	8 -	102	10	-2	-583	11	-28	0
Operating profit	**129**	**144**	**90**	**48**	**31**	**156**	**45**	**5**	**25**
Non-recurring items	0	-1		0	0		0	0	0
Profit before investment portfolio earnings and tax	**129**	**142**	**90**	**48**	**31**	**156**	**45**	**5**	**25**
Investment portfolio earnings	35	27	129	8	12	67	9	5	12
Profit before tax	**163**	**169**	**97**	**56**	**43**	**131**	**55**	**10**	**36**
Loans and advances	4,713	4,816	98	4,713	4,774	99	4,821	4,791	4,816
Deposits and other debt	3,779	2,948	128	3,779	3,198	118	3,019	3,143	2,948
Mortgage credit	565	420	135	565	419	135	411	430	420
Number of FTE, end of period	15	14	105	15	15	100	15	15	14

The Group's Corporate Banking segment saw net interest income increase to DKK 138m in 2024 from DKK 137m in 2023 despite a fall in overall lending and interest rates, as funding costs decreases due to corporate deposits being higher in 2024 than in 2023. Net fee and commission income fell by DKK 3m to DKK 21m. Other operating income more than doubled from DKK 7m in 2023 to DKK 15m in 2024 due mainly to increased income from the Bank's sector shares. Total operating income was thus up 4% or DKK 7m to DKK 174m in 2024 relative to 2023.

Operating costs increased by DKK 5m in 2024 to DKK 37m, resulting in profit before impairment charges of DKK 137m, up DKK 2m compared to 2023.

Impairment charges were DKK 8m in 2024, compared to a reversal of DKK 8m in 2023. It is worth noting that this is due sizable impairments on a small number of customer relationships and not a sign of an overall increase in credit risk. No non-recurring items were recognised in 2024 compared to non-recurring costs of DKK 1m being recognised in 2023.

Investment portfolio earnings amounted to DKK 35m in 2024 compared to DKK 27m in 2023. The resulting profit before tax was thus DKK 163m in 2024, DKK 6m lower than in 2023.

The corporate lending portfolio fell by 2% during the year and amounted to DKK 4,713m at 31 December 2024. The portfolio remains well diversified and is not overly exposed to historically risky sectors. Corporate deposits were up by DKK 831m, i.e. 28%, over year-end 2023 to DKK 3,779m at year-end 2024. Brokered mortgage credit rose by more than a third, i.e. 35%, albeit from a low base to DKK 565m at year-end 2024.

Insurance

Adjusted income statement, Trygd

DKKm	2024	2023	Index	Q4 2024	Q3 2024	Index	Q2 2024	Q1 2024	Q4 2023
Premium income, net of reinsurance	156	148	106	38	40	96	40	39	42
Claims, net of reinsurance	-114	-99	116	-32	-22	149	-29	-31	-30
Net insurance income	**42**	**49**	**84**	**6**	**18**	**31**	**11**	**8**	**12**
Net income from investment activities	11	7	165	2	4	46	2	3	3
Operating income	**52**	**56**	**94**	**7**	**21**	**34**	**13**	**11**	**15**
Operating cost	-29	-29	100	-6	-7	86	-8	-8	-8
Profit before tax	**23**	**27**	87	**1**	**14**	**6**	**5**	**3**	**7**
Combined ratio	93	88		102	74		93	100	90
Claims ratio	73	67		85	55		73	81	72
Number of FTE, end of period	23	23	97	23	23	99	23	23	23

The Group's insurance company, Trygd, reported another year of growth in insurance premiums. Net premiums grew by 6% in 2024 to DKK 156m due to price increases and a continued inflow of new customers.

Claims can vary significantly from year to year, e.g. due to Faroese weather conditions or an unusual number of large claims. In 2024, claims amounted to DKK 114m, an increase of DKK 16m compared to 2023.

Income from investment activities amounted to DKK 11m in 2024 compared to DKK 7m in 2023. Operating costs totaled DKK 29m in 2024, flat compared to 2023. As a result, Trygd posted a profit before tax of DKK 23m in 2024 compared to a profit before tax of DKK 27m in 2023.

Trygds combined ratio increased from 88 in 2023 to 93 in 2024.

Trygd continues to grow its market share by offering competitive prices and delivering superior customer experience. Trygd expects to continue to attract new customers and to grow premium income in 2025, as it has done for the past several years whilst remaining profitable.

Other activities

Skyn

Following several years of strong activity and continuous price increases in recent years, the housing market activity was relatively subdued in the past two years. House prices in the Faroe Islands increased approx. 5% in 2024, and the number of properties sold was more or less flat compared to 2023.

The Group's estate agency, Skyn, performed well and was involved in a total of 161 transactions in 2024 compared to 168 in 2023. Skyn recorded a net profit of DKK 0.6m in 2024, a slight fall from DKK 0.8m in 2023.

Skyn is expected to pay a dividend of DKK 1.0m to Føroya Banki for the 2024 financial year.

NordikLív

NordikLív is a life insurance company established in 2015 and wholly owned by Føroya Banki. The company began operations in 2016 by providing regular life, disability and critical illness insurance cover in the Faroese market.

In 2024, premium income was DKK 21.8m compared to DKK 21.6m in 2023, while net profit amounted to DKK 8.7m in 2024 compared to DKK 4.9m in 2023.

NordikLív is expected to pay a dividend of DKK 9m to Føroya Banki for the 2024 financial year.

In the bank's continuous focus on operating as efficiently as possible, the bank reached an agreement in 2024 with the life insurance company LÍV in the Faroe Islands, where the bank will broker life insurance products for LÍV. We are pleased with the agreement, and it will result in NordikLív being dissolved as a separate company in 2026. The Group's customers, however, will continue to receive excellent advice and life insurance products at competitive prices.

Investor relations

Føroya Banki share performance

The closing price of Føroya Banki's shares on Nasdaq Copenhagen at 31 December 2024 was DKK 162.0 compared to a closing price of DKK 164.5 at 31 December 2023. This was a decrease of 1.5% compared to an increase of 15.7% for the Copenhagen Bank Index. Note that Føroya Banki's total return in 2024 was 3.5%, as a total dividend of DKK 8.33 per share was paid out during the year. The turnover in Føroya Banki's shares on Nasdaq Copenhagen was DKK 234m in 2024 compared to DKK 615m in 2023. Føroya Banki´s stock chart can be found on the Bank's website www.foroyabanki.com/sc

Performance of Føroya Banki shares vs the Nasdaq Copenhagen Bank Index in 2024:

Shareholder structure

At the time of publication of the Annual Report 2024, the following shareholders had notified the relevant authorities that they held 5% or more of the Bank's shares:

- Føroya Landsstýri (Faroese Government), Tórshavn, Faroe Islands, holds 34.8% of the shares.
- Ruth Holding ApS, Hirtshals, Denmark, holds 14.6% of the shares.
- GMT Familie Holding ApS, Hirtshals, Denmark, holds 10.4% of the shares.
- Sp/F RMV Holding, Hoyvík, Faroe Islands, holds 5.1% of the shares.

At 31 December 2024, Føroya Banki had approximately 8,400 shareholders. The Faroese government held 34.8% of the share capital, institutional and other corporate investors held 49%, private investors held 16%, while the Bank held 0.22% as treasury shares. The majority of shareholders are based in the Faroe Islands.

Country	Pct. of nominal shareholdings
Faroe Islands	55
Denmark	36
Norway	2
Other nationalities	7
Total	100

The Board of Directors has been authorised to allow the Bank to acquire up to 10% of the Bank's nominal share capital in the period until 1 March 2029. Føroya Banki´s investor relations policy can be found on the Bank's website www.foroyabanki.com/ir

Organisation and management

Corporate governance at Føroya Banki

The overall purpose of Føroya Banki's corporate governance policy is to ensure responsible corporate management and to safeguard the interests of the Bank's shareholders, customers, and employees. Strong corporate governance is about having clear and systematic decision-making processes, thus providing clarity about responsibilities, avoiding conflicts of interest, and ensuring satisfactory internal control, risk management and transparency. Commitment to Føroya Banki's mission and vision requires the integration of sound corporate governance with the framework under which the Bank is governed and managed.

Føroya Banki is a Faroese public limited company listed on NASDAQ Copenhagen A/S. Corporate governance at Føroya Banki follows generally adopted principles of corporate governance. The external framework that governs the Bank's corporate governance approach includes the rules of NASDAQ Copenhagen A/S, relevant legislation and instructions and guidance issued by the Danish Financial Supervisory Authority or other legislative authorities, and the rules and principles of the recommendations on Corporate Governance. For further information about the Bank's compliance with the recommendations on Corporate Governance, see the Bank's Corporate Governance Report, which is available at www.foroyabanki.com/cg.

General meetings

The general meeting is the Bank's ultimate decision-making authority. An annual general meeting must be held within three months of the end of a financial year. In 2025, the meeting will be held on 27 March in Tórshavn, Faroe Islands. The minutes of the meeting will be available at www.foroyabanki.com.

Voting rights

All shareholders have equal voting rights, and each share carries one vote. However, no shareholder may, neither in respect of his own shares nor when acting as proxy for other shareholders, cast votes representing more than 10% (ten per cent) of the total share capital, regardless of the shareholding. Proxy votes given to the Board of Directors are not subject to these restrictions.

Any resolution to amend the Articles of Association or to wind up the Bank by voluntary liquidation or to adopt a merger is subject to no less than two-thirds of the share capital being represented at the general meeting and the proposed resolution being adopted by two-thirds of the votes cast and of the voting share capital represented at the general meeting.

Any proposal to amend or revoke the quorum requirement may be adopted by two-thirds of both the votes cast and of the share capital represented at the general meeting. For the purpose of voting on such proposals, restrictions on voting rights and voting by proxy do not apply.

The Bank's Articles of Association are available at www.foroyabanki.com/aa

Board of Directors

The Board currently comprises nine members, six of whom were elected at the general meeting and three by and among the employees. Board members elected at the general meeting hold office for a period of two years. Thus, half of the directors elected by the general meeting are up for election every year. Directors are eligible for re-election. As prescribed by statutory provisions on employee representation in Faroese legislation, members elected by and among the employees serve on the Board of Directors for four-year terms, with the next election to be held in 2026.

The Nomination Committee operates as a preparatory committee for the Board of Directors with respect to the nomination and appointment of candidates for the Board of Directors and the Executive Board. Candidates for the Board of Directors are nominated by the Board of Directors or the shareholders and are elected by the shareholders.

The primary duty of the Bank's Board of Directors is to determine the strategic framework for the Bank and its activities. The Bank places emphasis on ensuring that the Board of Directors possesses the necessary and relevant experience and qualifications to adequately perform its duties as a board of directors. Members of the Board are subject to a performance evaluation, which includes questionnaire, a personal dialogue with the Chair and a plenary debate on the Board. The aim of the evaluation is to ensure, among other things, that the composition of the Board of Directors as well as the special competencies of each Board member enable the Board of Directors to perform its duties. As the Board of Directors operates as a collegial body, its overall competencies and experience are the sum of the individual board members' competencies and experience. The composition of the Board of Directors is intended to ensure a stable and satisfactory development of Føroya Banki for the benefit of its shareholders, customers, employees, and other stakeholders. The competencies of the Board of Directors are described collectively in the competency profile.

Diversity on the Board of Directors

The Bank has a policy for diversity on the Board of Directors. The Board of Directors and its Nomination Committee assessed the policy in May 2024 and found no need for changes.

The intention of this policy is that the Board's composition should embrace diverse competences and backgrounds, including diversity in professional identity, work experience, gender, age etc.

The policy further lays down that recruitment of candidates to serve as board members must focus on ensuring that the candidates possess competences, background, knowledge, and resources that are different from those of the existing board members and collectively match the competences required by the Bank's business model etc.

Compliance with the adopted policy on diversity on the Board of Directors is a significant element of the annual evaluation process.

The under-represented gender

The following sections are the complete statutory statement on the under-represented gender in accordance with Section 152 of the Executive Order on Financial Reports for Credit Institutions and Investment Firms etc.

The Bank has a target figure, and a policy aimed at increasing the percentage of the under-represented gender on the Board of Directors and the Bank's other management levels.

Board of Directors

In 2024, the Board of Directors and its Nomination Committee set a target figure of at least 40% for the under-represented gender on the Board of Directors to be met by 2027.

At the end of 2024 the under-represented gender on the Board of Directors presented 16.67% (2023: 33.33%).

The Board of Directors will focus on various initiatives aimed at meeting the target figure by 2027. These comprise recruitment initiatives and initiatives aimed at motivating candidates of the under-represented gender to stand as candidates for the Board of Directors.

Other management levels

Under the statutory definition of "other management levels", the Bank's other management levels are members of the general management (reported to the Danish Business Authority), employees placed at the same management level, in organisational terms, as the general management, and employees with staff responsibilities reporting directly to the general management or to employees placed at the same level, in organisational terms, as the general management.

It is a goal of the policy that the Bank's employees should feel that equal career and management opportunities are open to them, irrespective of gender. The policy adopted to increase the percentage of the under-represented gender at the Bank's other management levels also aims at creating a basis for a more equal gender distribution at these management levels. It is the Bank's overall and long-term aim to create a more equal gender distribution at the bank's other management levels. The bank's management wants to follow up on developments with respect to gender distribution at other management levels and to adjust its efforts continually in relation to the target.

In 2022, the Board of Directors and its Nomination Committee set a target figure of at least 40% for the under-represented gender at the Bank's other management levels to be met by 2025.

At the end of 2024, the gender distribution at the Bank's other management levels was 50.0% women and 50.0% men (2023: 50.0% women and 50.0% men). Hence, equal gender distribution has been achieved at other management levels.

Sound corporate culture

The Bank's Board of Directors has adopted a policy for a sound corporate culture containing a set of principles for the Bank's and the employees' actions, which supplements the framework of the Bank's code of conduct.

The policy was most recently updated in December 2024 and is available on the Bank's website www.foroyabanki.com/scc

The Bank's general management reports to the Board of Directors on the Bank's compliance with the policy and the code of conduct. Through this reporting and otherwise, the Board of Directors' gains insight into matters relating to the policy and the code of conduct.

The report of the chair of the Bank's Board of Directors to the annual general meeting on behalf of the Board must cover the implementation of the corporate culture policy and compliance with the policy.

Anti-money laundering, anti-terrorist financing, and sanctions

Combating money laundering and terrorist financing is basically a task for all employees in Føroya Banki, one reason being that the Bank has a statutory obligation to know all its customers, including to collect proper documentation of identity and details of ownership structures of legal persons.

The Bank must also have details of the individual customer's purpose of being a customer in the Bank, the scope of the customer relationship and the origin of the customer's funds. This task is carried out by collecting data, including by the individual customer advisers and/or via customers' self service solutions.

However, the Bank's central anti-money laundering department carries out the general work of combating money-laundering and financing of terrorism and continuously checks that the necessary information on the individual customers' identity and ownership is registered. It also checks that the purpose and intended scope of the customers' relations with the Bank are registered and updated.

In addition, the Bank must monitor customer transactions on an ongoing basis. All of the Bank's employees are both entitled and required to report unusual/suspicious transactions or activities to the anti-money laundering department. The anti-money laundering department thus supports the efforts of customer advisers and other employees and is also responsible for digital/automated monitoring of unusual/suspicious transactions or activities and for manual follow-up on them.

The department works continuously to set up and adjust the criteria for identifying transactions that are picked out for further investigation by the department.

The anti-money laundering department also reports to the Money Laundering Secretariat at the National Special Crime Unit.

The Bank's monitoring of customers includes a risk assessment in which the Bank has divided the customers into different risk categories. The risk assessment is based, among other things, on the EU's supranational risk assessment.

In addition, the Bank's employees regularly receive training and are tested in combating money laundering and financing of terrorism. Training is provided in the following ways:

- Basic modules must be completed by all employees every two years. Training based on case studies and bank-specific learning - targeted at the employee's job functions - is also provided on a regular basis.
- New employees must complete training in basic modules within one month of their appointment.

Data ethics

The Bank's Board of Directors has adopted a data ethics policy which provides the framework for the Bank's ethical principles and conduct in relation to data. The Board of Directors adopted the policy in December 2024.

Section 154 of the Executive Order on Financial Reports for Credit Institutions and Investment Firms etc. requires undertakings which have a data ethics policy to supplement the management's review with a statement on data ethics. The statement must contain information on the undertaking's work and policy on matters of data ethics.

The Bank's Board of Directors has prepared a statement, which is available on the Bank's website at www.foroyabanki.com/de

Tax policy

The Bank's Board of Directors has adopted a tax policy for the Group which provides the framework for the group's behaviour in relation to taxation matters. The policy states the Group's obligation to promote transparency and compliance with tax legislation. Furthermore, the policy states that the Group only engages in responsible and legitimate tax assessments based on an open and honest dialogue with customers and the authorities. In collaboration with the relevant authorities the Group also participates in activities related to prevention of tax evasion. The Board of Directors adopted the policy in September 2024. The tax policy is available on the Bank's website at www.foroyabanki.com/tp

Product approval and product management

The Bank has a policy for product approval and product management to ensure that customers are offered suitable products, including investment products and investment services etc. If new products and services are introduced which may result in significant risks, the Bank's Board of Directors has overall responsibility for approving them.

The product approval and management of products and services are structured so that the Bank's other management levels handles these matters on an ongoing basis.

The other management levels recommend products and services for review by the Bank's compliance function. New products and services are subject to approval by the bank's compliance function, risk management function, and general management. The compliance and risk management functions can always request that risks be submitted to the board of directors for consideration.

At least annually, the compliance function reports to the Board of Directors on the Bank's investment products and services based on reporting from the other management level and the compliance function's own examinations during the year.

Complaints handling

In the event of disagreements between a customer and the Bank, the Bank's fundamental view is that they are always best resolved through dialogue between the customer and the adviser, possibly with the involvement of the adviser's line manager.

If agreement is not reached, the customer always has the possibility of complaining to the Bank's complaints function. The complaints' function is independent of the departments serving customers and handles complaints received and sends answers to the customer.

Remuneration

The Remuneration Committee operates as a preparatory committee for the Board of Directors with respect to remuneration issues. This duty includes proposals regarding the Bank's Remuneration Policy and underlying instructions to be approved and adopted at the general meeting.

The Bank's remuneration policy reflects the Bank's objectives of good governance and supports the Bank's ability to recruit, develop and retain competent, high-performing, and highly motivated employees in a competitive market.

Remuneration for the Board of Directors is approved and adopted at each year's annual general meeting. Members of the Board of Directors receive a fixed salary only. They are not covered by incentive programmes and do not receive variable or performance-based remuneration or pension contributions.

The remuneration of the Executive Management is determined by the Board of Directors. Remuneration in line with market levels constitutes the overriding principle for the remuneration of the Executive Management. Remuneration for the Executive Management must be consistent with and promote sound and effective risk management and not encourage excessive risk-taking or counteract the Bank's long-term interests. Remuneration of the Executive Management consists of a fixed salary only and does not comprise any incentive programmes or variable or performance-based remuneration.

Additional information on the remuneration of the Board of Directors, the Executive Management and the executive officers can be found in note 10. For further information regarding the Bank's remuneration policy, see www.foroyabanki.com/rp

Risk management

The Board of Directors always gives full attention to the Bank's various risks as well as the aggregated risk profile and follows up on risks on a regular basis. Risk appetite within the Bank is defined as the level and nature of risk that the Bank is willing to take in order to pursue the approved strategy on behalf of the shareholders and is defined by constraints reflecting the views of shareholders, debt holders, regulators and other stakeholders. The Board of Directors is ultimately responsible for the Group's overall risk appetite and for setting principles for how risk appetite is managed.

The Group's Risk Manager is responsible for the risk management framework and processes, including identifying, controlling and monitoring the Bank's various risks for the purpose of making risk assessments at both individual and aggregated levels. For further information on the Bank's risk management, see the Group's Risk Management Report 2024 at www.foroyabanki.com/rmr

Corporate responsibility

Complying with the law and adhering to international principles for responsible business conduct is a fundamental and integral part of Føroya Banki's strategy.

We are driven by an ambition to create value for all our stakeholders, to use our expertise to drive sustainable progress and to have a positive impact on the societies we are a part of. At Føroya Banki, we strive to build a relationship-centric bank that places the customer at the centre of the business, provides tailored financial advice and makes the banking experience less complex. Our commitment to conducting responsible business revolves around a set of values consisting of "Teamwork, Customer commitment and Enthusiasm", which form the backbone of our efforts to create sustainable and shared value for the Group's stakeholders. In addition to creating economic value through responsible business conduct; through the benefits that our products bring to our customers; and through banking expertise, the Group aims to create social value through community involvement. As such, Føroya Banki's approach is centred on its customers, employees, and the local community. It is our assertion that CSR initiatives will yield the best results if there is a natural connection between such activities and our business strategy and core competences. Therefore, our initiatives are strategically rooted in the Group's vision, strategy, and values.

Føroya Banki reports on corporate social responsibility in the 2024 CSR Report, which has been prepared in compliance with the Group's CSR policy and the Danish FSA's requirements on corporate responsibility reporting. As mentioned, the bank in response to the upcoming stricter sustainability data management and reporting requirements, has made the necessary preparations in 2024 for reporting under the CSRD effective from the 2025 financial year.

The report is available at www.foroyabanki.com/crr

Statement by the Management

The Board of Directors and the Executive Board (the management) have today considered and approved the annual report of P/F Føroya Banki for the financial year 2024.

The consolidated financial statements have been prepared in accordance with the IFRS Accounting Standards as adopted by the EU, and the Parent Company's financial statements have been prepared in accordance with the Faroese Financial Business Act.

In our opinion, the consolidated financial statements and the Parent Company's financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities, equity and financial position at 31 December 2024 and of the results of the Group's and the Parent Company's operations and the consolidated cash flows for the financial year starting on 1 January and ending on 31 December 2024. Moreover, in our opinion, the management's report includes a fair review of developments in the Group's and the Parent Company's operations and financial position and describes the significant risks and uncertainty factors that may affect the Group and the Parent Company.

In our opinion, the annual report of P/F Føroya Banki for the financial year 1 January to 31 December 2024 identified as with the file name FB-2024-12-31-en.zip has been prepared, in all material respects, in compliance with the ESEF Regulation.

The management will submit the annual report to the general meeting for approval.

Tórshavn, 26 February 2025

Executive Board

Turið F. Arge
CEO

Board of Directors

Birgir Durhuus Chair	Annfinn Vitalis Hansen Vice Chair	Kristian Reinert Davidsen
Marjun Hanusardóttir	Tom Ahrenst	Árni Tór Rasmussen
Rúna Hentze	Kenneth M. Samuelsen	Alexandur Johansen

Adopted at the General Meeting held on 27 March 2025

Óla Jákup Kristoffersen
Chair of the meeting

Internal Auditors' Report

Audit opinion

In our opinion, the Consolidated Financial Statements and the Financial Statements of P/F Føroya Banki give a true and fair view of the Group's and the Parent Company's assets, liabilities, shareholders' equity and financial position at 31 December 2024 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January — 31 December 2024 in accordance with the IFRS Accounting Standards as adopted by the EU in respect of the Consolidated Financial Statements and in accordance with the Faroese Financial Business Act in respect of the Parent Company's financial statements.

Our opinion is consistent with our long-form audit report to the Audit Committee and the Board of Directors.

Basis for opinion

We have audited the Consolidated Financial Statements and the Financial Statements of P/F Føroya Banki for the financial year 1 January — 31 December 2024. The Consolidated Financial Statements have been prepared in accordance with the IFRS Accounting Standards as adopted by the EU. The Parent Company's Financial Statements have been prepared in accordance with the Faroese Financial Business Act.

We conducted our audit in accordance with the Danish Financial Supervisory Authority's executive order on auditing financial enterprises etc. as well as financial groups as applied in the Faroe Islands and in accordance with international auditing standards on planning and performing the audit work.

We planned and performed our audit to obtain reasonable assurance as to whether the Consolidated Financial Statements and the Parent Company's Financial Statements are free from material misstatement. We participated in the audit of all material and critical audit areas.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Statement on Management's Review

Management is responsible for the Management's Review.

Our opinion on the Consolidated Financial Statements and the Parent Company's Financial Statements does not cover the Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements and the Parent Company's Financial Statements, our responsibility is to read the Management's Review and, in doing so, consider whether the Management's Review is materially inconsistent with the Consolidated Financial Statements or the Parent Company's Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Furthermore, it is our responsibility to consider whether the Management's Review provides the information required under the Faroese Financial Business Act.

Based on the work we have performed, in our view the Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company's Financial Statements and has been prepared in accordance with the requirements of the Faroese Financial Business Act. We did not identify any material misstatements of the Management's Review.

Tórshavn, 26 February 2025

Arndis Poulsen
Chief Audit Executive, Føroya Banki

Independent auditors' reports

To the shareholders of P/F Føroya Banki

Report on the audit of the Financial Statements

Our opinion
In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2024 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2024 in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Faroese Financial Business Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2024 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2024 in accordance with the Faroese Financial Business Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited
The Consolidated Financial Statements and the Parent Company Financial Statements of P/F Føroya Banki for the financial year 1 January to 31 December 2024 comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity and notes, including material accounting policy information for the Group as well as for the Parent Company and cash flow statement for the Group. Collectively referred to as the "Financial Statements".

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Faroe Islands. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark and Faroe Islands. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment
PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab were first appointed auditors of P/F Føroya Banki on 29 March 2010 for the financial year 2010. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of fifteen years including the financial year 2024. We were reappointed, following a tending procedure, at the General Meeting on 17 August 2022.

Januar P/F Løggilt grannskoðanarvirki were first appointed auditors of P/F Føroya Banki on 26 March 2013 for the financial year 2013. We have been reappointed annually by shareholder resolution and have acted as auditors for the period except for the year 2022, for a total period of engagement of eleven years including the financial year 2024.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2024. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Loan Impairment charges Loans are measured at amortised cost, according to the effective interest method, less impairment charges. Loan impairment charges represent Management's best estimate of expected losses on loans at the balance sheet date. Reference is made to the detailed description of accounting policies in note 1. The Group makes provisions for expected credit losses both on an individual basis in terms of individual provisions and on a model-based basis. As a result of the geopolitical and macroeconomic situation with the risk of economic slowdown, the Management has recognised a substantial provision for expected credit losses in the form of an accounting estimate ("management overlays"). The consequences of the geopolitical and macroeconomic situation for the bank's customers are to a material extent largely unresolved and as a result hereof there is an increased estimation uncertainty related to the size of the provisions for expected losses on loan. We focused on loan impairment charges, as the accounting estimate is by nature complex and influenced by subjectivity and thus to a large extent associated with estimation uncertainty. The following areas are central to the calculation of loan impairment charges: ▪ Determination of credit classification. ▪ Model-based impairment charges in stages 1 and 2, including Management's determination of model variables adapted to the Group's loan portfolio. ▪ The Group's procedures to ensure completeness of the registration of credit-impaired loans (stage 3) or loans with significant increase in credit risk (stage 2, underperforming). ▪ Most significant assumptions and estimates applied by Management in the calculations of impairment charges, including principles for the assessment of various outcomes of the customer's financial position (scenarios) and for the assessment of collateral values of e.g. ships and real estate included in the calculations of impairment. ▪ Management's assessment of expected credit losses at the balance sheet date as a result of possible changes in market conditions and which are not included in the model-based calculations or individually assessed impairment charges ("management overlays") including in particular the consequences for the Groups customers of the current geopolitical and macroeconomic situation.	We performed risk assessment procedures with the purpose of achieving an understanding of it-systems, business procedures and relevant controls regarding the calculation of provisions for expected credit losses on loans. In respect of controls, we assessed whether they were designed and implemented effectively to address the risk of material misstatement. We reviewed and assessed the impairment charges recognised in the income statement in 2024 and the accumulated impairment charges recognised in the balance sheet at 31 December 2024. We assessed the applied impairment model prepared by the data centre SDC, including division of responsibilities between the data centre and the Group. We assessed and tested the Group's calculation of impairment charges in stages 1 and 2, including assessment of Management's determination and adaptation of model variables to the Group's own circumstances. Our procedures included an assessment of the Group's methods applied for the calculation of expected credit losses as well as the procedures designed, including the involvement of the credit department and Management, and internal controls established to ensure that credit-impaired loans in stage 3 and in stage 2, underperforming, are identified and recorded on a timely basis. We assessed and tested the principles applied by the Group for the determination of impairment scenarios and for the measurement of collateral values of e.g. ships and real estate included in the calculations of impairment of credit-impaired loans in stage 3 and in stage 2, underperforming. We tested a sample of credit-impaired loans in stage 3 and in stage 2, underperforming, by testing the calculations of impairment charges and applied data to underlying documentation. We tested a sample of other loans by making our own assessment of stage and credit classification. This included an increased sample of major loans, loans within industries with generally increased risks within certain industries particularly affected by the actual macroeconomic situation. We reviewed and challenged Management's estimates of expected credit losses not included in the modelbased calculations or individually assessed impairment charges based on our knowledge of the portfolio, industry knowledge and knowledge of current market conditions. Among other things, we had a special focus on the Group's calculation of the management overlays

Reference is made to note 1 of the Parent Company Financial statements and the Consolidated Financial Statements, "Estimates and assumptions", and "Impairment charges", note 13, "Credit risk management", "Changes to credit risks" and "Calculation of the expected credit loss" and "Management applied judgements" as well as note 49, "Risk Management", addressing matters that may affect loan impairment charges.	to cover expected credit losses as a result of the current geopolitical and macroeconomic situation. We also assessed whether the factors that may have an influence on provisions for expected losses on loans have been appropriate disclosed.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Faroese Financial Business Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Faroese Financial Business Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Faroese Financial Business Act and for the preparation of parent company financial statements that give a true and fair view in accordance with the Faroese Financial Business Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in the Faroe Islands will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in the Faroe Islands, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on compliance with the ESEF Regulation

As part of our audit of the Financial Statements we performed procedures to express an opinion on whether the annual report of P/F Føroya Banki for the financial year 1 January to 31 December 2024 with the filename FB-2024-12-31-en.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements including notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;

- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;

- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human-readable format; and

- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;

- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;

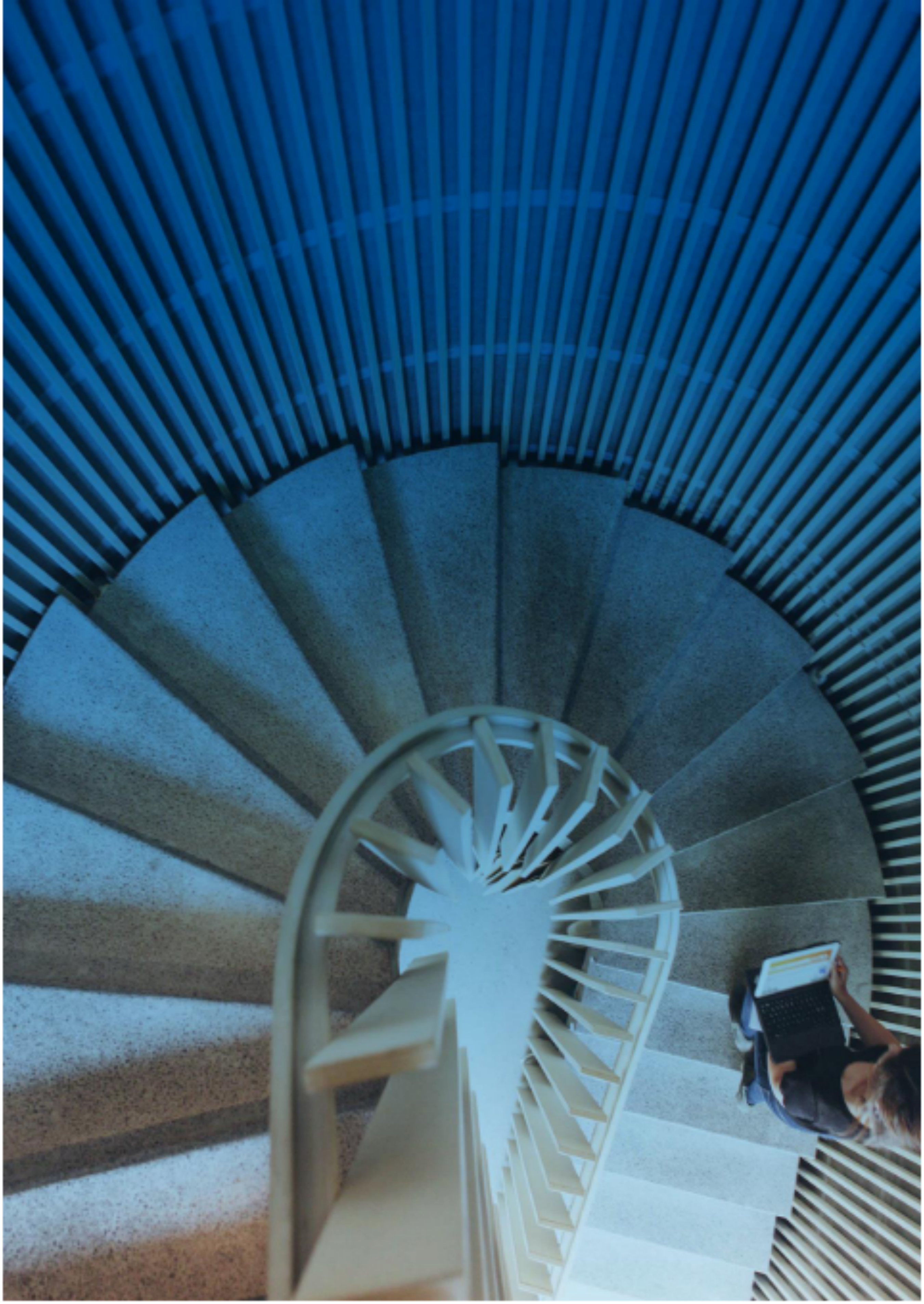
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements including notes;

- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and

Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of P/F Føroya Banki for the financial year 1 January to 31 December 2024 with the file name FB-2024-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Hellerup, 26 February 2025	Tórshavn, 26 February 2025
PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Business registration no 33 77 12 31	Januar P/F Løggilt grannskoðanarvirki Business registration no. 5821
Benny Voss	Fróði Sivertsen
State Authorised Public Accountant mne15009	State Authorised Public Accountant mne32257



Financial statement Føroya Banki

Contents

Income statement

		Group		Føroya Banki	
Note	DKK 1,000	2024	2023	2024	2023
3, 4	Interest income calculated using the effective interest method	588,141	482,451	628,559	520,824
3, 4	Other interest income	40,417	38,373		
3, 5	Interest expenses	186,307	101,362	186,307	101,362
	Net interest income	**442,251**	**419,461**	**442,251**	**419,462**
3	Dividends from shares and other investments	11,997	6,115	11,997	6,115
6	Fee and commission income	85,627	87,567	96,649	98,068
6	Fee and commissions paid	6,875	5,886	6,875	5,886
	Net dividend, fee and commission income	**90,748**	**87,796**	**101,770**	**98,297**
	Net interest and fee income	**533,000**	**507,257**	**544,022**	**517,759**
7	Insurance revenue	196,690	184,807		
7, 10	Insurance service expenses	156,017	141,088		
7	Net return on investments backing insurance liabilities	12,701	9,043		
7	Net finance income or expense from insurance	322	-883		
7	Other expenses	5,948	5,952		
7	**Net insurance result**	**47,747**	**45,925**	**0**	**0**
	Interest and fee income and income from insurance activities, net	**580,747**	**553,182**	**544,022**	**517,759**
3, 8	Market value adjustments	45,343	54,614	45,343	54,614
9	Other operating income	9,694	9,294	2,614	2,201
10, 11	Staff costs and administrative expenses	248,369	243,670	239,470	234,956
26, 27, 28	Amortisation, depreciation and impairment charges	9,090	7,428	8,748	7,236
12	Other operating expenses	1,531	1,807	1,531	1,807
13	Impairment charges on loans and advances etc.	-1,072	-10,043	-1,072	-10,043
23, 24	Income from investments accounted for under the equity method	4,609	5,102	33,016	32,614
	Profit before tax	**382,475**	**379,330**	**376,317**	**373,232**
14	Tax	72,049	71,797	65,891	65,698
	Net profit	**310,427**	**307,533**	**310,427**	**307,533**
	Portion attributable to				
	Shareholders of Føroya Banki P/F	305,208	300,576	305,208	300,576
	Owners of additional Tier 1 capital	5,218	6,958	5,218	6,958
	Net profit	**310,427**	**307,533**	**310,427**	**307,533**
	EPS Basic for the perdiod, DKK*	32.42	32.12	32.42	32.12
	EPS Diluted for the perdiod, DKK*	32.42	32.12	32.42	32.12

*Based on average number of shares outstanding, see the specification in note 41.

Statement of comprehensive income - Føroya Banki

	Group		Føroya Banki	
DKK 1,000	2024	2023	2024	2023
Net profit	310,427	307,533	310,427	307,533
Other comprehensive income				
Items which will not subsequently be recycled to the income statement:				
Revaluation of domicile property	0	-158	0	-158
Revalution of assets, subsidiaries	0	615	0	615
Total other comprehensive income	**0**	**457**	**0**	**-158**
Total comprehensive income	**310,427**	**307,991**	**310,427**	**307,991**

Balance Sheet

		Group		Føroya Banki	
		Dec. 31	Dec. 31	Dec. 31	Dec. 31
Note	DKK 1,000	2024	2023	2024	2023
	Assets				
15	Cash in hand and demand deposits with central banks	2,696,305	1,795,718	2,695,918	1,793,739
16, 17	Amounts due from credit institutions and central banks	310,797	260,050	310,797	260,050
13, 18, 19	Loans and advances at fair value	319,297	348,500	319,297	348,500
13, 18, 19	Loans and advances at amortised cost	8,767,094	8,534,355	8,767,094	8,534,355
20	Bonds at fair value	1,757,200	1,396,516	1,559,697	1,217,642
21	Shares, etc.	285,845	279,957	188,358	190,388
22, 48	Assets under insurance contracts	4,786	1,658	0	0
23	Holdings in associates	18,563	14,881	18,563	14,881
24	Holdings in subsidiaries	0	0	145,434	132,553
25	Assets under pooled schemes and unit-linked investment contracts	61,610	33,003	58,055	30,006
26	Intangible assets	5,084	1,702	1,084	1,702
	Total land and buildings	111,810	123,742	111,810	120,431
27	Domicile property	54,377	62,149	54,377	58,838
27	Domicile property (lease asset)	57,432	61,593	57,432	61,593
28	Other property, plant and equipment	15,008	12,381	13,067	9,862
	Current tax assets	21,818	27,413	21,818	27,413
29	Deferred tax assets	11,253	9,412	11,172	9,362
30	Assets held for sale	2,207	0	2,207	0
31	Other assets	88,408	89,044	89,312	90,068
	Prepayments	34,561	16,503	32,781	15,298
	Total assets	**14,511,844**	**12,944,835**	**14,346,463**	**12,796,250**

Balance Sheet

		Group		Føroya Banki	
		Dec. 31	Dec. 31	Dec. 31	Dec. 31
Note	DKK 1,000	2024	2023	2024	2023
	Shareholders' equity and liabilities				
	Liabilities other than provisions				
32, 33	Amounts due to credit institutions and central banks	823,455	719,105	823,455	719,105
34, 35	Deposits and other debt	10,003,348	8,702,192	10,014,704	8,709,586
	Deposits under pooled schemes and unit-linked investments contracts	61,610	33,003	58,055	30,006
38	Issued bonds at amortised cost	981,190	986,134	981,190	986,134
36, 48	Liabilities under insurance contracts	158,485	139,679	0	0
	Current tax liabilities	73,613	71,836	67,770	65,796
37	Other liabilities	226,573	180,955	220,192	175,570
	Deferred income	3,927	4,047	2,162	2,189
	Total liabilities other than provisions	**12,332,200**	**10,836,949**	**12,167,528**	**10,688,385**
	Provisions for liabilities				
29	Provisions for deferred tax	508	21	0	0
13	Provisions for losses on guarantees etc	1,263	4,204	1,263	4,204
	Provisions for other liabilities	1,846	1,869	1,846	1,869
	Total provisions for liabilities	**3,617**	**6,094**	**3,109**	**6,073**
	Subordinated debt				
40	Subordinated debt	99,790	99,650	99,790	99,650
	Total liabilities	**12,435,607**	**10,942,694**	**12,270,426**	**10,794,108**
	Equity				
	Share capital	192,000	192,000	192,000	192,000
	Revaluation reserve	6,718	7,948	6,718	7,948
	Retained earnings	1,527,319	1,570,662	1,527,319	1,570,662
	Proposed dividends	350,000	80,000	350,000	80,000
	Shareholders of the Parent Company	**2,076,037**	**1,850,609**	**2,076,037**	**1,850,609**
39	Additional tier 1 capital holders	0	151,532	0	151,532
	Total equity	**2,076,037**	**2,002,141**	**2,076,037**	**2,002,141**
	Total liabilities and equity	**14,511,644**	**12,944,835**	**14,346,463**	**12,796,250**

Statement of changes in equity - Føroya Banki Group

	Shareholders equity						
DKK 1,000	Share capital	Revaluation Reserve	Proposed dividends	Retained earnings	Total	Additional tier 1 capital	Total
Shareholders' equity at January 1, 2024	**192,000**	**7,948**	**80,000**	**1,570,662**	**1,850,609**	**151,532**	**2,002,141**
Revaluation of assets, subsidiaries		-1,230		1,230	0		0
Net profit			350,000	-44,792	305,208	5,218	310,427
Total comprehensive income		**-1,230**	**350,000**	**-43,562**	**305,208**	**5,218**	**310,427**
Paid interest on additional tier 1 capital				0	0	-6,750	-6,750
Redemption of additional tier 1 capital			0	0	0	-150,000	-150,000
Dividends paid			-80,000	219	-79,781		-79,781
Shareholders' equity at December 31, 2024	**192,000**	**6,718**	**350,000**	**1,527,319**	**2,076,037**	**0**	**2,076,037**

DKK 1,000	Share capital	Revaluation Reserve	Proposed dividends	Retained earnings	Total	Additional tier 1 capital	Total
Shareholders' equity at January 1, 2023	**192,000**	**14,392**	**250,000**	**1,342,466**	**1,798,857**	**151,324**	**1,950,181**
Revaluation of assets		-7,059		6,901	-158		-158
Revaluation of assets, subsidiaries		615			615		615
Net profit			80,000	220,576	300,576	6,958	307,533
Total comprehensive income		**-6,444**	**80,000**	**227,477**	**301,033**	**6,958**	**307,891**
Paid interest on additional tier 1 capital				**0**	**0**	**-6,750**	**-6,750**
Dividends paid			-250,000	719	-249,281		-249,281
Shareholders' equity at December 31, 2023	**192,000**	**7,948**	**80,000**	**1,570,662**	**1,850,609**	**151,532**	**2,002,141**

Statement of changes in equity - Føroya Banki P/F

DKK 1,000	Shareholders equity: Share capital	Shareholders equity: Revaluation Reserve	Shareholders equity: Proposed dividends	Shareholders equity: Retained earnings	Shareholders equity: Total	Additional tier 1 capital	Total
Shareholders' equity at January 1, 2024	**192,000**	**7,948**	**80,000**	**1,570,662**	**1,850,609**	**151,532**	**2,002,141**
Revaluation of assets, subsidiaries		-1,230		1,230	0		0
Net profit			350,000	-44,792	305,208	5,218	310,427
Total comprehensive income		**-1,230**	**350,000**	**-43,562**	**305,208**	**5,218**	**310,427**
Paid interest on additional tier 1 capital				**0**	0	**-6,750**	-6,750
Redemption of additional tier 1 capital			0	0	0	-150,000	-150,000
Dividends paid			-80,000	219	-79,781		-79,781
Shareholders' equity at December 31, 2024	**192,000**	**6,718**	**350,000**	**1,527,319**	**2,076,037**	**0**	**2,076,037**

DKK 1,000	Share capital	Revaluation Reserve	Proposed dividends	Retained earnings	Total	Additional tier 1 capital	Total
Shareholders' equity at January 1, 2023	**192,000**	**14,392**	**250,000**	**1,342,466**	**1,798,857**	**151,324**	**1,950,181**
Revaluation of assets		-7,059		6,901	-158		-158
Revaluation of assets, subsidiaries		615			615		615
Net profit			80,000	220,576	300,576	6,958	307,533
Total comprehensive income		**-6,444**	**80,000**	**227,477**	**301,033**	**6,958**	**307,991**
Paid interest on additional tier 1 capital						-6,750	-6,750
Dividends paid			-250,000	719	-249,281		-249,281
Shareholders' equity at December 31, 2023	**192,000**	**7,948**	**80,000**	**1,570,662**	**1,850,609**	**151,532**	**2,002,141**

Capital and Solvency - P/F Føroya Banki

Solvency	Dec. 31	Dec. 31
DKK 1,000	**2024**	**2023**
Tier 1 capital	1,712,027	1,907,887
Total capital	1,811,817	2,007,537
Risk-weighted items not included in the trading portfolio	5,835,110	5,808,267
Risk-weighted items with market risk etc.	391,442	347,722
Risk-weighted items with operational risk	953,926	662,873
Total risk-weighted items	**7,180,478**	**6,818,861**
CET 1 capital ratio	**23.8%**	**25.8%**
Tier 1 capital ratio	**23.8%**	**28.0%**
Total capital ratio	**25.2%**	**29.4%**
Total capital, incl. MREL capital, ratio	**36.3%**	**41.1%**
Shareholders' equity		
Share capital	192,000	192,000
Reserves	6,718	7,948
Net profit	310,427	307,533
Retained earnings, previous years	1,571,152	1,347,453
Shareholders' equity, before deduction of holdings of own shares	**2,080,296**	**1,854,934**
Deduction of ordinary dividend	217,000	80,000
Deduction of extraordinary dividend	133,000	0
Deduction of holdings of own shares	4,259	4,325
Deduction of intangible assets	1,084	1,702
Deduction of deferred tax assets	11,172	9,362
Deduction regarding prudent valuation of financial instruments	1,754	1,503
CET 1 capital	**1,712,027**	**1,758,043**
Additional Tier 1 capital	0	149,844
Tier 1 capital	**1,712,027**	**1,907,887**
Total capital		
Tier 1 capital	1,712,027	1,907,887
Subordinated loan capital	99,790	99,650
Total capital	**1,811,817**	**2,007,537**
MREL capital	791,227	798,224
Total capital, incl. MREL capital	**2,603,044**	**2,805,762**

The Føroya Banki Group holds a license to operate as a bank and is therefore subject to a capital requirement under the Faroese Financial Business Act and to CRR. The Faroese provisions on capital requirements apply to both the Parent Company and the Group. The capital requirement provisions stipulate a minimum capital of 8% of the identified risks. A detailed body of rules determines the calculation of capital as well as risks (risk-weighted items). The capital comprises CET 1 capital, hybrid core capital and subordinated loan capital. The CET 1 capital corresponds to the carrying amount of equity, after deductions of holdings of own shares, tax assets and other minor deductions.

Cash flow statement - Føroya Banki Group

DKK 1,000	2024	2023
Cash flow from operations		
Profit before tax	382,475	379,330
Amortisation and impairment charges for intangible assets	618	701
Depreciation and impairment charges of tangible assets	9,741	7,101
Impairment of loans and advances/guarantees	1,077	-4,696
Paid tax	-78,956	-48,015
Other non-cash operating items	-62,528	-54,862
Total	**252,427**	**281,610**
Changes in operating capital		
Change in loans at fair value	36,665	25,468
Change in loans at amortised cost	-233,816	-803,957
Change in holding of bonds	-320,115	232,310
Change in holding of shares	7,076	28,313
Change in deposits	1,301,156	366,530
Due to credit institutions and central banks	-138,507	-124,781
Change in other assets / liabilities	41,599	8,310
Assets/liabilities under insurance contracts	15,678	24,057
Prepayments	-18,178	-1,808
Cash flow from operations	**943,985**	**36,051**
Cash flow from investing activities		
Dividends received	11,997	6,115
Acquisition of intangible assets	-5,000	0
Acquisition of tangible assets	-7,211	-7,007
Sale of tangible assets	6,654	24,869
Cash flow from investing activities	**6,439**	**23,977**
Cash flow from financing activities		
Change in loans from central banks and credit institutions	242,857	-14,286
Issued bonds at amortised cost	0	638,550
Redemption of issued bonds at amortised cost	-150,000	-200,000
Interest paid on additional tier 1 capital	-6,750	-6,750
Payment of dividends	-80,000	-250,000
Payment of dividends, own shares	219	719
Principal portion of lessee lease payments	-5,417	-5,156
Cash flow from financing activities	**909**	**163,078**
Cash flow	**951,333**	**223,106**
Cash in hand and demand deposits with central banks, and due from		
Credit institutions, etc. at the beginning of the year	2,055,769	1,832,663
Cash flow	951,333	223,106
Cash and due etc.	**3,007,102**	**2,055,769**
Cash and due etc.		
Cash in hand and demand deposits with central banks	2,696,305	1,795,718
Due from credit institutions, etc.	310,797	260,050
Total	**3,007,102**	**2,055,769**

Notes

Note 1

Accounting policies

Contents

1. Basis of preparation

The Føroya Banki Group presents its consolidated financial statements in accordance with IFRSs as adopted by EU and issued by the International Accounting Standards Board (IASB). Furthermore, the consolidated financial statements comply with the requirements for annual reports in the Faroese Financial Business Act and the executive order regarding the application of IFRS standards in financial institutions which applies for the Faroes issued by the Danish FSA.

The preparation of the consolidated financial statements requires, in some cases, the use of estimates and assumptions by management. The estimates are based on past experience and assumptions that management believes are fair and reasonable but that are inherently uncertain and unpredictable. These estimates and the judgement behind them affect the reported amounts of assets, liabilities and off balance sheet items, as well as income and expenses in the financial statements presented. Changes and effects from implementation of new standards and amendments are explained in the following under the heading Adoption of new standards in 2023.

1) Estimates and assumptions

Estimates and assumptions of significance to the financial statements include the determination of:

A. Impairment charges of loans and advances

B. Fair value of domicile properties

C. Fair value of financial instruments

The assumptions may be incomplete or inaccurate, and unexpected future events or situations may occur. Such estimates and assessments are therefore difficult to make and will always entail uncertainty, even under stable macroeconomic conditions, when they involve transactions with customers and other counterparties.

A) Impairment charges of loans and advances

The Group makes impairment charges to account for impairment of loans and advances that occur after initial recognition. Impairment charges are based on the expected credit loss model as further described under the section "Loans and advances at amortised cost".

In order to determine impairments on financial instruments as stipulated by IFRS 9, the Bank is required to make use of estimations and assumptions. In particular, Føroya Banki is mandated to estimate future cash flows when assessing significantly increased credit risks and loan-to-value when assessing impairments.

Føroya Banki's expected credit loss model based on a series of variable inputs – requires a loss allowance to be recognised on all credit exposures. Impairments within stage 1 and stage 2 which are not classified as weak engagements are based purely on the output of the model, whereas impairments within the weaker part of stage 2 and stage 3 are recognised based on a combination of individual assessment and model output.

The following components of the model are considered accounting estimations and assessments:

- Føroya Banki's internal credit score system, which assigns PD values on a loan-by-loan basis and classifies exposures into stages.
- Føroya Banki's criteria to determine significant increases in credit risk, which would demand a transfer from one stage of impairment to another.
- Model development, including input parameters and formulas.
- Determining macroeconomic scenarios and economic data input, as well as the effect of these on PD values, EAD values and LGD values.
- Determining forward-looking microeconomic scenarios.

Note 13 provides details on the amounts recognized and note 49 also provides further details on impairment charges on loans and advances.

In addition to model based impairment charges management applies judgement when determining the need for post-model adjustments in order to reflect uncertainty of the future cash flows not covered by the model.

B) Fair value of domicile properties

The income based approach is used to measure fair value of properties. For domicile properties the fair value is estimated on the basis of various assumptions and a major parameter is the potential rental income. The potential rental income is based on the Group's best estimate of the future profit on ordinary operations and the required rate of return for each individual property when taking into account such factors as location and maintenance. A number of these assumptions and estimates have a major impact on the calculations and include such parameters as developments in rent, costs and required rate of return. Any changes to these parameters as a result of changed market conditions will affect the expected return, and thus the fair value of the domicile properties.

C) Fair value of financial instruments

The Group measures a number of financial instruments at fair value, including all derivative instruments as well as shares, bonds and certain loans.

Assessments are made in connection with determining the fair value of financial instruments in the following areas:

- Choosing valuation method
- Determining when available listed prices do not reflect the fair value
- Calculating fair-value adjustments to provide for relevant risk factors, such as credit
- Model and liquidity risks
- Assessing which market parameters are to be taken into account
- Making estimates of future cash flows and return requirements for unlisted shares

The Group's loans and advances are not traded in an active market. Therefore there is no market price to determine fair value of loans. The fair value has to be determined using a valuation technique, which estimates the market price between qualified, willing and independent parties. The valuation technique has to include all the relevant elements such as credit risk, market rates etc. Note 3 and note 13 provide details on the amounts recognised for loans measured at fair value.

As part of its day-to-day operations, the Group has acquired strategic equity investments. These shares are measured at fair value based on the information available about trading in the relevant company's equity investments. Details on the amounts recognised are provided in note 21.

2) Adoption of new standards in 2024

On 1 January 2024, Føroya Banki implemented the following new and amended standards which are mandatory for accounting periods beginning on or after 1 January 2024:

- IAS 1, Presentation of Financial Statements: Clarify that the distinction between current and non-current liabilities must be based on the rights existing on the balance sheet date.
- IFRS 16, Leasing: The amendment to IFRS 16 clarifies that the amount of a deferred gain in a sale and leaseback transaction shall reflect the economic interest retained through the lease. For instance, variable lease payment not based on an index shall be included in determining the economic interest retained. Furthermore, it is clarified that the lease liability should be measured consistently with determination of the retained economic interest.

The amendments had no impact on the Group's accounting policies.

3) Changes in IFRSs not yet applied by Føroya Banki

The following new standards, amendments and interpretations issued and endorsed by EU are relevant for the Føroya Banki Group:

- IAS 21, Foreign exchange rates: The amendment clarifies the procedures relating to the assessment of whether a currency is exchangeable into another currency, and when it is not, how to determine the exchange rate to use and which disclosures to provide.

The amendment is mandatory for financial years beginning on or after 1 January 2025.

The following new standards, amendments, and interpretations issued and not yet endorsed by EU are relevant for Føroya Bank Group:

Amendments to the Classification and Measurement of Financial Instruments comprising:

- Clarification of the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- Clarification to and addition of further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion which could among others be relevant for instruments with features linked to the achievement of environment, social and governance (ESG) targets)

The amendment is mandatory for financial years beginning on or after 1 January 2026.

Management has not yet assessed the potential impact of this amendment.

4) Consolidation

The consolidated financial statements comprise the parent company, P/F Føroya Banki and its subsidiaries. Subsidiaries are entities over which Føroya Banki has power, is exposed to variability in returns, and has the ability to use its power to affect the return. Control is said to exist if P/F Føroya Banki directly or indirectly holds more than half of the voting rights in an undertaking or otherwise has power to control management and operating policy decisions. Operating policy control may be exercised through agreements about the undertaking's activities.

The consolidated financial statements combine the financial statements of the parent and the individual subsidiaries in accordance with the Group's accounting policies, in which intragroup income and costs, shareholdings, balances and dividends as well as realised and unrealised gains and losses on intragroup transactions have been eliminated.

Acquired subsidiaries are included from the date of acquisition.

The assets of acquired subsidiaries, including identifiable intangible assets, as well as liabilities and contingent liabilities, are recognised at the date of acquisition at fair value in accordance with the acquisition method.

5) Segment information

The Group consists of a number of business units and resource and support functions. The business units are segmented according to legislation, product and services characteristics. The information provided on operating segments is regularly reviewed by the management making decisions about resources to be allocated to the segments and assessing their performance, and for which discrete financial information is available. Amounts presented in the segment reporting are recognised and measured in accordance with the Group's significant accounting policies.

Segment revenue and expenses as well as segment assets and liabilities comprise the items that are directly attributable to or reasonably allocable to a segment. Non-allocated items primarily comprise assets and liabilities, revenue and expenses relating to the Group's administrative functions as well as income taxes etc.

6) Offsetting

Amounts due to and from the Group are offset when the Group has a legally enforceable right to set off a recognised amount and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2. Critical accounting policies

1. Income statement

1) Income criteria
Income and expenses are accrued over the periods to which they relate and are recognised in the Income Statement at the amounts relevant to the accounting period.

2) Interest income and expenses
Interest income and expenses arising from interest-bearing financial instruments measured at amortised cost are recognised in the income statement according to the effective interest method on the basis of the cost of the individual financial instrument. Interest includes amortised amounts of fees that are an integral part of the effective yield on a financial instrument, such as origination fees, and the amortisation of any other differences between cost price and redemption price. For financial assets in stage 1 and 2 of the impairment model, interest income is determined on the basis of the gross carrying amount. For financial assets in stage 3, interest income is determined based on the carrying amount after impairment.

Interest income and expenses also includes interest on financial instruments measured at fair value with the exception of interest relating to assets and deposits under pooled schemes which are recognized under market-value adjustments. The interests are recognised in the income statement according to the effective interest method on the basis of the cost of the individual financial instrument.

Interest on loans and advances subject to impairment is recognised on the basis of the impaired value.

Interest expenses comprise interests on the groups leasing liabilities recognized as a consequence of the implementation of IFRS 16 'Leases'.

Furthermore interest income comprises income originated from liabilities and interest expenses comprise expenses originated from assets.

3) Dividends on shares
Dividends on shares are recognised in the income statement on the date the Group is entitled to receive the dividend. This will normally be when the dividend has been approved at the annual general meeting.

4) Fees and commission income
Fees and commission income comprises fees and commission income that is not included as part of the amortised cost of a financial instrument. The income is accrued during the service period. The income includes fees from securities dealing, money transmission services as well as guarantee commission. Income arising from the execution of a significant act is recognized when the act is executed.

5) Fees and commission expenses incurred
Fees and commission expenses comprises fees and commission expenses paid that are not included as part of the amortised cost of a financial instrument. The costs include guarantee commissions and trading commissions.

6) Net insurance result
Insurance activities from the subsidiaries P/F Trygd (non-life insurance) and P/F NordikLiv (life-insurance), are presented in the income statement under the item Net insurance result and includes the following items:

- *Insurance revenue* - comprises gross premiums and change in gross provisions for unearned premiums.
- *Insurance service expenses* - comprises claims paid, change in gross provisions for claims, change in risk margin and acquisition costs.
- *Net return on investments backing insurance liabilities* - comprises return on investments.
- *Net finance income or expenses from insurance* - comprises technical interest of reinsurance and interest and value adjustments of provisions.
- *Other expenses* - comprises administrative expenses.

7) Fair value adjustments

Fair value adjustments comprise all value adjustments of financial assets and liabilities that are measured at fair value through profit or loss. Excluded are adjustments on loans and advances at fair value, recorded as fair value adjustments under Impairment charges on loans and advances and provisions for guarantees etc. note 13.

8) Other operating income

Other operating income includes other income that is not ascribable to other income statement line items.

9) Staff costs

Salaries and other remuneration the Group expects to pay. Remuneration is recognized along with delivery of service and is classified as staff costs. This item includes salaries, bonuses, holiday allowances, anniversary bonuses, pension costs and other remuneration.

10) Pension obligations

The Group's contributions to defined contribution plans are recognised in the income statement as they are earned by the employees.

11) Depreciation and impairment of intangible assets, property, plant and equipment

Depreciation and write-downs comprise the depreciation and write-downs on intangible and tangible assets for the period. Furthermore depreciation of property comprises depreciations on the Groups holdings of leased assets.

12) Other operating expenses

Other operating expenses include other expenses that are not ascribable to other income statement line items.

13) Impairment charges on loans and advances etc.

Impairment charges on loans etc. includes impairment losses on and charges for loans and advances and amounts due from credit institutions and other receivables involving a credit risk as well as provisions for guarantees and unused credit facilities.

14) Tax

Faroese consolidated entities are not subject to compulsory joint taxation, but can opt for joint taxation provided that certain conditions are complied with. P/F Føroya Banki has opted for joint taxation with the subsidiary P/F Skyn. Corporation tax on income subject to joint taxation is fully distributed on payment of joint taxation contributions between the consolidated entities.

Tax for the year includes tax on taxable profit for the year, adjustment of deferred tax as well as adjustment of tax for previous years. Tax for the year is recognised in the income statement as regards to the elements that can be attributed to profit for the year and in other comprehensive income and directly in equity as regards to the elements that can be attributed to items recognised in other comprehensive income and directly in equity respectively. Tax for the year is calculated separately based on continuing and discontinued operations.

Current tax liabilities and current tax assets are recognised in the balance sheet as calculated tax on taxable profit for the year, adjusted for tax on taxable profit of previous years.

Provisions for deferred tax or deferred tax assets are based on the balance sheet liability method and include temporary differences between the carrying amounts and tax bases of the balance sheets of each consolidated entity as well as tax loss carry forwards that are expected to be realised. Calculation of deferred tax is based on current tax law and tax rates at the balance sheet date.

Deferred taxes are recognised in the balance sheet under the items "Deferred tax assets" and "Provisions for deferred tax".

2. Balance sheet — Assets

1) Due from credit institutions and central banks
Amounts due from credit institutions and central banks comprise amounts due from other credit institutions and time deposits with central banks and are measured at amortised cost, as described under Financial instruments / loans and advances at amortised cost.

2) Financial instruments — General
Purchases and sales of financial instruments are recognised and measured at their fair value at the settlement date. The fair value is usually the same as the transaction price. Changes in the value of financial instruments are recognised up to the settlement date.

3) Financial instruments — Classification
The Group's financial assets are at initial recognition divided into the following three categories:

- Loans and advances measured at amortised cost
- Trading portfolio measured at fair value
- Financial assets designated at fair value with value adjustments through profit and loss

3.1) Loans and advances measured at amortised cost
Loans and advances consist of conventional loans and advances disbursed directly to borrowers. Initial recognition of amounts due from credit institutions and central banks as well as loans and advances are at fair value plus transaction costs and less origination fees and other charges received.

Subsequently they are measured at amortised cost, according to the effective interest method, less any impairment charges according to the requirements from IFRS 9.

The difference between the value at initial recognition and the nominal value is amortised over the term to maturity and recognised under "Interest income".

Payment on loans and advances from customers comprises the principal amount plus interests.

Impairment charges
Impairment charges on loans, financial guarantee contracts and loan commitments is based on a staged model under which the impairment charge on instruments which have not been subject to a significant increase in credit risk is determined at the credit loss from loss events expected to take place within the next 12 months. For Instruments with a significant increase in credit risk since initial recognition and instruments which are credit impaired, the impairment charge is the lifetime expected credit loss.

The method of determining whether the credit risk has increased significantly is mainly based on the probability of default reflecting past events as well as current conditions and forecasts at the reporting date.

The method of forecasting at the reporting date is based on a distribution of the bank's personal customers by geography and of its corporate customers by industry. For each category, the bank considers the future forecast relative to the past events on which the probability of default is based.

The method of calculating the expected credit loss in stage 1 and a part of stage 2 is primarily a model-based individual assessment based on a probability of default, a loss in case of default and exposure at the default date. For large, weak stage 2 customers/facilities and stage 3 customers/facilities, the calculation of impairment allowance is made using a manual, individual assessment of the financial assets rather than a model-based calculation.

For exposures categorised as stage 1 or stage 2, the expected credit loss (ECL) is calculated as a function of the probability of default (PD) * the expected exposure at default (EAD) * the expected loss given default (LGD). Where the PD for exposures in stage 1 reflects the probability of default in the next 12-month period (PD12), the probability of default over the entire life of the exposure is applied to exposures placed in stage 2 (PD Life).

As regards the portion of stage 2 exposures consisting of the weakest exposures, the largest of these are reviewed individually, and the average impairment ratio calculated for them is used to calculate the expected credit loss for the weakest of the stage 2 exposures not individually reviewed.

As regards exposures in stage 3, the expected credit loss is calculated individually.

PD12 is calculated based on the Bank's behavioural credit score methodology for exposures to retail customers and small corporate customers, whereas the Bank's accounting-based credit score model is applied to the Bank's exposures to large corporate customers.

PD Life is calculated based on PD12 but is adjusted for any identified annual migrations between various fixed PD12 stages. Furthermore, the calculated PD Life is adjusted for changes in a number of forward-looking factors, which as regards the Bank's Danish and Greenlandic exposures are based on information from, e.g., the Danish central Bank and the Danish Economic Council, whereas factors of relevance to Faroese exposures are based on the current impairment ratio relative to a historical average impairment ratio.

EAD is calculated as the actual amount of exposure with due consideration for non-executed loan commitments and unutilised, executed loan commitments as well as any guarantees provided, which factors are calculated as a function of predetermined coefficients.

LGD is calculated as the ratio between the historically identified loss rate for the portion of the exposures that are not secured.

The expected life of an exposure is calculated, unless the circumstances surrounding the exposure in question dictate otherwise, as the contractual maturity of the exposure in question.

All significant variables and calculations made are validated at least annually, primarily based on sample testing and, for model-based variables, supplemented by back-testing and the use of statistical targets for explanatory values.

Since calculations are made in all stages of an expected credit loss, i.e. expectations as to the future, all statements and calculations reflect the Bank's best estimates and assessments as to future events. These estimates and assessments may therefore result in the calculation of a higher or lower credit loss than the credit losses actually incurred. Please refer to note 13 for further information.

Write-off policy
Pursuant to the credit policy, the Bank will secure as much collateral as possible when entering into exposures. It is Group policy to write off, possibly on account, claims deemed to be lost, even if no collateral has been secured. The following principles apply for writing off bad debts:

- For personal customers, write-off is made prior to or immediately in connection with the exposure being transferred to the central debt collection department.
- For corporate customers, write-off will typically await the commencement or completion of active realisation.
- Non-performing loans where the interest rate has been reduced to zero are normally written off immediately.

The Bank will seek to collect all written-off exposures either through its debt collection department or through external assistance. In certain customer relationships, an agreement will be made on partial repayment of the exposures, and remaining exposures will be forfeited in connection with bankruptcy proceedings and agreements on debt rescheduling.

3.2) Trading portfolio measured at fair value
The trading portfolio includes financial assets acquired which the Group intends to sell or repurchase in the near term. The trading portfolio also contains financial assets managed collectively for which a pattern of short-term profit taking exists.

Assets in the trading portfolio comprise the shares, bonds and derivatives with positive fair value held by the Group's trading departments.

At initial recognition, the trading portfolio is measured at fair value, excluding transaction costs. Subsequently, the portfolio is measured at fair value and the value adjustments are recognised in the Income Statement within market value adjustments.

Determination of fair value

The fair value of financial assets is measured on the basis of quoted market prices of financial instruments traded in active markets. If an active market exists, fair value is based on the most recently observed market price at the balance sheet date. If a financial instrument is quoted in a market that is not active, the Group bases its measurement on the most recent transaction price. Adjustment is made for subsequent changes in market conditions, for instance by including transactions in similar financial instruments that are assumed to be motivated by normal business considerations.

If no active market for standard and simple financial instruments exists, generally accepted valuation techniques rely on market-based parameters for measuring fair value. The results of calculations made on the basis of valuation techniques are often estimates because exact values cannot be determined from market observations. Consequently, additional parameters, such as liquidity risk and counterparty risk, are sometimes used for measuring fair value.

Determination of fair value hierarchy

Fair value is determined according to the following order of priorities:

- Financial instruments valued based on quoted prices in an active market are recognised in the Quoted prices category.
- Financial instruments valued substantially based on other observable input and illiquid mortgage bonds valued by reference to the value of similar liquid bonds are recognised in the Observable input category.
- Other financial instruments are recognised in the Non-observable input category. This category covers unlisted shares and valuation relies on extrapolation of yield curves, correlations, or other model input of material importance to valuation.

3.3) Financial assets designated at fair value with value adjustments through profit and loss

Financial assets designated at fair value through profit and loss comprise fixed-rate loans, loans capped and shares, including sector shares, which are not a part of the trading portfolio.

The interest rate risk on these loans is eliminated or significantly reduced by entering into interest rate swaps. The market value adjustment of these interest rate swaps generates immediate asymmetry in the financial statements if the fixed-rate loans and loans capped were measured at amortised cost. To eliminate the inconsistency recognising the gains and losses on the loans and related swaps the fixed rate loans and loans capped are measured at fair value with value adjustments through profit and loss.

4) Assets under insurance contracts

Assets under insurance contracts comprise reinsurance assets with reduction of debt related to reinsurance. Reinsurance assets are measured by initial recognition at fair value.

5) Holdings in associates

Associated undertakings are businesses, other than group undertakings, in which the Group has holdings and significant influence but not control. The Group generally classifies undertakings as associated undertakings if P/F Føroya Banki directly or indirectly holds 20 — 50% of the voting rights.

Holdings in associated undertakings are recognised at cost at the date of acquisition and are subsequently measured according to the equity method. The proportionate share of the net profit or loss of the individual associate undertaking is included under "Income from associated undertakings" and based on data from financial statements with balance sheet dates that differ no more than three months from the balance sheet date of the Group.

The proportionate share of the profit and loss on transactions between associated and group undertakings is eliminated.

Associates with negative net asset values are measured at DKK 0. Any legal or constructive obligation to cover the negative balance of the undertakings is recognised in provisions. Any receivables from these under-takings are written-down according to the impairment loss risk.

Profits on divested associates are calculated as the difference between the selling price and the book value inclusive of any goodwill on the divested holdings. Reserves recognised within equity are reversed and recognised in the income statement.

6) Holdings in subsidiaries

Subsidiaries are recognised according to the equity method in the Financial Statement of the Parent Company. Consequently, the net profit of the Group and the Parent Company are identical. The accounting policy described to the consolidated financial statements is therefore also valid for the parent company.

7) Intangible assets

Intangible assets consist of internally developed software. Developed software is amortised over its expected useful life, usually four years, according to the straight-line method.

8) Land and buildings

On acquisition land and buildings are recognised at cost. The cost price includes the purchase price and costs directly attributable to the purchase until the date when the asset is ready for use.

8.1) Domicile property

Domicile property is real property occupied by the Group's administrative departments, branches and other service units. Real property with both domicile and investment property elements is allocated proportionally to the two categories if the elements are separately sellable. If that is not the case, such real property is classified as domicile property, unless the Group occupies less than 10% of the total floorage.

Subsequently, domicile property is measured at a revalued amount corresponding to the fair value at the date of the revaluation less depreciation and impairment. The fair value is calculated on the basis of current market data according to an income-based model that includes the property's estimated rental income if rented to a third party, operating expenses, as well as management and maintenance. Maintenance costs are calculated on the basis of the condition of the individual property, construction year, materials used, etc. Operating expenses are calculated on the basis of a standard budget. The fair value of the property is determined based on the expected cash flow from operations and a rate of return assessed for the individual property. The rate of return is determined on the basis on the location of the individual property, potential use, the state of maintenance, quality, etc. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from the amount which would be determined using fair value at the balance sheet date.

Depreciation is made on a straight-line basis over the expected useful life of 50 years, taking into account the expected residual value at the expiry of the useful life.

At least once a year value adjustments according to revaluations are recognised in other comprehensive income. Depreciation and impairments are recognised in the income statement under the item "Amortisation, depreciation on fixed assets and impairment charges". Impairments are only recognised in the income statement to the extent that it cannot be offset in former period's revaluations.

8.2) Leased domicile property

A right of use asset and a lease liability is recognised in the balance sheet upon commencement of a lease.

On initial recognition, the right-of-use asset is measured at cost, corresponding to the value of the lease liability, adjusted for prepaid lease payments, plus any initial direct costs and estimated costs for dismantling, removing and restoring, or similar.

On subsequent recognition, the asset is measured at cost less any accumulated depreciation and impairment. The right-of-use asset is depreciated over the shorter of the lease term and the useful life of the asset. Depreciation charges are recognised in the income statement on a straight-line basis. The lease asset is presented in the balance sheet under the item Domicile property.

9) Other property, plant and equipment
Other property, plant and equipment comprise equipment, vehicles, furniture and leasehold improvements and is measured at cost less depreciation and impairment. Assets are depreciated according to the straight-line method over their expected useful lives, which usually is three to ten years.

Other tangible assets are tested for impairment if indications of impairment exist. An impaired asset is written down to its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

10) Assets held for sale
Assets held for sale include property and plant and equipment. Assets held for sale also include assets taken over under non-performing loan agreements. Assets are classified as held for sale when the carrying amount is expected to be recovered principally through a sale transaction within 12 months in accordance with a formal plan rather than through continuing use. Assets or disposal groups held for sale are measured at the lower of carrying amount and fair value less costs to sell. An asset is not depreciated or amortised from the time when it is classified as held for sale. Assets held for sale not expected to be sold within 12 months on an active marked are reclassified to other items.

Assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Impairment losses arising immediately before the initial classification of the asset as held for sale are recognised as impairment losses. Impairment losses arising at initial classification of the asset as held for sale and gains or losses at subsequent measurement at the lower of carrying amount and fair value less costs to sell are recognised in the income statement under the items they concern.

11) Other assets
Other assets include interest and commissions due, derivatives with positive value and other amounts due.

3. Balance sheet — Liabilities, provisions and equity

1) Financial instruments — General
Purchases and sales of financial instruments are recognised and measured at their fair value at the settlement date. The fair value is usually the same as the transaction price. Changes in the value of financial instruments are recognised up to the settlement date.

2) Classification
The Group's financial liabilities are at initial recognition divided into the following three categories:

- Due to credit institutions and central banks, issued bonds and deposits measured at amortised cost
- Trading portfolio measured at fair value
- Other financial liabilities measured at cost

3) Due to credit institutions and central banks, issued bonds and deposits measured at amortised cost
Initial recognition of amounts due to credit institutions and central banks, issued bonds and deposits is at fair value net of transaction costs. On the step-up clause date due to credit institutions and due regarding Issued bonds it is the banks policy to repay the debt, thus the step-up will not be effective.

Subsequently they are measured at amortised cost, according to the effective interest method, by which the difference between net proceeds and nominal value is recognised in the income statement under the item "Interest expenses" over the loan period.

The effective interest rate is calculated on the expected cash flows estimated at inception of the loan. Non closely related embedded derivatives such as certain prepayment and extension options are separated from the loan treated as freestanding derivatives.

4) Trading portfolio measured at fair value

Liabilities in the trading portfolio comprise derivatives with negative fair value held by the Group's trading departments. At initial recognition, the trading portfolio is measured at fair value, excluding transaction costs. Subsequently, the portfolio is measured at fair value and the value adjustments are recognised under market value adjustments in the Income Statement within market value adjustments.

5) Determination of fair value

The determination of the fair value is identical with the determination of the fair value of assets. Please refer to this section under financial assets.

6) Liabilities under insurance contracts

Liabilities under insurance contracts consist of provisions for unearned premiums and claims provisions reduced with receivables from insurance contracts from premiums and claims provisions.

The Group measures liabilities under insurance contracts using the Premium Allocation Approach (PAA).

Premium provisions are calculated according to a best estimate of the sum of expected payments, as a result of insurance events arising after the balance sheet date, that are covered by agreed insurance contracts. Premium provisions include future direct and indirect expenses for administration and claims processing of agreed insurance contracts. A premium provision represents at least the part of the gross premium that corresponds to the part of the coverage period that comes after the balance sheet date.

Claims provisions are calculated according to a best estimate of the sum of expected payments, as a result of insurance events until the balance sheet date, in addition to the amounts already paid as a result of such events. Claims provisions also include amounts the Group, according to a best estimate, expects to pay as direct and indirect costs in connection with the settlement of the claims liabilities. Furthermore, the item includes provisions on outstanding claims i. e. Risk margin on outstanding claims.

Claims provisions are discounted according to the expected settlement of the provisions on the basis of the discount rate issued by EIOPA (European Insurance and Occupational Pensions Authority).

7) Other liabilities

This item includes sundry creditors, derivatives with negative market values and other liabilities. Wages and salaries, payroll tax, social security contributions and compensated absences are recognised in the financial year in which the associated service has been rendered by the Group's employees. Costs relating to the Group's long-term employee benefits are accrued and follow the service rendered by the employees in question.

Pension contributions are paid into the employees' pension plans on a continuing basis and are charged to the income statement.

On initial recognition, lease liabilities are measured at the present value of future lease payments discounted using an incremental borrowing rate. On subsequent recognition, a lease liability is measured at amortised cost. Lease payments include payments during the minimum lease period plus lease payments during extension periods when it is reasonably certain that the option will be exercised. The lease liability is recognised under the item Other liabilities.

8) Provisions

Provisions include provisions for deferred tax, financial guarantees and other provisions for liabilities. Initial recognition of financial guarantees is at fair value which is often equal to the guarantee premium received. Subsequent measurement of financial guarantees is at the higher of the guarantee premium received amortised over the guarantee period and any provisions made for credit losses. Such provisions are determined applying the same approach as for loans issued.

A provision for a guarantee or an onerous contract is recognised if claims for payment under the guarantee or contract are probable and the liability can be measured reliably. Provisions are based on the management's best estimates of the size of the liabilities. Measurement of provisions includes discounting when significant.

Provisions for financial guarantees are made according to the requirements from IFRS 9.

9) Subordinated debt
Subordinated debt consists of liabilities in the form of subordinated loan capital which in case of the Group's voluntary or compulsory winding-up, will not be repaid until after the claims of its ordinary creditors have been met.

On the date of borrowing Subordinated debt is recognised at the proceeds received less directly attributable transaction cost. Subsequently the subordinated debt is measured at amortised cost.

10) Hybrid Capital (AT1 capital)
Additional Tier 1 (AT1) capital issued with a perpetual term and without a contractual obligation to make repayments of principal and pay interest (additional tier 1 capital under CRR) does not fulfil the conditions for being classified as a financial liability according to IAS 32. Therefore, any such issue of Additional Tier 1 (AT1) capital is classified as equity.

The net amount at the time of issue is recognised as an increase in equity. The payment of interest is treated as dividend and recognised directly in equity at the time when the liability arises. Such interest payments are tax deductible and are claimed in the Group's tax statement.

Upon voluntary redemption or buyback of the instruments, shareholders' equity will be reduced by the redemption amount at the time of redemption. Cost and selling prices on the purchase and sale of Additional Tier 1 (AT1) capital under CRR are recognised directly in equity in the same way as the buying or selling of treasury shares.

11) Own shares
Purchase and sales amounts and dividend regarding holdings of own shares are recognised directly in the equity under the item "Retained earnings". Profits and losses from sale are not included in the income statement.

12) Dividends
The Board of Directors' proposal for dividends for the year submitted to the general meeting is included as a separate reserve in shareholders' equity. The dividends are recognised as a liability when the general meeting has adopted the proposal.

4. Cash flow statement

The Group prepares its cash flow statement according to the indirect method. The statement is based on the pre-tax profit for the year and shows the cash flows from operating, investing and financing activities and the increase or decrease in cash and cash equivalents during the year.

Cash and cash equivalents consist of cash in hand and demand deposits with central banks and amounts due from credit institutions and central banks with original maturities shorter than three months.

3. Accounting Policies - P/F Føroya Banki

Due to the listing on Copenhagen Stock exchange the bank is required to comply with accounting regulation equivalent to the executive order on financial reports of credits institutions etc. of the Danish FSA. In 2024 the Danish FSA has considered the Faroese order on financial reports of credit institutions etc. not to be sufficient equivalent. Therefore the bank complies both the Danish and the Faroese order on financial reports of credit institutions etc. for 2024. This change has mainly had effect on the Management review with new information related to section 152 (the under-represented gender) and section 154 (data ethics). The valuation principles are identical to the Group's valuation principles under the IFRS Accounting Standards. Investments in subsidiaries are recognised using the equity method.

Note 2

Operating segments
The Group consists of two business units and support functions. The Group's activities are segmented into business units according to legislative requirements and product and service characteristics. The Group's business units are Banking and Non-life insurance.

Banking comprises Personal Banking and Corporate Banking. Personal Banking comprises private customers in the Faroe Islands and Greenland. Corporate Banking comprises corporate customers mainly in the Faroe Islands and in Greenland. The corporate segment also comprises a few remaining corporate customers from Denmark.

Non-life insurance comprises the insurance company P/F TRYGD based The Faroe Islands. TRYGD is responsible for the Group's non-life insurance products. TRYGD target personal and corporate customers with a full range of property and casualty products. TRYGD's operations are handled by its own sales team and distributed through Group's banking units.

Other covers expenses for the Group's support functions and the real estate agency P/F Skyn and the life insurance company NordikLiv. These companies are very small and immaterial in an overall Group context. Overhead Costs are allocated according to resource requirements. Liquidity balances are posted between the segments using an internal required rate of return. Other costs are allocated according to deposit balances in each segment. Other comprises assets not allocated to the business segments i. e. the Groups portfolio of bonds, shares and other assets. Income and expenses related to the mentioned bonds, shares and other assets are included in Other.

All transactions between segments are settled on an arm's-length basis.

Notes - Føroya Banki Group

Note	Operating segments 2024		Banking			Non-life Insurance	Elimination	Group
2	**DKK 1,000**	**Personal**	**Corporate**	**Other**	**Total**	**Faroe Islands**		**Total**
	External interest income, Net	152,561	207,100	82,589	442,250	0		442,250
	Internal interest	61,693	-55,173	-6,520	1			1
	Net interest income	**214,254**	**151,927**	**76,070**	**442,251**	**0**		**442,251**
	Net dividends and fee income	**79,349**	**22,168**	**253**	**101,770**	**0**	**-11,022**	**90,748**
	Net insurance result	**0**	**0**	**10,576**	10,576	**23,302**	**13,869**	47,747
	Other income	4,273	7,499	48,889	60,660	0	-1,014	59,646
	Total income	**297,876**	**181,594**	**135,787**	**615,257**	**23,302**	**1,833**	**640,393**
	Total operating expenses	**84,110**	**20,328**	**151,965**	**256,403**	**0**	**2,586**	**258,990**
	of which depreciation and amortisation	*8,320*	*1,276*	*-506*	*9,090*	*0*		*9,090*
	Profit before impairment charges on loans	**213,766**	**161,266**	**-16,178**	**358,854**	**23,302**	**-753**	**381,403**
	Impairment charges	-8,702	9,975	-2,345	-1,072	0		-1,072
	Profit before tax	**222,468**	**151,291**	**-13,833**	**359,926**	**23,302**		**382,475**
	Total assets	**4,255,292**	**4,849,966**	**5,138,698**	**14,243,956**	**269,524**		**14,513,480**
	of which Loans and advances	*4,373,075*	*4,713,317*		*9,086,392*			*9,086,392*
	Total liabilities	**6,231,919**	**3,782,785**	**2,251,574**	**12,266,278**	**171,165**		**12,437,443**
	of which Deposits	*6,231,919*	*3,782,785*		*10,014,704*		*-11,356*	*10,003,348*
	of which Insurance liabilities			*2,690*		*155,795*		*158,485*

Operating segments 2023		Banking			Non-life Insurance	Elimination	Group
DKK 1,000	**Personal**	**Corporate**	**Other**	**Total**	**Faroe Islands**		**Total**
External interest income, Net	155,163	200,794	63,504	419,461	0		419,461
Internal interest	52,581	-55,860	3,279	0			0
Net interest income	**207,744**	**144,934**	**66,783**	**419,461**	**0**		**419,461**
Net dividends and fee income	**73,176**	**24,382**	**739**	**98,297**	**0**	**-10,501**	**87,796**
Net insurance result	**0**	**0**	**5,964**	5,964	**26,659**	**13,303**	45,925
Other income	18,644	3,200	48,180	70,024	0	-1,014	69,010
Total income	**299,563**	**172,517**	**121,666**	**593,746**	**26,659**	**1,788**	**622,192**
Total operating expenses	**77,474**	**19,492**	**153,398**	**250,364**	**0**	**2,541**	**252,905**
of which depreciation and amortisation	*6,627*	*1,055*	*-255*	*7,428*	*0*		*7,428*
Profit before impairment charges on loans	**222,090**	**153,025**	**-31,733**	**343,382**	**26,659**	**-753**	**369,287**
Impairment charges	2,015	-248	-11,809	-10,043	0		-10,043
Profit before tax	**220,075**	**153,273**	**-19,924**	**353,424**	**26,659**		**379,330**
Total assets	**3,979,746**	**4,961,560**	**3,765,506**	**12,706,813**	**238,022**		**12,944,835**
of which Loans and advances	*4,067,529*	*4,815,326*		*8,882,855*			*8,882,855*
Total liabilities	**5,761,137**	**2,948,449**	**2,084,267**	**10,793,853**	**148,840**		**10,942,693**
of which Deposits	*5,761,137*	*2,948,449*		*8,709,586*		*-7,394*	*8,702,192*
of which Insurance liabilities			*4,218*		*135,460*		*139,679*

Føroya Banki Group - Geografical revenue information

Note 2 (cont'd)

DKK 1,000	Total income		Non current assets		Additions to tangible assets		Additions to intangible assets	
Geografical segments	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Faroe Islands	517,816	492,739	115,708	115,360	1,616	9,445	3,382	-701
Denmark	0	4,190	0	0	0	0	0	0
Greenland	122,578	125,264	34,756	37,345	-2,173	113	0	0
Total	**640,393**	**622,192**	**150,464**	**152,706**	**-558**	**9,558**	**3,382**	**-701**

	Impairments		Investment portfolio earnings	
Geografical segments	**2024**	**2023**	**2024**	**2023**
Faroe Islands	11,636	20,278	49,952	59,716
Denmark	0	10,399	0	0
Greenland	-10,563	-20,634	0	0
Total	**1,072**	**10,043**	**49,952**	**59,716**

Income from external customers are divided into activities related to the customers's domiciles. Assets include all non-current assets, i.e. intangible assets, material assets, investment properties and holdings in associates.

	Total income		Profit before tax		Tax		FTE	
Operational segments	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Faroe Islands, Banking, Other	470,069	446,813	267,829	280,854	50,691	57,361	166	166
Faroe Islands, Insurance	47,747	45,925	47,747	45,925	4,125	4,847	23	23
Denmark, Banking	0	4,190	0	15,004	0	315	0	0
Greenland, Banking	122,578	125,264	66,899	37,547	17,233	9,273	18	18
Total	**640,393**	**622,192**	**382,475**	**379,330**	**72,049**	**71,796**	**207**	**207**

The geographical distribution of the Group's income and assets must be disclosed in accordance with IFRS and does not reflect the management operating segments of the Group though the financial development in Greenland and Faroe Islands are measured separately. Management assesses that the operating segments provide a more meaningful description of the Group's activities.

Føroya Banki Group

Note	DKK 1,000	Interest income[1]	Interest expenses	Net interest	Market value adjustment	Dividend	Total
3	**Net income, financial instruments 2024**						
	Financial instruments at amortised cost	**588,141**	**186,307**	**401,834**			**401,834**
	Financial instruments at fair value:						
	Held for trading	12,415	0	12,415	53,516	11,997	77,928
	Loans and Advances Designated[2,4]	11,913	0	11,913	7,463	0	19,375
	Derivatives[3]	16,090		16,090	-15,636		454
	Financial instruments at fair value total	**40,417**	**0**	**40,417**	**45,343**	**11,997**	**97,756**
	Total net income from financial instruments	**628,559**	**186,307**	**442,251**	**45,343**	**11,997**	**499,590**
	Net income, financial instruments 2023						
	Financial instruments at amortised cost	**482,451**	**101,362**	**381,089**			**381,089**
	Financial instruments at fair value:						
	Held for trading	12,863	0	12,863	61,816	6,115	80,795
	Loans and Advances Designated[2,4]	10,299	0	10,299	16,326	0	26,626
	Derivatives[3]	15,210		15,210	-23,528		-8,318
	Financial instruments at fair value Total	**38,373**	**0**	**38,373**	**54,614**	**6,115**	**99,101**
	Total net income from financial instruments	**520,824**	**101,362**	**419,461**	**54,614**	**6,115**	**480,191**

1 Interest income recognised on impaired financial assets amounts to DKK 4.2m (2023: DKK 2.9m)

2 Net gain/loss recognised on loans and advances designated amount to DKK 19.4m (2023 DKK 26.6m). Of w hich DKK11.9m relate to interest income (2023 DKK

3 Total value adjustments according to IFRS 7 on derivatives, amount to DKK 0.5m (2023 DKK -8.3m)

4 Value adjustments due to change in credit risk amount to DKK -0.8m (2023 DKK -0.4m)

Note	DKK 1,000	Group		P/F Føroya Banki	
		2024	2023	2024	2023
4	**Interest income and premiums on forwards**				
	Credit institutions and central banks	80,591	44,791	80,591	44,791
	Loans and advances	514,493	443,896	514,494	443,897
	Bonds	12,415	12,863	12,415	12,863
	Total derivatives of w hich:	16,090	15,210	16,090	15,210
	Interest rate contracts	*16,114*	*14,520*	*16,114*	*14,520*
	Other interest income	4,969	4,064	4,969	4,064
	Total interest income	**628,559**	**520,824**	**628,559**	**520,824**
5	**Interest expenses**				
	Credit institutions and central banks	31,054	30,303	31,054	30,303
	Deposits	95,523	38,335	95,523	38,335
	Issued bonds	56,370	28,230	56,370	28,230
	Subordinated debt	3,131	3,167	3,131	3,167
	Lease liabilities	2,075	2,050	2,075	2,050
	Other interest expenses	-1,846	-722	-1,846	-722
	Total interest expenses	**186,307**	**101,362**	**186,307**	**101,362**
6	**Net fee and commission income**				
	Fee and commission income				
	Securities trading and custody accounts	13,658	11,169	13,658	11,169
	Payment services fees	21,761	21,786	21,761	21,786
	Loan commissions	4,876	4,785	4,876	4,785
	Guarantee commissions	21,802	26,447	21,802	26,447
	Other fees and commissions	23,529	23,379	34,551	33,880
	Total fee and commission income	**85,627**	**87,567**	**96,649**	**98,068**
	Fee and commissions paid				
	Securities trading and custody accounts	6,875	5,886	6,875	5,886
	Net fee and commission income	**78,752**	**81,680**	**89,774**	**92,181**
7	**Net insurance result**				
	Net insurance result, non-life insurance				
	Insurance revenue	174,910	163,158		
	Insurance service expenses	143,151	123,985		
	Net return on investments backing insurance liabilities	10,532	7,117		
	Net finanse income or expense from insurance	322	-883		
	Other expenses	5,948	5,952		
	Net insurance result, non-life insurance	**36,665**	**39,455**		

Note	DKK 1,000	Group		P/F Føroya Banki	
7		2024	2023	2024	2023
(cont'd)	Net insurance result, life insurance	21,780	21,648		
	Insurance revenue	12,866	17,104		
	Insurance service expenses	2,169	1,926		
	Net insurance result, life insurance	**11,083**	**6,471**		
	Net insurance result	**47,747**	**45,925**		
8	**Market value adjustments**				
	Loans and advances	7,463	16,326	7,463	16,326
	Bonds	32,174	42,990	32,174	42,990
	Shares	10,938	9,792	10,938	9,792
	Foreign exchange	10,404	9,033	10,404	9,033
	Total derivatives of which:	-15,636	-23,528	-15,636	-23,528
	Currency contracts	934	3,147	934	3,147
	Interest Swaps	-16,570	-26,675	-16,570	-26,675
	Other Obligations	0	0	0	0
	Assets linked to pooled schemes	8,664	3,273	8,664	3,273
	Deposits in pooled schemes	-8,664	-3,273	-8,664	-3,273
	Total market value adjustments	**45,343**	**54,614**	**45,343**	**54,614**
9	**Other operating income**				
	Profit on sale of operating equipment	636	117	636	117
	Other income	8,097	8,172	2	65
	Operation of properties:				
	Rental income	961	1,005	1,975	2,019
	Operating expenses	0	0	0	0
	Total other operating income	**9,694**	**9,294**	**2,614**	**2,201**

Note	DKK 1,000	Group		P/F Føroya Banki	
		2024	2023	2024	2023
10	**Staff costs and administrative expenses**				
	Staff costs:				
	Salaries	127,194	127,691	109,131	111,085
	Pensions	18,250	17,808	15,717	15,426
	Social security expenses	18,775	18,934	16,627	16,764
	Total staff costs	**164,219**	**164,433**	**141,476**	**143,276**
	Administrative expenses:				
	IT	63,621	60,049	56,296	54,479
	Marketing etc	12,623	8,838	11,176	7,231
	Education etc	3,558	2,832	2,599	2,213
	Other expenses	37,279	39,179	27,924	27,758
	Total administrative expenses	**117,082**	**110,897**	**97,994**	**91,681**
	Total staff costs	164,219	164,433	141,476	143,276
	Total administrative expenses	117,082	110,897	97,994	91,681
	Staff and administrative costs incl. under the item "Insurance service expenses"	-32,933	-31,660	0	0
	Total employee costs and administrative expenses	**248,369**	**243,670**	**239,470**	**234,956**

Staff costs and administrative expenses for Trygd and NordikLiv. are included in the accounting item "Insurance service expenses". Severence pay in 2024 were DKK 2.6m (2023: DKK 9m)

	Group		P/F Føroya Banki	
	2024	2023	2024	2023
Number of employees				
Average number of full-time employees in the period	208	205	177	174
Executive remuneration *):				
Board of Directors	**2,400**	**2,220**	**2,400**	**2,220**
Executive board		**9,092**		**9,092**
Other executives	**9,013**	**7,849**	**9,013**	**7,849**

The number of shares in P/F Føroya Banki held by the Board of Directors and the Executive Board at the end of 2024 totalled 127,048 and 6,135 respectively (end of 2023: 6,918 and 6,135).

Remuneration of the Board of Directors and the Executive board consists of a fixed monthly salary. Remuneration to the Executive board includes severance pay in 2023 to two members of the executive board totalling DKK 5m.

The Board of Directors totals 12 persons during 2024 (2023: 10 persons).

The Executive board totals 1 person during 2024 (2023: 3 persons)

Other executives totals 8 persons during 2024 (2023: 11 persons)

Remuneration of Other executives consists of a fixed monthly salary.

*) Detailed information of the remuneration of The Board of Directors, The Executive board and Other executives can be found on the Bank's website **www.foroyabanki.com/er** as no individual remuneration is allowed to be presented in the annual report.

Note		Group		P/F Føroya Banki	
	Audit fees				
11	Fees to audit firms elected at the general meeting	1,556	1,595	1,234	1,159
	Total audit fees	**1,556**	**1,595**	**1,234**	**1,159**
	Total fees to the audit firms elected at the general meeting				
	break down as follows:				
	Statutory audit	1,345	1,320	1,054	916
	- of which PricewaterhouseCoopers	*878*	*900*	*741*	*653*
	- of which Januar	*467*	*420*	*313*	*262*
	Other assurance engagements	75	114	44	85
	- of which PricewaterhouseCoopers	*44*	*85*	*44*	*85*
	- of which Januar	*31*	*28*	*0*	*0*
	Tax and VAT advice	43	158	43	158
	- of which PricewaterhouseCoopers	*43*	*119*	*43*	*119*
	- of which Januar	*0*	*39*	*0*	*39*
	Other services	94	4	94	0
	- of which PricewaterhouseCoopers	*0*	*0*	*0*	*0*
	- of which Januar	*94*	*4*	*94*	*0*
	Total fees to the audit firms elected at the general meeting	**1,556**	**1,595**	**1,234**	**1,159**

Other assurance engagements are performed by PricewaterhouseCoopers and Januar. These engagements comprise other statements required by law such as Mifid and MitID.

Tax and VAT advice are performed by PricewaterhouseCoopers. The advice refers to payroll tax and income tax report.

Other services are performed by Januar. These services refer to advisory services and riskassesment of the Banks internal produktion af IT-solutions.

Note		Group		P/F Føroya Banki	
	Other operating expenses				
12	The Guarantee Fund for Depositors and Investors	1,531	1,807	1,531	1,807
	Total operating expenses	**1,531**	**1,807**	**1,531**	**1,807**

		Group		P/F Føroya Banki	
	DKK 1,000	2024	2023	2024	2023
Note	**Impairment charges on loans and advances and provisions for guarantees etc.**				
13	Impairment charges and provisions at 1 January	182,751	185,981	182,751	185,981
	New and increased impairment charges and provisions	110,680	107,069	110,680	107,069
	Reversals of impairment charges and provisions	105,504	108,941	105,504	108,941
	Written-off, previously impaired	8,046	1,358	8,046	1,358
	Interest income on impaired loans	*4,200*	*2,861*	*4,200*	*2,861*
	Total impairment charges and provisions at 31 December	**179,881**	**182,751**	**179,881**	**182,751**
	Impairment charges and provisions recognised in the income statement				
	Loans and advances at amortised cost	-1,420	-10,282	-1,420	-10,282
	Loans and advances at fair value	2,996	389	2,996	389
	Guarantees and loan commitments	-2,649	-149	-2,649	-149
	Assets held for sale	0	0	0	0
	Total individual impairment charges and provisions	**-1,072**	**-10,043**	**-1,072**	**-10,043**
	Stage 1 impairment charges				
	Stage 1 impairment charges etc. at 1 January	76,219	43,128	76,219	43,128
	New and increased Stage 1 impairment charges	58,444	53,082	58,444	53,082
	Reversals, net of Stage 1 impairment charges	55,690	19,991	55,690	19,991
	Stage 1 impairment charges at 31 December	**78,972**	**76,219**	**78,972**	**76,219**
	Total net impact recognised in the income statement	*2,754*	*33,091*	*2,754*	*33,091*
	Stage 2 impairment charges				
	Stage 2 impairment charges etc. at 1 January	38,196	32,535	38,196	32,535
	New and increased impairment charges	19,522	32,629	19,522	32,629
	Reversals, net of impairment charges	25,148	26,968	25,148	26,968
	Stage 2 impairment charges at 31 December	**32,571**	**38,196**	**32,571**	**38,196**
	Total net impact recognised in the income statement	*-5,626*	*5,661*	*-5,626*	*5,661*
	Weak Stage 2				
	Weak Stage 2 impairment charges etc. at 1 January	7,278	25,792	7,278	25,792
	New and increased impairment charges	4,564	4,384	4,564	4,384
	Reversals, net of impairment charges	5,511	22,898	5,511	22,898
	Weak Stage 2 impairment charges at 31 December	**6,331**	**7,278**	**6,331**	**7,278**
	Total net impact recognised in the income statement	*-947*	*-18,515*	*-947*	*-18,515*

		Group		P/F Føroya Banki	
	DKK 1,000	2024	2023	2024	2023
Note	**Stage 3 impairment charges**				
13	Stage 3 impairment charges etc. at 1 January	56,854	80,172	56,854	80,172
(cont'd)	New and increased impairment charges	26,803	13,408	26,803	13,408
	Reversals of impairment charges	15,159	35,368	15,159	35,368
	Written-off, previously impaired	8,046	1,358	8,046	1,358
	Write-offs charged directly to the income statement	338	36	338	36
	Received on claims previously written off	2,386	5,347	2,386	5,347
	Interest income on impaired loans	4,200	2,861	4,200	2,861
	Stage 3 impairment charges at 31 December	**60,452**	**56,854**	**60,452**	**56,854**
	Total net impact recognised in the income statement	5,396	-30,131	5,396	-30,131
	Purchased credit-impaired assets included in stage 3 above				
	Purchased credit-impaired assets at 1 January	1,341	10,722	1,341	10,722
	Reversals of impairment charges	245	9,381	245	9,381
	Purchased credit-impaired assets at 31 December	**1,096**	**1,341**	**1,096**	**1,341**
	Provisions for guarantees and undrawn credit lines				
	Individual provisions at 1 January	4,204	4,353	4,204	4,353
	New and increased provisions	1,347	3,566	1,347	3,566
	Reversals of provisions	3,996	3,715	3,996	3,715
	Provisions for guarantees etc at 31 December	**1,555**	**4,204**	**1,555**	**4,204**
	Total net impact recognised in the income statement	-2,649	-149	-2,649	-149
	Provisions for guarantees and undrawn credit lines				
	Stage 1 provisions	721	692	721	692
	Stage 2 provisions	270	2,632	270	2,632
	Weak Stage 2 provisions	0	0	0	0
	Stage 3 provisions	565	880	565	880
	Provisions for guarantees etc at 31 December	**1,555**	**4,204**	**1,555**	**4,204**

Note 13, (cont'd)

Credit risk management
The Bank manages credit risk in connection with the establishment of new exposures by making certain requirements in respect of the customer's ability to service loans, its general credit quality and by securing collateral in the asset(s) for which a customer seeks financing. In addition, the Bank has defined specific geographical areas in which it wishes to provide financing and a maximum proportion of its aggregate exposures to be allocated to corporate customers. As for exposures to corporate customers, the Bank has established maximum limits for the size of the aggregate exposure to each individual industry.

Credit risk movements are measured based on the Bank's behavioural credit score model for personal and small corporate customers and, as regards larger corporate customers, its accounting-based credit score model, both of which gauge and indicate the probability of default of each individual exposure in the next 12-month period.

The behavioural credit score model for personal and small corporate customers primarily use the following parameters, which are updated monthly:

- Gearing (total debt over total assets)
- Developments in the size and duration of overdrafts and arrears
- Average balances and credit transactions in transaction accounts, typically payroll and operating accounts
- Developments in debt
- Average liquid assets
- Changes in publicly available cyclical indicators

The accounting-based credit score model for larger corporate customers primarily use the following parameters, which are updated on a annual or monthly basis:

- Development in certain predefined key ratios and metrics calculated based on the customer's most recent publicly available annual accounts
- Developments in the size and duration of overdrafts and arrears
- Changes in publicly available cyclical indicators

New customers, both personal and corporate, are categorised in accordance with the risk classification system provided by the Danish FSA. The system is based on traditional credit assessment indicators such as wealth, income, disposable income, etc. for personal customers and leverage, liquidity, solvency, etc. for corporate customers. The customers' risk classification is then converted into a probability of default. After a period of 6-12 months, the credit scoring model described above will start assessing the customer's credit worthiness. As per the Group's risk classification system, customers are assigned a credit score on a scale from 1-11. A score of 1 is given to customers with the lowest PD values and a score of 11 is given to customers in default.

As regards retail customers and small business customers, developments in credit risks for existing exposures are monitored based on a behavioural credit scoring model that, on a monthly basis, calculates and assigns to each exposure a behavioural score expressing the probability of default of each relevant customer within the next 12-month period. See the section "Changes to credit risks" below. Based on developments in the behavioural credit score, a number of signals are generated to the relationship manager, the credit department and the credit controllers. In case an adverse development is identified, the relationship manager must take action vis-à-vis the customer concerned. For large corporate customers, an accounting-based credit score is calculated monthly, however primarily based on developments in the corporate customer's financial situation, as reported in the customer's annual financial statements, adjusted for monthly developments in the customer's overdrafts and arrears, if any, as well as publicly available cyclical indicators. Based on the calculated accounting-based credit score and information otherwise available regarding large corporate customers, the Bank reviews the exposure at least once a year to establish whether or not to continue or discontinue the exposure, including the terms for continuing or discontinuing the exposure.

Note 13, (cont'd)

In order to support the credit management effort, default signals are generated on a daily basis to the customer adviser and, based on certain thresholds, also to the credit controllers. Furthermore, various reports on developments in credit risks, at both customer and portfolio level, are prepared and distributed on a monthly and quarterly basis.

Further, and as part of the quarterly impairment test all large exposures, existing exposures increased more than certain thresholds amounts and other exposures chosen against other predefined criteria are reviewed not only to determine the need for impairment, but also to determine whether the assigned risk classification is correct and whether risk mitigating actions must be taken. The bank also aims to obtain and review periodic accounts from its corporate customers as part of its ongoing credit risk management.

To ensure compliance with the Bank's defined requirements in respect of a customer's ability to service a loan and its general credit quality as well as the requirement for collateral for security, the Bank uses a credit granting hierarchy according to which only customers deemed highly able to service their loans and demonstrating a high credit quality may be granted loans in the Bank's retail and commercial banking departments, whereas all other exposures, including exposures to all new corporate customers, must be recommended and granted either by the Bank's credit department, the credit committee or, as regards the largest exposures, by the Bank's Board of Directors.

To balance future earnings with the credit risks and ensure that the Bank's profitability targets are met, an expected risk-adjusted return is calculated for each customer relationship at the time of establishing an exposure. Any deviation from the Bank's predefined profitability targets must be approved by a member of the Bank's Executive Management.

Changes to credit risks
To ensure that sufficient and timely impairment charges and provisions are recognised to cover expected credit losses on the Bank's exposures which, on initial recognition, are measured at amortised cost or fair value and on financial guarantees and loan commitments, movements in the credit risk relating to all these exposures are monitored on a monthly and quarterly basis.

Credit risk movements are measured on the basis of the Bank's behavioural credit score model and, as regards to large corporate customers, its accounting-based credit score model.

Based on the estimated probability of default in the next 12-month period, each exposure is placed in one of three stages: Stage 1 reflects that no significant increase in credit risk has been identified, stage 2 reflects a significant increase in credit risk and stage 3 reflects credit-impairment of the exposure in question. Exposures are placed in either stage 1 or stage 2 on the basis of their estimated probability of default, meaning that all exposures are initially placed in stage 1, while the following scenarios require a stage 2 classification as a minimum:

- A 100% increase in the probability of default for the expected remaining term to maturity and a 0.5 percentage point increase when the probability of default was below 1% on initial recognition.
- A 100% increase in the probability of default for the expected term to maturity or a 2.0 percentage point increase when the probability of default was 1% or higher on initial recognition.

Stage 3 classifications are for pre-selected exposures for which an individual review has revealed indications of an increased risk of impairment. In such reviews, the following events are generally deemed to reflect impairment of an exposure:

- Significant financial difficulty of the borrower
- Breach of contract by the borrower, such as a default or past due event
- The Bank or other lenders granting concessions to the borrower for reasons relating to the borrower's financial difficulty that the Bank or lenders would not otherwise consider
- The borrower is likely to enter bankruptcy or become subject to other financial reconstruction
- Disappearance of an active market for that financial asset because of financial difficulties
- Purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Note 13, (cont'd)

Calculation of the expected credit loss (need for impairment write-down or provisioning)
For exposures categorised as stage 1 or stage 2, the expected credit loss (ECL) is calculated as a function of the probability of default (PD) * the expected exposure at default (EAD) * the expected loss given default (LGD). Where the PD for exposures in stage 1 reflects the probability of default in the next 12-month period (PD12), the probability of default over the entire life of the exposure is applied to exposures placed in stage 2 (PDLife).

As regards the portion of stage 2 exposures consisting of the weakest exposures, the largest of these are reviewed individually, and the average impairment ratio calculated for these exposures is used to inform the expected credit loss for the weakest of the stage 2 exposures not individually reviewed.

As regards exposures in stage 3, the expected credit loss is calculated individually.

PD12 is calculated based on the Bank's behavioural credit score methodology for exposures to retail customers and small business customers, whereas the Bank's accounting-based credit score model is applied to the Bank's exposures to large corporate customers.

PDLife is calculated based on PD12, but is adjusted for any identified annual migrations between various fixed PD12 stages. Furthermore, the calculated PDLife is adjusted for changes in a number of forward-looking factors, which as regards the Bank's Danish and Greenlandic exposures are based on information from, e.g., the Danish central Bank and the Danish Economic Council, whereas factors of relevance to Faroese exposures are based on the current impairment ratio relative to a historical average impairment ratio.

EAD is calculated as the actual amount of exposure with due consideration for non-executed loan commitments and unutilised, executed loan commitments as well as any guarantees provided, which factors are calculated as a function of predetermined coefficients.

LGD is calculated as the ratio between the historically identified loss rate for the portion of the exposures that are not secured.

The expected useful life of an exposure is calculated as the expected maturity of the exposure in question.

All significant variables and calculations made are validated at least annually, primarily based on sample testing and, for model-based variables, supplemented by back-testing and the use of statistical targets for explanatory values.

As the expected credit loss, especially for exposures categorised as stage 1 or 2, primarily are based on historical information, the Executive Management and the Board of Directors may add a discretionary increase in impairments to cover credit losses expected not to be covered by the calculations described above, e.g. due to an expected or emerging economic crises in one or more sectors and/or in one or more geographic locations.

Since calculations and discretionary management estimates are made in all stages of an expected credit loss, i.e. expectations as to the future, all statements and calculations reflect the Bank's best estimates and assessments as to future events. These estimates and assessments may therefore result in the calculation of a higher or lower credit loss than the credit losses actually incurred.

Management applied judgements
Management applies judgement when determining the need for post-model adjustments. At the end of 2024, the post-model adjustments amounted to DKK 101.5m (2023: DKK 100m). The post-model adjustments fall into two categories.

Category 1 relates to expected losses, which are difficult to calculate due to a changing world. The reasoning behind the post-model adjustments in this category in 2024 were based on a variety of factors such as cyber threats to Faroese and Greenlandic customers and infrastructure, geopolitical uncertainty more broadly, higher interest rate levels than in previous years, uncertainties regarding the real estate market in Greenland and uncertainty in certain Faroese business sectors. For each of the factors, the bank's assessment is that the forward-looking risks associated with each are not covered by the model output. The management provision for category 1 is DKK 86.5m.

Note 13, (cont'd)

Category 2 includes management provision due to errors and omissions in the calculation of expected losses. The bank acknowledges that factors such as insufficient registration of defaults, lack of follow-up on customers in financial difficulty, errors in impairment methodology or calculations as well as errors in the registration of collateral values can result in the bank's calculated impairments being underestimated. The management provision for category 2 is DKK 15m.

In determining the need and extent of a management judgement related to the factors laid out above, the Bank has, as both the Faroese and Greenlandic economies are small and open, based its judgement on a general detoriation of the credit quality throughout all sectors and segments with additional add-ons on property and tourism related segments.

In note 49 (Risk Management) information on the split of the management judgement of DKK 101.5m between the stages and between Corporate and Personal is included.

Note DKKm

13 (cont'd)

31 Dec. 2024	Gross Exposure[1]			Expected Credit Loss			Net Exposure			Net Exposure Deducted Collateral		
Stage	**1**	**2**	**3**	**1**	**2**	**3**	**1**	**2**	**3**	**1**	**2**	**3**
Public authorities	**1,221**	**0**	**0**	**1**	**0**	**0**	**1,220**	**0**	**0**	**1,052**	**0**	**0**
Corporate sector:												
Fisheries, agriculture, hunting and forestry	454	232	26	11	0	11	443	232	15	7	1	2
Industry and raw material extraction	479	54	37	5	0	2	474	54	35	166	2	10
Energy supply	431	0	0	6	0	0	425	0	0	288	0	0
Building and construction	488	70	17	5	7	0	483	62	17	246	19	1
Trade	419	50	28	6	3	0	413	48	28	148	5	1
Transport, hotels and restaurants	718	24	165	3	1	1	715	23	164	280	2	28
Information and communications	7	0	2	0	0	1	7	0	1	3	0	0
Financing and insurance	99	4	1	1	0	1	99	4	0	51	0	0
Real property	1,366	49	219	30	5	27	1,336	44	192	271	4	6
Other industries	147	179	4	0	5	2	146	174	2	44	104	1
Total corporate sector	**4,607**	**663**	**499**	**66**	**22**	**45**	**4,542**	**641**	**453**	**1,503**	**136**	**48**
Retail customers	**4,218**	**537**	**228**	**11**	**18**	**16**	**4,207**	**520**	**212**	**491**	**56**	**21**
Total	**10,046**	**1,200**	**727**	**78**	**39**	**61**	**9,968**	**1,161**	**666**	**3,046**	**192**	**69**
Credit institutions and central banks	3,169	0	0	2	0	0	3,167	0	0	3,167	0	0
Total	**13,215**	**1,200**	**727**	**80**	**39**	**61**	**13,136**	**1,161**	**666**	**6,213**	**192**	**69**
Faroe Islands	11,286	894	457	49	23	22	11,237	871	435	5,403	54	29
Greenland	1,930	306	270	31	16	39	1,899	289	231	810	138	40
Total	**13,215**	**1,200**	**727**	**80**	**39**	**61**	**13,136**	**1,161**	**666**	**6,213**	**192**	**69**

1) Gross exposure comprises of loans and advances, guarantees and drawing rights.

Net exposure 2024 vs. balance sheet	
Credit institutions and central banks	3,007
Loans and advances	9,086
Guarantees	775
Unused credit facilities	2,093
Net exposure, total	**14,962**

Note DKKm

13 (cont'd)

31 Dec. 2023	Gross Exposure[1]			Expected Credit Loss			Net Exposure			Net Exposure Deducted Collateral		
Stage	**1**	**2**	**3**	**1**	**2**	**3**	**1**	**2**	**3**	**1**	**2**	**3**
Public authorities	**1,128**			**1**			**1,127**			**1,136**		
Corporate sector:												
Fisheries, agriculture, hunting and forestry	945	154	25	12	1	11	933	153	14	164	4	3
Industry and raw material extraction	203	39	28	2	1	0	201	39	28	47	2	12
Energy supply	474	0		11	0		463	0		403	0	
Building and construction	451	84	25	5	11	6	446	73	19	216	28	7
Trade	447	64	2	6	1	0	441	63	2	100	3	1
Transport, hotels and restaurants	352	405	39	2	5	0	350	400	39	59	92	14
Information and communications	5	2	3	0	0	1	5	2	1	1	0	1
Financing and insurance	83	21	1	1	0	1	82	21	0	41	1	0
Real property	1,537	71	100	26	3	9	1,510	69	91	176	0	10
Other industries	208	193	12	0	6	9	208	187	4	119	114	1
Total corporate sector	**4,705**	**1,034**	**235**	**65**	**27**	**36**	**4,640**	**1,007**	**199**	**1,326**	**243**	**47**
Retail customers	**4,004**	**660**	**238**	**9**	**21**	**21**	**3,995**	**639**	**216**	**477**	**80**	**15**
Total	**9,837**	**1,694**	**473**	**75**	**48**	**58**	**9,762**	**1,646**	**415**	**2,939**	**323**	**63**
Credit institutions and central banks	**2,092**	**0**		**1**	**0**		**2,090**	**0**		**2,150**	**0**	
Total	**11,929**	**1,694**	**473**	**77**	**48**	**58**	**11,852**	**1,646**	**415**	**5,089**	**323**	**63**
Denmark	4	0	1	0	0	2	4	0	-1	4	0	0
Faroe Islands	9,786	1,248	282	57	24	23	9,729	1,223	260	4,198	65	15
Greenland	2,140	446	190	20	24	33	2,120	423	156	887	258	47
Total	**11,929**	**1,694**	**473**	**77**	**48**	**58**	**11,852**	**1,646**	**415**	**5,089**	**323**	**63**

1) Gross exposure comprises of loans and advances, guarantees and drawing rights.

Net exposure 2023 vs. balance sheet	
Credit institutions and central banks	2,056
Loans and advances	8,883
Guarantees	1,020
Unused credit facilities	1,954
Net exposure, total	**13,913**

Note DKKm

13 (cont'd)

31 Dec. 2024	Gross Exposure[1]			Expected Credit Loss			Net Exposure			Net Exposure Deducted Collateral		
Stage	**1**	**2**	**3**	**1**	**2**	**3**	**1**	**2**	**3**	**1**	**2**	**3**
Rating category												
1	4,813	0		8	0		4,804	0		4,185	0	
2	2,398	0		9			2,389	0		819		
3	1,830	52		13	1		1,817	51		328	5	
4	1,443	11		3	0		1,441	11		335	1	
5	1,278	100		18	1		1,261	99		134	10	
6	864	239		22	5		842	233		192	104	
7	253	297		2	12		251	285		33	47	
8	271	171		1	8		270	163		183	9	
9	51	95		1	6		49	88		3	11	
10	14	236		2	6		12	230		1	5	
11			727	0		61			666			69
Total	**13,215**	**1,200**	**727**	**80**	**39**	**61**	**13,136**	**1,161**	**666**	**6,213**	**192**	**69**

1) Gross exposure comprises of loans and advances, guarantees and drawing rights.

31 Dec. 2023	Gross Exposure[1]			Expected Credit Loss			Net Exposure			Net Exposure Deducted Collateral		
Stage	**1**	**2**	**3**	**1**	**2**	**3**	**1**	**2**	**3**	**1**	**2**	**3**
Rating category												
1	3,741			3			3,738			3,294		
2	1,808	0		6			1,803	0		455		
3	1,576	83		11	1		1,566	82		339	4	
4	1,558	3		8	0		1,550	3		176	2	
5	1,355	163		18	0		1,336	163		185	8	
6	1,389	266		23	5		1,366	261		603	119	
7	292	333		1	7		291	326		24	41	
8	182	563		6	22		176	541		12	135	
9	15	108		0	5		15	104		1	8	
10	13	174		1	8		12	166		0	6	
11			473			58			415			63
Total	**11,929**	**1,694**	**473**	**77**	**48**	**58**	**11,852**	**1,646**	**415**	**5,089**	**323**	**63**

1) Gross exposure comprises of loans and advances, guarantees and drawing rights.

Note 13 (cont'd)

DKKm	Stage 1	Stage 2	Stage 3	Total
Impairment charges at 1. January 2024	**77**	**48**	**58**	**183**
Transferred to stage 1 during the period	20	-14	-6	0
Transferred to stage 2 during the period	-2	2	0	0
Transferred to stage 3 during the period	-6	-5	11	0
ECL on new assets	19	7	0	26
ECL on assets derecognised	-19	-4	-9	-33
Impact of net remeasurement of ECL	-10	6	16	12
Write offs	0	0	-8	-8
Impairment charges at 31. December 2024	**80**	**39**	**61**	**180**

DKKm	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount at 1. January 2024	**11,929**	**1,694**	**473**	**14,096**
Transferred to stage 1 during the period	715	-663	-51	0
Transferred to stage 2 during the period	-468	489	-21	0
Transferred to stage 3 during the period	-258	-164	423	0
New assets	2,134	81	11	2,227
Assets derecognised	-1,300	-146	-27	-1,472
Other changes	463	-90	-82	291
Gross carrying amount at 31. December 2024	**13,215**	**1,200**	**727**	**15,142**

DKKm	Stage 1	Stage 2	Stage 3	Total
Impairment charges at 1. January 2023	45	60	81	186
Transferred to stage 1 during the period	20	-19	-1	0
Transferred to stage 2 during the period	-3	3	0	0
Transferred to stage 3 during the period	-1	-6	7	0
ECL on new assets	12	11	0	23
ECL on assets derecognised	-5	-3	-25	-33
Impact of net remeasurement of ECL	9	3	-4	8
Write offs	0	0	-1	-1
Impairment charges at 31. December 2023	**77**	**48**	**58**	**183**

DKKm	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount at 1. January 2023	11,663	1,733	416	13,812
Transferred to stage 1 during the period	626	-612	-14	0
Transferred to stage 2 during the period	-544	548	-4	0
Transferred to stage 3 during the period	-84	-60	144	0
New assets	2,098	275	11	2,384
Assets derecognised	-1,826	-150	-42	-2,017
Other changes	-4	-39	-39	-83
Gross carrying amount at 31. December 2023	**11,929**	**1,694**	**473**	**14,096**

Note	DKK 1,000	Group		P/F Føroya Banki	
		2024	2023	2024	2023
	Tax				
14	Tax on profit for the year	72,049	71,797	65,891	65,698
	Total tax	**72,049**	**71,797**	**65,891**	**65,698**
	Tax on profit for the year				
	Profit before tax	382,475	379,330	376,317	373,232
	Current tax charge	73,403	71,786	67,701	65,745
	Change in deferred tax	-1,354	-823	-1,810	-881
	Adjustment of prior-year tax charges	0	834	0	834
	Total	**72,049**	**71,797**	**65,891**	**65,698**
	Effective tax rate				
	Faroese tax rate	18.0%	18.0%	18.0%	18.0%
	Deviation in foreign entities tax compared to Faroese tax rate	1.5%	0.8%	1.5%	0.8%
	Non-taxable income and non-deductible expenses	-0.7%	-0.1%	-2.0%	-1.5%
	Tax on profit for the year	18.8%	18.7%	17.5%	17.4%
	Adjustment on prior-year tax charges	0.0%	0.2%	0.0%	0.2%
	Effective tax rate	**18.8%**	**18.9%**	**17.5%**	**17.6%**

Note	DKK 1,000	Group 2024	Group 2023	P/F Føroya Banki 2024	P/F Føroya Banki 2023
15	**Cash in hand and demand deposits with central banks**				
	Cash in hand	55,161	70,013	54,774	68,034
	Demand deposits with central banks	2,641,144	1,725,705	2,641,144	1,725,705
	Total	**2,696,305**	**1,795,718**	**2,695,918**	**1,793,739**
16	**Due from credit institutions and central banks specified by institution**				
	Credit institutions	310,797	260,050	310,797	260,050
	Central banks	0	0	0	0
	Total	**310,797**	**260,050**	**310,797**	**260,050**
17	**Due from credit institutions and central banks specified by maturity**				
	On demand	310,797	260,050	310,797	260,050
	Total	**310,797**	**260,050**	**310,797**	**260,050**
18	**Loans and advances specified by sectors**				
	Public authorities	11%	9%	11%	9%
	Corporate sector:				
	Fisheries, agriculture, hunting and forestry	6%	7%	6%	7%
	Industry and raw material extraction	5%	5%	5%	5%
	Energy supply	3%	4%	3%	4%
	Building and construction	2%	2%	2%	2%
	Trade	3%	4%	3%	4%
	Transport, hotels and restaurants	6%	6%	6%	6%
	Information and communications	0%	0%	0%	0%
	Financing and insurance	1%	1%	1%	1%
	Real property	12%	15%	12%	15%
	Other industries	3%	3%	3%	3%
	Total corporate sector	**41%**	**46%**	**41%**	**46%**
	Retail customers	48%	45%	48%	45%
	Total	**100%**	**100%**	**100%**	**100%**
19	**Loans and advances specified by maturity**				
	On demand	535,706	317,288	535,706	317,288
	3 months and below	258,428	445,683	258,428	445,683
	3 months to 1 year	802,752	1,114,856	802,752	1,114,856
	Over 1 year to 5 years	2,280,595	2,157,033	2,280,595	2,157,033
	Over 5 years	5,208,911	4,847,995	5,208,911	4,847,995
	Total loans and advances	**9,086,392**	**8,882,855**	**9,086,392**	**8,882,855**
20	**Bonds at fair value**				
	Mortgage credit bonds	1,255,075	763,428	1,084,380	598,398
	Government bonds	502,125	633,089	475,317	619,244
	Bonds at fair value	**1,757,200**	**1,396,516**	**1,559,697**	**1,217,642**
	All bonds form part of the Group's trading portfolio				
21	**Shares etc.**				
	Shares/unit trust certificates listed on the Copenhagen Stock Exchange	97,906	90,283	418	715
	Shares/unit trust certificates listed on other stock exchanges	0	78	0	78
	Other shares at fair value	187,940	189,595	187,940	189,595
	Total shares etc.	**285,845**	**279,957**	**188,358**	**190,388**
22	**Assets under insurance contracts**				
	Non-life insurance				
	Reinsurers' share of claims provisions	6,622	3,275		
	Receivables from insurance contracts and reinsurers	3,003	3,849		
	Debt related to reinsurance and receivables from policyholders move to liabilities	-4,839	-5,467		
	Total non-life insurance	**4,786**	**1,658**		
	Maturity within 12 months	**4,786**	**1,658**		

Note	DKK 1,000	Group 2024	Group 2023	P/F Føroya Banki 2024	P/F Føroya Banki 2023
23	**Holdings in associates**				
	Cost at 1 January	8,845	8,845	8,845	8,845
	Cost at 31 December	**8,845**	**8,845**	**8,845**	**8,845**
	Revaluations at 1 January	6,036	2,994	6,036	2,994
	Share of profit	4,609	5,102	4,609	5,102
	Dividends	927	2,060	927	2,060
	Revaluations at 31 December	**9,719**	**6,036**	**9,719**	**6,036**
	Carrying amount at 31 December	**18,563**	**14,881**	**18,563**	**14,881**

Holdings in associates 2024	**Income**	**Net profit**	**Total assets**	**Total liabilities**	**Total equity**	**Ownership %**	**The Groups share of equity**
P/F Elektron	62,307	13,426	76,162	22,090	54,072	34%	18,563
Holdings in associates 2023							
P/F Elektron	62,451	14,861	68,498	24,907	43,347	34%	14,881

The information disclosed is extracted from the companies' most recent annual report (2023).

Note	DKK 1,000	Group 2024	Group 2023	P/F Føroya Banki 2024	P/F Føroya Banki 2023
24	**Holdings in subsidiaries**				
	Cost at 1 January			144,000	144,000
	Cost at 31 December			**144,000**	**144,000**
	Revaluations at 1 January			-11,446	-34,574
	Correction to previous years			-27	0
	Revaluation of domicile property			0	615
	Share of profit			28,407	27,512
	Dividends			15,500	5,000
	Revaluations at 31 December			**1,434**	**-11,446**
	Carrying amount at 31 December			**145,434**	**132,554**

Holdings in subsidiaries 2024	Ownership %	Share capital end of year	Shareholders' equity for the year	Profit/loss for the year
P/F Trygd	100%	40,000	98,359	19,177
P/F Skyn	100%	1,000	6,054	558
P/F NordikLiv	100%	30,000	41,021	8,672

The information disclosed is extracted from the companies' annual reports 2024.

Holdings in subsidiaries 2023	Ownership %	Share capital end of year	Shareholders' equity for the	Profit/loss for the year
P/F Trygd	100%	40,000	89,182	21,812
P/F Skyn	100%	1,000	5,996	811
P/F NordikLiv	100%	30,000	37,375	4,890

The information disclosed is extracted from the companies' annual reports 2023.

Note		Group 2024	Group 2023	P/F Føroya Banki 2024	P/F Føroya Banki 2023
25	**Assets under pooled schemes and unit-linked investment contracts**				
	Assets:				
	Cash deposits	265	274	265	274
	Bonds	21,230	11,457	20,089	10,521
	Shares	39,984	20,642	37,616	18,582
	Other assets	130	629	84	629
	Total assets	**61,610**	**33,003**	**58,055**	**30,006**
	Total liabilities	**61,610**	**33,003**	**58,055**	**30,006**

Group; Assets under pooled schemes and unit-linked investment contracts consist of Assets under pooled schemes DKK 58,1m (2023 DKK 30,0m) and Unit-Linked investment contracts DKK 3,5m (2023 DKK 3.0m)

Note	DKK 1,000	Group 2024	Group 2023	P/F Føroya Banki 2024	P/F Føroya Banki 2023
26	**Intangible assets**				
	Cost at 1 January	3,319	3,319	3,319	3,319
	Additions	5,000	0	0	0
	Cost at 31 December	**8,319**	**3,319**	**3,319**	**3,319**
	Depreciation and impairment charges at 1 January	1,618	917	1,618	917
	Depreciation charges during the year	1,618	701	618	701
	Fair value at 31 December	**3,236**	**1,618**	**2,236**	**1,618**
	Carrying amount at 31 December	**5,084**	**1,702**	**1,084**	**1,702**

Depreciation period is 4-5 years. Additions to the intangible assets refer to acquired IT systems during the year.

	DKK 1,000	Group 2024	Group 2023	P/F Føroya Banki 2024	P/F Føroya Banki 2023
27	**Domicile property**				
	Cost at 1 January	63,259	62,906	61,214	60,860
	Additions	393	353	393	353
	Reclassification to held for sale	2,352	0	2,352	0
	Disposals	4,376	0	2,330	0
	Cost at 31 December	**56,924**	**63,259**	**56,924**	**61,214**
	Adjustments at 1 January	-1,110	-1,384	-2,375	-1,928
	Depreciation charges during the year	482	476	450	448
	Reversal of depreciation charges on disposals classified as held for sale	145	0	145	0
	Revaluations recognised in other comprehensive income	-1,500	750	0	0
	Reversal of revaluations on disposals during the year	400	0	134	0
	Adjustments at 31 December	**-2,547**	**-1,110**	**-2,547**	**-2,375**
	Carrying amount at 31 December	**54,377**	**62,149**	**54,377**	**58,838**
	Lease assets				
	Cost at 1 January	81,542	79,403	81,542	79,403
	Additions	201	2,139	201	2,139
	Cost at 31 December	**81,743**	**81,542**	**81,743**	**81,542**
	Adjustments at 1 January	-19,949	-15,950	-19,949	-15,950
	Depreciation charges during the year	4,361	4,000	4,361	4,000
	Adjustments at 31 December	**-24,311**	**-19,949**	**-24,311**	**-19,949**
	Carrying amount at 31 December	**57,432**	**61,593**	**57,432**	**61,593**
	Total land and buildings	**111,810**	**123,742**	**111,810**	**120,431**

Domicile property

Tangible assets include domicile property of DKK 54.4m (2023: DKK 62.1m). Carrying amount at 31 December if the property had not been revalued is DKK 52.2m (2023: DKK 60.0m).

The fair value is assessed by the group's internal valuers at least once a year on 31th December on the basis of an income based approach. Valuations rely substantially on non-observable input, i.e. level 3 measures. Valuations are based on cash flow estimates and on the required rate of return calculated for each property that reflects the price at which the property can be exchanged between knowledgeable, willing parties under current market conditions. The cash flow estimates are determined on the basis of the market rent for each property. On the Faroe Islands the rent ranges from DKK 600-950 pr. m2 and ind Greenland the rent ranges from DKK 1,800-2,400 pr. m2. The required rate of return on a property is determined on the basis of its location, type, possible uses, layout and condition. At the end of 2024, the fair value of domicile property was DKK 61.4m (2023: DKK 62.1m). The required rate of return is ranged between 7.0%-10.9% (2023: 7.0-10.8%). The depreciation period is 50 years. A decrease in rental rates of DKK 100 pr m2 would reduce fair value at end of 2024 by DKK 3.6m. An increase in the required rate of return of 1.0 percentage point, would reduce fair value at the end of 2024 by DKK 6.1 m.

Leases

Leasing agreements comprise the Bank's domicile property, including the Bank's headquarter in Tórshavn and branches in the Faroe Islands. The notice period for terminating the lease agreements ranges from three months to 15 years. The leasing agreement regarding the Bank's headquarter includes an option for the lessee to extend the lease period by five years. Property where the Bank holds short term leases but intends and has the option to extend the contract is included in the calculation of Bank's leasing assets and obligations.

Leasing liabilities amounting DKK 64.4m are recognised within the balance sheet item Other liabilities. In the 2023 annual report the leasing liabilities were reported to be DKK 67.6m. The Group has included the option to extend the lease period of the headquarter with 5 years thus added DKK 17.0m to the leasing assets and leasing liabilities. Interests amounting DKK 2.1m due to leasing obligations are charged to the income statement as Interest expense. Depreciation of leasing assets amounting DKK 4.2m are recognised under the item Depreciation and impairment charges in the income statement. The annual payment in respect of the leasingliabilities is DKK 5.4m. The banks estimated borrowing rate used in the calucuation of the leasing assets and leasing liabilities is 3%.

Note	DKK 1,000	Group 2024	Group 2023	P/F Føroya Banki 2024	P/F Føroya Banki 2023
28	**Other property, plant and equipment**				
	Cost at 1 January	42,375	38,168	34,496	31,167
	Additions	6,819	6,234	6,819	4,171
	Disposals	972	2,027	754	843
	Cost at 31 December	**48,222**	**42,375**	**40,560**	**34,496**
	Depreciation and impairment charges at 1 January	29,994	29,342	24,634	23,346
	Depreciation charges during the year	3,898	2,469	3,319	2,088
	Reversals of depreciation and impairment charges	678	1,817	460	801
	Depreciation and impairment charges at 31 December	**33,214**	**29,994**	**27,493**	**24,634**
	Carrying amount at 31 December	**15,008**	**12,381**	**13,067**	**9,862**

The depreciation period is 3-10 years.

	DKK 1,000	Group 2024	Group 2023
29	**Deferred tax**		
	Deferred tax assets	11,253	9,412
	Deferred tax liabilities	508	21
	Deferred tax, net	**10,745**	**9,391**

Change in deferred tax 2024	5,972,563 6,992,040 At 1 Jan.	Included in profit for the year	Included in sharholders' equity	At 31 Dec.
Intangible assets	-306	-609	0	-915
Tangible assets incl. lease assets	-1,297	1,588	0	291
Provisions for obligations	10,169	389		10,558
Other	825	-14	0	811
Total	9,391	1,354	0	**10,745**

Adjustment of prior-year tax charges included in preceding item

2023				
Intangible assets	-425	119	0	-306
Tangible assets incl. lease assets	-3,144	31	1,815	-1,297
Provisions for obligations	10,169	0	0	10,169
Other	288	538	0	825
Total	6,888	688	1,815	**9,391**

Adjustment of prior-year tax charges included in preceding item.

	DKK 1,000	P/F Føroya Banki 2024	P/F Føroya Banki 2023
29	**Deferred tax**		
	Deferred tax assets	11,172	9,362
	Deferred tax, net	**11,172**	**9,362**

Change in deferred tax 2024	At 1 Jan.	Recognised in profit for the year	Recognised in shareholders' equity	At 31 Dec.
Intangible assets	-306	111	0	-195
Tangible assets incl lease assets	-1,103	1,296	0	193
Loans and advances etc	10,169	389		10,558
Other	602	15	0	617
Total	**9,362**	**1,810**	**0**	**11,172**

Adjustment of prior-year tax charges included in preceding item

2023				
Intangible assets	-425	119	0	-306
Tangible assets incl lease assets	-3,122	2,019	0	-1,103
Loans and advances etc	10,169	0	0	10,169
Other	43	559	0	602
Total	**6,666**	**2,696**	**0**	**9,362**

Note	DKK 1,000	Group		P/F Føroya Banki	
		2024	2023	2024	2023
30	**Assets held for sale**				
	Total purchase price at 1 January	0	24,200	0	24,200
	Reclassification from domicile properties	2,207	0	2,207	0
	Disposals	0	24,200	0	24,200
	Total purchase price at 31 December	**2,207**	**0**	**2,207**	**0**
	Impairment at 1 January	0	0	0	0
	Impairment charges for the year	0	0	0	0
	Reversal of impairment on disposals and write offs during the year	0	0	0	0
	Impairment at 31 December	**0**	**0**	**0**	**0**
	Total assets held for sale at 31 December	**2,207**	**0**	**2,207**	**0**
	Specification of assets held for sale				
	Real property taken over in connection with non-performing loans	0	0	0	0
	Domicile property for sale	2,207	0	2,207	0
	Total	**2,207**	**0**	**2,207**	**0**

The item "Assets held for sale" comprises assets taken over in connection with non-performing loans and reclassified domicile property.

The Group's policy is to dispose off the assets as quickly as possible.

Profit on the sale of real property and tangible assets taken over in connection with non-performing loansis recognised under the item "Other operating income". The Group's real estate agency is responsible for selling the real property.

Note	DKK 1,000	Group		P/F Føroya Banki	
		2024	2023	2024	2023
31	**Other assets**				
	Interest and commission due	45,609	40,660	44,196	39,312
	Derivatives with positive fair value	23,248	38,889	23,248	38,889
	Other amounts due	19,551	9,495	21,867	11,866
	Total	**88,408**	**89,044**	**89,312**	**90,068**
32	**Due to credit institutions and central banks specified by institution**				
	Due to central banks	26,975	41,975	26,975	41,975
	Due to credit institutions	796,480	677,130	796,480	677,130
	Total	**823,455**	**719,105**	**823,455**	**719,105**
33	**Due to credit institutions and central banks specified by maturity**				
	On demand	45,634	58,391	45,634	58,391
	3 months to 1 year	250,000	125,000	250,000	125,000
	Over 1 year to 5 years	228,250	535,714	228,250	535,714
	Over 5 years	299,571	0	299,571	0
	Total	**823,455**	**719,105**	**823,455**	**719,105**
34	**Deposits specified by type**				
	On demand	6,699,897	6,790,359	6,711,253	6,797,754
	At notice	1,064,009	747,662	1,064,009	747,662
	Time deposits	1,608,318	592,325	1,608,318	592,325
	Special deposits	631,124	571,845	631,124	571,845
	Total deposits	**10,003,348**	**8,702,192**	**10,014,704**	**8,709,586**
35	**Deposits specified by maturity**				
	On demand	6,747,297	6,820,051	6,758,653	6,827,446
	3 months and below	1,049,660	559,007	1,049,660	559,007
	3 months to 1 year	1,676,047	838,107	1,676,047	838,107
	Over 1 year to 5 years	69,131	54,977	69,131	54,977
	Over 5 years	461,213	430,049	461,213	430,049
	Total deposits	**10,003,348**	**8,702,192**	**10,014,704**	**8,709,586**
36	**Liabilities under insurance contracts**				
	Non-life insurance				
	Liability for remaining coverage	56,239	54,169		
	Liability for incurred claims	99,556	81,292		
	Total	**155,795**	**135,460**		
	The confidence level used to determine the risk adjustment is 99.5%.				
	Life insurance				
	Life insurance provisions	2,690	4,218		
	Total provisions for insurance contracts	2,690	4,218		
	Total	**158,485**	**139,679**		
	Guarantees				
	Registration and remortgaging guarantees	30,715	37,518		
	Other guarantees	138,865	131,646		
	Total	**169,581**	**169,164**		
	Insurance liabilities comprise liabilities as defined by IFRS 17.				
37	**Other liabilities**				
	Sundry creditors	39,775	30,649	33,394	25,264
	Accrued interest and commission	33,590	23,434	33,590	23,434
	Derivatives with negative value	30,272	22,178	30,272	22,178
	Accrued staff expenses	23,115	22,467	23,115	22,467
	Lease liabilities	64,424	67,565	64,424	67,565
	Other obligations	35,396	14,661	35,396	14,661
	Total	**226,573**	**180,955**	**220,192**	**175,570**

Note DKK 1,000

38 **Issued bonds**

	Currency	Principal	Interest rate	Step-up clause	Remarks	Recieved	Maturity	2024	2023
Issued bond DK0030523469	DKK	190,000	CIBOR3 + 1,5%			10-03-2023	10-03-2026	189,983	189,743
Issued bond DK0030529664	DKK	200,000	CIBOR3 + 2,25%			22-11-2023	22-11-2028	198,014	198,809
Issued bond DK0030529151	DKK	250,000	CIBOR12 + 3,09%			02-12-2023	02-12-2030	248,673	248,184
Issued bond DK0030490271	DKK	150,000	2.345%	Yes	Tier 3 capital	16-06-2021	16-06-2026	149,059	149,578
Issued bond DK0030506538	SEK	300,000	STIBOR3 + 1.08%		Tier 3 capital / Hedged	31-03-2022	31-03-2027	193,681	199,826
At 31 December								**991,196**	**985,134**

Total repayment of principal and interest amounts to approximately DKK 1,152m (2023: DKK 1,227m)

39 **Additional Tier 1 capital**

	Currency	Borrower	Principal	Interest rate	Year of issue	Maturity	Step-up clause	Redemption price	2024	2023
Additional Tier 1 capital	DKK	P/F Føroya Banki	150,000	4.500%	2019	Perpetual	Yes	100	0	151,532
At 31 December			**150,000**						**0**	**151,532**

Interest rate:	**Principal (not hedged)**	**Until 30.9.2024**
Additional Tier 1 capital	150m	4.500%

Perpetual Additional Tier 1 Capital issued with no contractual obligation to pay interest or repay the principal amount does not meet the conditions for a financial liability under IAS 32. The issue is therefore classified as equity and the net amount of the issue has been recognised as an increase in equity. Likewise, interest payments are accounted for as dividend payments to be recognised in the Group's equity at the moment the liability arises. Upon redemption of the notes, the Group's equity will be reduced by the redeemed amount. The issue and redemption price for the sale and purchase of AT1 capital under CRR have similar impact on the equity balance as the holding of own shares.

The Notes are perpetual and the coupon is fixed at 4.500%, paid annually until 30 September 2024 (First call date) based on the 5-year Danish swap rate plus the margin of 4.812%. The Notes were redeemed on 30 September 2024.

40 **Subordinated capital**

	Currency	Borrower	Principal	Interest rate	Year of issue	Maturity	Step-up clause	Redemption price	2024	2023
Subordinated capital	DKK	P/F Føroya Banki	100,000	2.070%	2021	24-06-2031	No	100	98,790	99,658
At 31 December			**100,000**						**98,790**	**99,658**

Interest rate:	**Principal (not hedged)**	**Until 26.6.2026**	**From 27.6.2026**
Subordinated capital	100m	2.070%	CIBOR 3M + 2,37%

Subordinated capital is included in the Banks Total capital according the Faroese Financial Business Act and to CRR2.

The subordinated capital can not be converted into share capital. Early redemption of subordinated debt must be approved by the Danish FSA. In the event of Føroya Bankis voluntary or compulsory winding-up, this liability will not be repaid until claims of ordinary creditors have been met. Subordinated debt is valued at amortised cost.

Note	DKK 1,000	2024	2023
41	**P/F Føroya Banki Shares**		
	Net profit	**310,427**	**307,533**
	Average number of shares outstanding	9,574	9,574
	Number of dilutive shares issued	0	0
	Average number of shares outstanding, including shares diluted	9,574	9,574
	Earnings per share, DKK	32.4	32.1
	Diluted net profit for the period per share, DKK	**32.4**	**32.1**

The share capital is made up of shares of a nominal value of DKK 20 each. All shares carry the same rights. Thus there is only one class of shares.

Average number of shares outstanding:		
Issued shares at 1 January, numbers in 1,000	9,600	9,600
Reduction of share capital	0	0
Issued shares at end of period	9,600	9,600
Shares outstanding at end of period	9,574	9,574
Group's average holding of own shares during the period	26	26
Average shares outstanding	**9,574**	**9,574**

Holding of own shares	**Number 2024**	**Number 2023**	**Value 2024**	**Value 2023**
Investment portfolio	26,289	26,289	4,259	4,325
Trading portfolio	0	0	0	0
Total	**26,289**	**26,289**	**4,259**	**4,325**

	Investment portfolio	**Trading portfolio**	**Total 2024**	**Total 2023**
Holding at 1 January	4,325	0	4,325	3,575
Acquisition of own shares	0	0	0	0
Reduction of own shares	0	0	0	0
Sale of own shares	0	0	0	0
Value adjustment	-66	0	-66	749
Holding at 31 December	**4,259**	**0**	**4,259**	**4,325**

Note	DKK 1,000	Group 2024	Group 2023	P/F Føroya Banki 2024	P/F Føroya Banki 2023
42	**Contingent liabilities**				
	The Group uses a variety of loan-related financial instruments to meet the financial requirements of its customers. These include loan commitments and other credit facilities, guarantees and instruments that are not recognised on the balance sheet. Guarantees and loan commitments are subject to the expected credit loss impairment model in IFRS 9. Guarantees related to insurance contracts in IFRS 17 are presented in note 36.				
	Guarantees				
	Financial guarantees	177,076	177,202	177,076	177,202
	Mortgage finance guarantees	317,108	556,151	317,108	556,151
	Registration and remortgaging guarantees	44,175	32,835	74,890	70,353
	Other guarantees	67,381	84,817	206,247	216,463
	Total guarantees	**605,741**	**851,004**	**775,321**	**1,020,169**

In addition, the Group has granted credit facilities related to credit cards and overdraft facilities that can be terminated at short notice. At the end of 2024, such unused credit facilities amounted to DKK 2.1bn (2023: DKK 1.9bn). Furthermore the Group has granted irrevocable loan commitments amounting to DKK 80m (2023: DKK 80m).

If the group desides to terminte the agreement with the banks main IT provider SDC, the group is obliged to pay DKK 100.2m, i.e. the estimated next 2.5 years payment to SDC for IT-services plus the banks chare of SDC's intangible assets.

43 **Assets deposited as collateral**

At the end of 2024 the Group had deposited bonds at a total market value of DKK 27m (2023: DKK 42m) with Danmarks Nationalbank (the Danish Central Bank) primarily in connection with cash deposits.

At the end of 2024 the Group had deposited cash at a total market value of DKK 20.7m (2023: DKK 5.3m) in connection with negative market value of derivatives.

DKK 1,000

44 **Related parties**

DKK 1,000	Parties with significant influence 2024	Parties with significant influence 2023	Associated undertakings 2024	Associated undertakings 2023	Board of Directors 2024	Board of Directors 2023	Executive Board 2024	Executive Board 2023
Assets								
Loans	4,567	4,616	2,038	3,412	13,684	65,023	6,582	6,781
Investment Properties								
Assets held for sale								
Total	**4,567**	**4,616**	**2,038**	**3,412**	**13,684**	**65,023**	**6,582**	**6,781**
Liabilities								
Deposits	533,204	179,524	13,257	11,098	82,983	62,060	2,341	2,737
Other liabilities								
Total	**533,204**	**179,524**	**13,257**	**11,098**	**82,983**	**62,060**	**2,341**	**2,737**
Off-balance sheet items								
Guarantees issued					9,080	3,841	374	787
Guarantees and collateral received	3,898	3,080			22,510	101,524	7,108	4,080
Income Statement								
Interest income	2,768	770	212	199	986	1,638	329	143
Interest expense	3,828	3,582	2	1	282	144	37	30
Fee income	872	834	29	30	582	172	9	19
Other operating income								
Administrative expenses								
Total	**153**	**-1,980**	**239**	**228**	**1,286**	**1,667**	**301**	**132**

Related parties with significant influence are shareholders with holdings exceeding 20% of P/F Føroya Banki share capital. The shareholder is the Ministry of Finance of the Faroe Islands and is the only party with significant influence.

In 2024 interest rates on credit facilities granted to associated undertakings were between 5.45%-12.63% (2023: 6.0%-13.2%).

The Board of Directors and Executive Board columns list the personal facilities, deposits, etc., held by members of the Board of Directors and the Executive Board and their deposits, etc., held by members of the Board of Directors and the Executive Board and their dependants and facilities with businesses in which these parties have a controlling or significant interest.

In 2024 interest rates on credit facilities granted to members of the Board of Directors and the Executive Board were between 2.85%-22.78% (2023: 1.95%-19.25%). Note 10 specifies the remuneration and note 45 specifies shareholdings of the management.

P/F Føroya Banki acts as the bank of a number of its related parties. Payment services, trading in securities and other instruments, investment and placement of surplus liquidity, endowment policies and provision of short-term and long-term financing are the primary services provided by the Bank.

Shares in P/F Føroya Banki may be registered by name. The management's report lists related parties' holdings of Føroya Banki shares (5% or more of Føroya Banki share capital) on the basis of the most recent reporting of holdings to the Bank.

Transactions with related parties are settled on an arm's-length basis and recognised in the financial statements according to the same accouting policy as for similar transactions with unrelated parties.

Guarantees and collateral received: New exposure in 2024, related to executive board.

Note 45 **P/F Føroya Banki shares held by the Board of Directors and the Executive Board**

Holdings of the Board of Directors and the Executive Board	**Beginning of 2024**	**Additions**	**Disposals**	**End of 2024**
Board of directors				
Birger Durhuus	2,936			2,936
Annfinn Vitalis Hansen	0	5,119		5,119
Árni Tór Rasmussen	0	115,218		115,218
Kristian Reinert Davidsen	107			107
Marjun Hanusardóttir	0	181		181
Tom Ahrenst	0			0
Birita Sandberg Samuelsen	53		53	0
Rúni Vang Poulsen	260		260	0
Marjun Eystberg	75		75	0
Kenneth M. Samuelsen	2,494			2,494
Alexandur Johansen	200			200
Rúna Hentze	793			793
Total	**6,918**	**120,518**	**388**	**127,048**
Executive Board				
Turið F. Arge	6,135			6,135
Total	**16,135**	**0**	**0**	**6,135**

DKK 1,000

46 **Financial instruments at fair value**

The fair value is the amount for which a financial asset can be exchanged between knowledgeable, willing and independent parties. If an active market exists, the Group uses a quoted price. If a financial instrument is quoted in a market that is not active, the Group bases its valuation on the most recent transaction price. Adjustment is made for subsequent changes in market conditions, for instance, by including transactions in similar financial instruments that are assumed to be motivated by normal business considerations. For a number of financial assets and liabilities, no market exists. In such cases, the Group uses recent transactions in similar instruments and discounted cash flows or other generally accepted estimation and valuation techniques based on market conditions at the balance sheet date to calculate an estimated value.

Unlisted shares recognised at fair value comprises unlisted shares who are not included in the Group's trading portfolio. Unlisted shares, other than Sector shares, are recognised at fair value and are measured in accordance with shareholders agreements and using generally accepted estimations and valuation techniques. The valuation of unlisted shares is based substantially on non-observable input. Sector shares are recognized at fair value using price-fixing-agreements according to the articles of association.

2024 **Financial assets and liabilities at fair value**	Quoted prices	Observable input	Non-observable input	Total
Financial assets held for trading				
Bonds at fair value	1,423,534	333,666		1,757,200
Shares, etc.	97,906			97,906
Derivatives with positive fair value		23,248		23,248
Total	**1,521,440**	**356,913**		**1,878,353**
Financial assets designated at fair value				
Loans and advances at fair value			319,297	319,297
Shares, etc.		186,513	1,347	187,860
Total		**186,513**	**320,644**	**507,157**
Financial assets at fair value	**1,521,440**	**543,426**	**320,644**	**2,385,510**
Financial liabilities held for trading				
Derivatives with negative fair value		30,272		30,272
Total		**30,272**		**30,272**

2023 **Financial assets and liabilities at fair value**	Quoted prices	Observable input	Non-observable input	Total
Financial assets held for trading				
Bonds at fair value	1,153,335	243,181		1,396,516
Shares, etc.	90,362			90,362
Derivatives with positive fair value		38,889		38,889
Total	**1,243,697**	**282,070**		**1,525,767**
Financial assets designated at fair value				
Loans and advances at fair value			348,500	348,500
Shares, etc.		188,248	1,347	189,595
Total		**188,248**	**349,847**	**538,095**
Financial assets at fair value	**1,243,697**	**470,318**	**349,847**	**2,063,863**
Financial liabilities held for trading				
Derivatives with negative fair value		22,178		22,178
Total		**22,178**		**22,178**

Note

46 (cont'd) Financial instruments valued on the basis of quoted prices in an active market are recognised in the Quoted prices category. Financial instruments valued substantially on the basis of other observable input are recognised in the Observable input category. The category also covers derivatives valued on the basis of observable yield curves or exchange rates. Furthermore the category covers sector shares with price-fixing agreements according to the articles of association. Other financial assets are recognised in the Non-observable input. This category covers unlisted shares, loans and advances at fair value and domicile property (se note 27 for further information on Domicile property).

At 31 December 2024 financial assets valued on the basis of non-observable input comprised unlisted shares and loans and advances of DKK 320.6m (2023: DKK 349.8m). In 2024, the Group recognised unrealised value adjustments of unlisted shares and loans and advances valued on the basis of non-observable input in the amount of DKK 7.5m (2023: DKK 16.3m) and realised value adjustments of DKK 0.0m (2023: DKK 0.2m). Unlisted shares had a value adjustment of DKK 0.0m (2023: DKK 0.0m). A 4% increase or decrease in fair value of unlisted shares and loans and advances would amount to DKK 0.0m (2023: DKK 0.0m) due to the fully hedged loans and advances measured at fair value.

	2024	2023
Financial instruments at fair value valued on the basis of non-observable input		
Fair value at 1 January	349,847	358,988
Value adjustments through profit or loss	7,463	16,326
Acquisitions	0	15,000
Disposals	36,665	40,468
Fair value at 31 December	320,644	349,847

Value adjustments of unlisted shares and loans and advances at fair value are recognised under the item "Market value adjustments" in the income statement.

Financial instruments at amortised cost

The vast majority of amounts due to the Group, loans, advances, and deposits may not be assigned without the consent of customers, and an active market does not exist for such financial instruments. Consequently, the Group bases its fair value estimates on data showing changes in market conditions after the initial recognition of the individual instruments, and thus affecting the price that would have been fixed if the terms had been agreed at the balance sheet data. Other people may make other estimates. The Group discloses information about the fair value of financial instruments at amortised cost on the basis of the following assumptions:

* for many of the Group's deposits and loans, the interest rate is linked to developments in the market interest rate

* the fair value assessment of loans is assessed based on an informed estimate that the Bank in general regulates the loan terms in accordance with the prevailing market conditions

* the recognised impairment charges are expected to correspond to the day-to-day regulation of the specific credit risk, based on an estimation of the Bank's total individual and collective impairment charges

* the fair value assessment of fixed interest deposits is booked on the basis of the market interest rate on the balance sheet day

* the subordinated dept and issued bonds with fixed interest rates is estimated at fair value using the marketrate on the balance sheet date for these instruments.

Financial instruments at amortised cost	Carrying amount 2024	Fair value 2024	Carrying amount 2023	Fair value 2023
Financial assets				
Cash in hand and demand deposits with central banks	2,696,365	2,696,365	1,795,718	1,795,718
Due from credit institutions and central banks	310,797	310,797	260,050	260,050
Loans and advances at amortised cost	8,767,094	8,767,094	8,534,355	8,534,355
Assets under insurance contracts	4,786	4,786	1,658	1,658
Total	11,778,982	11,778,982	10,591,782	10,591,782
Financial liabilities				
Due to credit institutions and central banks	823,485	823,485	719,105	719,105
Deposits and other debt	10,003,348	10,003,348	8,702,192	8,702,192
Deposits under pooled schemes	61,610	61,610	33,003	33,003
Issued bonds at amortised cost	981,180	975,824	986,134	972,912
Liabilities under insurance contracts	158,485	158,485	139,679	139,679
Subordinated debt	99,790	99,472	99,650	94,264
Total	12,127,877	12,121,193	10,679,762	10,661,154

Cash and demand deposits with central banks, Loans and advances, Deposits etc. at amortised cost are measured at non-observable input, i.e. level 3 measures. Subordinated debt and Issued bonds are measured at observable input, i.e. level 2 measures.

DKK 1,000

47 **Group holdings and undertakings**	Share capital	Functional currency	Net profit	Shareholders' equity	Share capital %
P/F Føroya Banki	192,000	DKK	310,427	2,076,037	100%
Insurance companies					
P/F Trygd	40,000	DKK	19,177	98,359	100%
P/F NordikLiv	30,000	DKK	8,672	41,021	100%
Real estate agency					
P/F Skyn	1,000	DKK	558	6,054	100%

Note	DKK 1.000	2024			2023		
		Non-life	Life	Total	Non-life	Life	Total
48	**Reconciliations of changes in insurance liabilities**						
	Unearned premium provisions	57,506	0	57,506	55,218	0	55,113
	Outstanding claims provisions	101,762	2,690	104,452	83,417	4,218	87,636
	Receivables from policyholders and debt related to direct insurance	-3,473	0	-3,473	-3,175	0	-3,070
	Liabilities under insurance contracts, year-end	**155,795**	**2,690**	**158,485**	**135,460**	**4,218**	**139,679**
	Provisions for claims, net of reinsurance are discounted with the risk-free interest rate from EIOPA.						
	The confidence level used to determine the risk adjustment is 99.5%.						
	Unearned premium provisions						
	Beginning of year	55,218	0	55,218	50,703	0	50,703
	Premiums received	178,293	22,594	200,887	168,696	20,521	189,217
	Premiums recognised as income	-176,004	-22,594	-198,599	-164,181	-20,521	-184,807
	Unearned premium provisions, year-end	**57,506**	**0**	**57,506**	**55,218**	**0**	**55,113**
	Outstanding claims provisions						
	Beginning of year	83,417	4,218	87,636	64,361	3,112	67,473
	Claims paid regarding current year	-54,841	-5,671	-60,512	-43,600	-6,643	-50,244
	Claims paid regarding previous years	-34,020	-1,444	-35,464	-29,842	-2,372	-32,214
	Change in claims regarding current year	93,588	5,586	99,174	83,764	10,122	93,885
	Change in claims regarding previous years	13,619	0	13,619	8,735	0	8,735
	Outstanding claims provisions, year-end	**101,762**	**2,690**	**104,452**	**83,417**	**4,218**	**87,636**

	2024			2023		
	Non-life	Life	Total	Non-life	Life	Total
Reconciliations of changes in insurance assets						
Reinsurers' share of premium provisions	0	0	0	0	0	0
Reinsurers' share of claims provisions	6,622	0	6,622	3,275	0	3,275
Receivables from insurance contracts and reinsurers	3,003	0	3,003	3,849	0	3,849
Debt related to reinsurance and receivables from policyholders move to liabilities	-4,839	0	-4,839	-5,467	0	-5,467
Reinsurers' share of insurance contracts, year-end	**4,786**	**0**	**4,786**	**1,658**	**0**	**1,658**
Reinsurers' share of premium provisions						
Beginning of year	0	0	0	0	0	0
Premiums ceded	-19,956	-821	-20,777	-16,299	-709	-17,008
Payments to reinsurers	19,956	821	20,777	16,299	709	17,008
Reinsurers' share of premium provisions, year-end	**0**	**0**	**0**	**0**	**0**	**0**
Reinsurers' share of claims provisions						
Beginning of year	3,275	0	3,275	2,631	0	2,631
Claims ceded	6,318	0	6,318	1,701	0	1,701
Payments received from reinsurers	-2,971	0	-2,971	-1,057	0	-1,057
Reinsurers' share of claims provisions, year-end	**6,622**	**0**	**6,622**	**3,275**	**0**	**3,275**

Note 49 – Risk Management

The Føroya Banki Group is exposed to several risks, which it manages at different organizational levels. The categories of risks are as follows:

- **Credit risk:** Risk of loss because of counterparties failing to meet their payment obligations to the Group
- **Market risk:** Risk of loss because of changes in the fair value of the Group's assets or liabilities due to changes in market conditions
- **Liquidity risk:** Risk of loss because of a disproportionate increase in financing costs, the Group possibly being prevented from entering into new activities due to a lack of financing or in extreme cases being unable to pay its dues as a result of a lack of financing
- **Operational risk:** Risk of loss because of inadequate or faulty internal procedures, human errors or system errors, or because of external events, including legal risks
- **Insurance risk:** All types of risk in the non-life insurance company Trygd and the life insurance company NordikLiv, including market risk, life insurance risk, business risk and operational risk

The Risk Management Report 2024 contains further information about the Group's approach to risk management.

Capital Management
P/F Føroya Banki is a licensed financial services provider and must therefore comply with the capital requirements of the Faroese Financial Business Act. Faroese as well as Danish capital adequacy rules are based on the CRD IV requirements stipulated in the regulation (EU) No 575/2013 of the European parliament and of the Council of 26 June 2013.

The capital adequacy rules call for a minimum capital level of 8% of risk-weighted assets plus any additional capital needed. Detailed rules regulate the calculation of capital and risk-weighted assets. Capital comprises core capital, hybrid core capital and subordinated debt. Core capital largely corresponds to the carrying amount of shareholders' equity less proposed dividends, deferred tax assets etc. The solvency presentation in the section Statement of Capital in P/F Føroya Banki shows the difference between the carrying amount of shareholders' equity and the core capital. Note 39 and note 40 to the financial statements show P/F Føroya Banki's hybrid core capital and subordinated debt. At year-end 2024, the Bank's CET 1 capital, Core capital and Total capital ratios were 23.8%, 23.8% and 25.2%, respectively. At the end of 2023, the Bank's CET 1 capital, Core capital and Total capital ratio were 25.8%, 28.0% and 29.4%, respectively.

Credit risk
The Group's credit exposure consists of selected on and off-balance sheet items, including loans and advances, credit facilities, unused credit facilities and guarantees. The figures below are before deduction of impairments. Specification of impairments is shown in table 8 and 9.

Credit exposure in relation to lending activities includes items with credit risk that form part of the core banking operations.

Exposure in relation to trading and investment activities includes items with credit risk that form part of the Bank's trading-related activities, including derivatives. For details see the section "Market risk".

The Group extends credit based on each individual customer's financial position, which is reviewed regularly to assess whether the basis for granting credit facilities have changed. Each facility must reasonably match the customer's credit quality and financial position. Furthermore, the customer must be able to demonstrate, with all probability, his/her ability to repay the debt. The Group exercises caution when granting credit facilities to businesses and individuals when there is an indication that it will be practically difficult for the Group to maintain contact with the customer. The Group is particularly careful when granting credit facilities to businesses in troubled or cyclical industries.

Risk exposure concentrations				Table 1
	2024		2023	
	DKKm	In %	DKKm	In %
Public authorities	1,221	10.2%	1,128	9.4%
Corporate sector:				
Agriculture and farming, others	22	0.2%	66	0.6%
Aquaculture	163	1.4%	179	1.5%
Fisheries	527	4.4%	878	7.3%
Manufacturing industries, etc.	569	4.8%	270	2.3%
Energy and utilities	431	3.6%	474	4.0%
Building and construction, etc	575	4.8%	559	4.7%
Trade	498	4.2%	513	4.3%
Transport, mail and telecommunications	794	6.6%	678	5.6%
Hotels and restaurants	112	0.9%	118	1.0%
Information and communication	10	0.1%	10	0.1%
Property administration, etc.	1,635	13.7%	1,708	14.2%
Financing and insurance	104	0.9%	105	0.9%
Other industries	330	2.8%	339	2.8%
Total corporate sector	**5,769**	**48.2%**	**5,899**	**49.1%**
Personal customers	4,983	41.6%	4,977	41.5%
Total	**11,973**	**100.0%**	**12,004**	**100.0%**
Credit institutions and central banks	3,169		2,092	
Total incl. credit institutions and central banks	**15,142**		**14,096**	

Credit exposure by geographical area										Table 2
(DKKm)			2024					2023		
	Exposures	in%	Loans / Credits	Guarantees	Unused credits	Exposures	in%	Loans / Credits	Guarantees	Unused credits
Faroe Islands	9,469	79%	7,749	393	1,326	9,228	77%	7,544	578	1,033
Denmark						1	0%	1	0	0
Greenland	2,504	21%	1,514	349	641	2,776	23%	1,515	410	850
Total	**11,973**	**100%**	**9,263**	**743**	**1,967**	**12,004**	**100%**	**9,060**	**988**	**1,883**

Credit exposure
The credit exposure generated by lending activities comprises items subject to credit risk that form part of the Group's core banking business. Credit exposures include loans and advances, unused credits and guarantees. The credit exposure generated by trading and investment activities comprises items subject to credit risk that form part of the Group's trading activities, including derivatives. The following tables list separate information for each of the two portfolios.

Credit exposure relating to lending activities
Table 1 breaks down the Group's credit exposure in its core banking activities by segment and business sector. Exposures include loans and advances, credits, unused credits and guarantees.

Exposures to the fisheries sector were DKK 527m at the end of 2024. This represents 4.4% of total exposures. Property administration DKK 1,635m representing 13.7% of total exposures, and DKK 163m was related to the aquaculture industry. This represents 1.4% of total exposures. No single industry except property administration exceeded 10% of total exposures.

Credit exposure broken down by geographical area
The Bank's loans are mainly granted to domestic customers in the Faroe Islands and Greenland and to a

small extent legacy customers in Denmark. Table 2 provides a geographical breakdown of total exposures.

Classification of customers

The Group monitors exposures regularly to identify signs of weakness in customer earnings and liquidity as early as possible. The processes of assigning and updating classifications based on new information about customers form part of the Group's credit procedures.

The classification of customers is performed in connection to the quarterly impairment testing of the loan portfolio. All customers that meet a small number of objective

criteria are classified in this exercise. The classification is also used as a means of determining the Bank's solvency requirement. The classification categories are as follows:

- 3 and 2a — Portfolio without weakness
- 2b15 and 2b30 - Portfolio with some weakness
- 2c — Portfolio with significant weakness
- 1 — Portfolio with impairment/provision (OEI)

As shown in table 3, more than 98% of total exposures are individually classified.

For further information on impaired portfolios, see table 8.

Concentration risk

In its credit risk management, the Group identifies concentration ratios that may pose a risk to its credit portfolio.

Under CRR (EU) nr. 575/2013 § 395, exposure to a single customer or a group of related customers, after deduction of particularly secure claims, may not exceed 25% of the Total capital. The Group submits quarterly reports to the Danish FSA on its compliance with these rules. In 2024, none of the Group's exposures exceeded these limits.

The Group's overall target is for no industry to make up more than 10% of the Group's total exposure, see table 1, except for the industry group "Trade" and "Property administration, etc." which may be up to 15%. In addition, the Group's long-term target is for no single exposure (on a Group basis) to make up more than 10% of the Group's Total capital. In exceptional cases, exposures may be above 10%, but only for customers of a very high credit quality, and where the Group has acceptable collateral. The Group has one customer with exposure exceeding 10% and this customer is 2a5.

Quality of loan portfolio excl. financial institutions 2024				**Table 3**
		> 7.5m	**< 7.5m**	**Total**
Portfolio without weakness (3, 2a)	Exposure in DKKm	4,533	3,055	7,588
Portfolio with some weakness (2b)	Exposure in DKKm	954	2,482	3,436
Portfolio with significant weakness (2c)	Exposure in DKKm	244	79	323
	Unsecured	0	10	10
Portfolio with OEI	Exposure in DKKm	253	166	419
	Unsecured	57	33	90
	Impairments/provisions	36	23	59
Portfolio without individual classification	Exposure in DKKm	175	32	207
Total	**Exposure in DKKm**	**6,159**	**5,813**	**11,973**

Quality of loan portfolio excl. financial institutions 2023				
		> 7.5m	**< 7.5m**	**Total**
Portfolio without weakness (3, 2a)	Exposure in DKKm	4,387	2,779	7,167
Portfolio with some weakness (2b)	Exposure in DKKm	1,586	2,731	4,317
Portfolio with significant weakness (2c)	Exposure in DKKm	92	89	181
	Unsecured	4	8	11
Portfolio with OEI	Exposure in DKKm	91	168	260
	Unsecured	43	37	80
	Impairments/provisions	23	32	55
Portfolio without individual classification	Exposure in DKKm	62	19	81
Total	**Exposure in DKKm**	**6,218**	**5,786**	**12,004**

Collateral
The Group applies various instruments available to reducing the risk on individual transactions, including collateral in the form of tangible assets, netting agreements and guarantees. The most important instruments that can be used to reduce risk are charges on tangible and intangible assets, guarantees and netting agreements under derivative master agreements, as further described in the section Liquidity risk.

Collateral provided to the Group.
Table 4 shows collateral for exposures excluding exposures with impairment or past due exposures. Collateral amounts to DKK 8,536m. The types of collateral most frequently provided are real estate (87%), ships/ aircraft (10%) and motor vehicles (2%) (see table 5) in addition to guarantees provided by owners or, in the Faroese market, by floating charge.

The Group regularly assesses the value of collateral provided in terms of risk management. It calculates the value as the price that would be obtained in a forced sale less deductions reflecting selling costs and the period during which the asset will be up for sale. To allow for the uncertainty associated with calculating the value of collateral received, the Group reduces such value by way of haircuts. For real estate for residential purposes, haircuts reflect the expected costs of a forced sale and a margin of safety. This haircut is 20% of the estimated market value. In general, collateral for loans to public authorities is not taken if there is no mortgage in real estate. For unlisted securities, third-party guarantees (excluding guarantees from public authorities and banks) and collateral in movables, the haircut is 100%.

Table 4 shows the Bank's total credit exposure and the collateral for the loans granted divided into personal, corporate and the public sector. Unsecured exposures accounted for 12% of personal exposures and 31% of corporate exposures at the end of 2024. Most of the the Bank's exposure is granted against collateral in real estate.

Credit exposure and collateral 2024 — Table 4

(DKKm)	Personal customers	Corporate sector	Personal & corporate	Public	Total
Exposure	4,983	5,769	10,752	1,221	11,973
Loans, advances & guarantees	4,767	4,223	8,990	1,016	10,005
Collateral	4,408	3,959	8,367	169	8,536
**Hereof collateral for stage 3 exposures*	*94*	*236*	*330*	*0*	*330*
Impairments	44	133	177	1	178
Unsecured (of exposures)	612	1,817	2,429	1,053	3,482
Unsecured (loans, advances and guarantees)	517	768	1,285	864	2,149
Unsecured ratio	12%	31%	23%	86%	29%
Unsecured ratio, loans and advances	11%	18%	14%	85%	21%

Credit exposure and collateral 2023

(DKKm)	Personal customers	Corporate sector	Personal & corporate	Public	Total
Exposure	4,977	5,899	10,876	1,128	12,004
Loans, advances & guarantees	4,675	4,602	9,277	771	10,048
Collateral	4,315	4,247	8,562	7	8,569
**Hereof collateral for stage 3 exposures*	*98*	*83*	*181*	*0*	*181*
Impairments	52	128	181	1	181
Unsecured (of exposures)	697	1,668	2,365	1,121	3,486
Unsecured (loans, advances and guarantees)	522	939	1,461	765	2,226
Unsecured ratio	14%	28%	22%	99%	29%
Unsecured ratio, loans and advances	11%	20%	16%	99%	22%

Collateral		Table 5
	2024	2023
Cars	2%	2%
Real Estate	87%	83%
Aircrafts & Ships	10%	11%
Other	2%	5%
Total	**100%**	**100%**

Distribution of past due amount								Table 6
	2024				2023			
(DKKm)	Exposure	Past due total	Past due > 90 days	Total balance with past due	Exposure	Past due total	Past due > 90 days	Total balance with past due
Portfolio without weakness (3, 2a)	7,588	179	0	1,319	7,167	17	0	1,011
Portfolio with some weakness (2b, 2b)	3,436	12	0	1,011	4,317	19	1	1,325
Portfolio with significant weakness (2c)	323	1	0	79	181	1	0	107
Portfolio with impairment/provision (1)	419	5	2	230	260	11	7	166
Portfolio without individual classification	207	1	0	8	81	0	0	1
Total	**11,973**	**198**	**2**	**2,646**	**12,004**	**47**	**8**	**2,610**
Past due in % of exposure		**1.7%**	**0.0%**			**0.4%**	**0.1%**	

Loans and advances specified by maturity		Table 7
(DKKm)	2024	2023
On demand	536	317
3 months and below	258	446
3 months to 1 year	803	1,115
Over 1 year to 5 years	2,281	2,157
Over 5 years	5,209	4,848
Total	**9,086**	**8,883**

As shown in table 6, DKK 2m is more than 90 days past due. The Group tests the entire loan portfolio for impairment four times per year. The Group's impairments reflect the expected credit loss impairment model in IFRS 9 and Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc. as valid in the Faroe Islands. The expected credit loss is calculated for all individual facilities as a function of the probability of default (PD), the exposure at default (EAD) and the loss given default (LGD). All expected credit loss impairments are allocated to individual exposures. For all exposures with objective indication of being subject to an impairment in creditworthiness, stage 3 exposures, the Group determines the expected credit losses individually.

If a loan, advance or amount due is classified to stage 3, the Group determines the individual impairment charge. The charge equals the difference between the carrying amount and the present value of the estimated future cash flow from the asset, including the realisation value of collateral, in three weighted scenarios – the base case, positive and negative scenario. Loans and advances not classified as stage 3 are classified in stage 1 or stage 2 and the expected credit loss is calculated in accordance with the function described above and then impaired.

As the expected credit loss, especially for exposures categorised as stage 1 or 2, primarily are based on historical information, the Executive Management and the Board of Directors may add a discretionary increase in impairments to cover credit losses expected not to be covered by the calculations described above, e.g. due to an expected or emerging economic crisis in one or more sectors and/or in one or more geographic locations.

Table 8 provides a breakdown of individual impairments, stage 3, and statistical based impairments, stage 1 and 2 including DKK 101.5m impaired at the Executive Management's discretion. Table 9 shows a breakdown of the mentioned DKK 101.5m impaired.

A further breakdown by maturity of loans and advances can be found in table 7. There are no aggregated data on the collateral behind matured loans and advances.

Specification of individual and statistic impairments — Table 8

	2024			2023	
DKKm	**Loans gross**	**Impairments**	**DKKm**	**Loans gross**	**Impairments**
Individual impairments:			**Individual impairments:**		
Faroe Islands	200	21	Faroe Islands	127	22
Denmark	0	0	Denmark	1	2
Greenland	190	38	Greenland	112	32
Total	**390**	**59**	**Total**	**240**	**55**
Statistic impairments:			**Statistic impairments:**		
Faroe Islands	7,549	70	Faroe Islands	7,417	81
Denmark	0	0	Denmark	0	0
Greenland	1,324	48	Greenland	1,403	45
Total	**8,873**	**119**	**Total**	**8,820**	**126**

Distribution of impairments at the Executive Management's discretion — Table 9

2024					
(DKKm)					
Country / Stage	**1**	**2**	**2w**	**3**	**Total**
Faroe Islands	44.7	17.2	0.0	0.0	62.0
Greenland	29.7	9.8	0.0	0.0	39.5
Total	**74.4**	**27.0**	**0.0**	**0.0**	**101.5**
2023					
(DKKm)					
Country / Stage	**1**	**2**	**2w**	**3**	**Total**
Faroe Islands	51.8	17.8	0.0	0.0	69.7
Greenland	18.1	12.3	0.0	0.0	30.3
Total	**69.9**	**30.1**	**0.0**	**0.0**	**100.0**

Market Risk

Organisation

The Bank has established an Investment Working Group to monitor the financial markets and continuously update its view on the financial markets. The Investment Working Group meets once a month to discuss the outlook for the financial markets and make an update containing a recommendation on tactical asset allocation to the Investment Group. The Investment Working Group

refers to the Investment Group. Participants in the Investment Group are the CEO, the CFO, the CIO, the Financial Manager, the Risk Manager and Treasury. Based on the recommendation, the Investment Group decides whether to retain or revise the Bank's official outlook. The Investment Group's decisions are communicated throughout the organization and form the

basis for all advice provided to customers and included in the Bank's official Markets Update.

Definition
The Group defines market risk as the risks taken in relation to price fluctuations in the financial markets. Several types of risk may arise, and the Bank manages and monitors these risks carefully.

Føroya Banki's market risks are

- Interest rate risk: risk of loss caused by a upward change in interest rates
- Exchange rate risk: risk of loss from positions in foreign currency when exchange rates change
- Equity market risk: risk of loss from falling equity values

Policy and responsibility
The Group's market risk management relates to the Group's assets, liabilities and off-balance-sheet items. The Board of Directors defines the overall policies / limits for the Group's market risk exposures, including the overall risk limits. The limits on market risks are set with consideration of the risk they imply, and how they match the Group's strategic plans. On behalf of the Executive Board, the Group Risk Committee is responsible for allocating the market risk to the Group's major business areas.

Reporting of Market risk	
	Board of Directors
Monthly	Overview of
	- Interest risk
	- Exchange risk
	- Equity market risk
	- Liquidity risk
	- Deposits
	Executive Board
Monthly	Overview of
	- Interest risk
	- Exchange risk
	- Equity market risk
	- Liquidity risk
	- Deposits
Daily	Overview of
	- Funding risk
	- Deposits
	- Liquidity risk

Control and management
The stringent exchange rate risk policies support the Group's investment policy of mainly holding listed Danish government and mortgage bonds. The Finance Department monitors, controls and reports market risk to the Board of Directors and the Executive Board on a daily and monthly.

Market risk
Table 10 shows the likely after-tax effects on the Bank's share capital from likely market changes.

- All equity prices fall by 10%
- All currencies change by 10% (EUR by 2,25%)
- Foreign exchange risk
- Upwards parallel shift of the yield curve of 100 bp

The calculations show the potential losses for the Group deriving from market volatility.

Interest rate risk
The Group's policy is to invest most of its excess liquidity in LCR compliant bonds. Therefore, Føroya Banki holds a large portfolio of bonds, and most of the Group's interest rate risk stems from this portfolio.

The Group's interest rate risk is calculated according to the requirements of the Danish FSA. The interest rate risk is defined as the effects of a one percentage point parallel shift of the yield curve. Føroya Banki offers fixed rate loans to corporate customers. The interest rate risk from these loans is hedged with interest rate swaps on a one-to-one basis. Table 11 shows the Group's overall interest rate risk measured as the expected loss on interest rate positions that would result from parallel upward shift of the yield curve.

Likely after tax effects from changes in markets value					Table 10
	Change	2024	% of Core Capital	2023	% of Core Capital
Equity risk DKKm (+/-)	10%	23	1.3%	23	1.2%
Exchange risk DKKm (+/-) EUR	2.25%	0	0.0%	0	0.0%
Exchange risk DKKm (+/-) Other currencies	10%	1	0.0%	0	0.0%
Exchange risk, Total		1	0.0%	1	0.0%
Interest rate risk DKKm (parallel shift)	100 bp	16	0.9%	12	0.7%

Market Risk Management						
Level	Board of Directors	Executive Board	CFO	Financial Manager	Markets	Treasury
Strategic	Defines the overall market risk					
Tactical		Delegating risk authorities to relevant divisions		Managing the Bank's market risk		Implementing
Operational			Controlling & Reporting	Monitoring	Trading	

Exchange rate risk
Føroya Banki's base currency is DKK and assets and liabilities in other currencies therefore imply an extra risk

as they may vary in value over time relative to DKK. Føroya Banki's core business as a commercial bank makes it necessary to have access to foreign currencies and to hold positions in the most common currencies. Given the uncertainty of currency fluctuations, Føroya Banki's policy is to maintain a low currency risk. The Group's exchange rate risk mainly stems from customer loans / deposits in foreign currency. The exchange rate risk on the issued bonds of SEK 300m are effectively hedged using a matching cross currency swap.

Interest rate risk before tax broken down by currency		Table 11
(DKKm)		
	2024	2023
DKK	20	15
SEK	0	0
EUR	0	0
Total	**20**	**15**

Foreign exchange position		Table 12
(DKKm)		
	2024	2023
Assets in foreign currency	14	12
Liabilities and equity in foreign currency	0	0
Exchange rate indicator 1	14	12
Exchange rate indicator 2	0	0

Equity risk		Table 13
(DKKm)		
	2024	2023
Share/unit trust certificates listed on the Copenhagen Stock Exchange	98	90
Other shares at fair value based on the fair-value option	188	190
Total	**286**	**280**

Equity market risk
Føroya Banki's stringent risk policy restricts equity positions to listed and liquid shares and shares related to the Danish banking sector. The Group occasionally holds unlisted shares, for example in connection with taking over and reselling collateral from defaulted loans. The Group has acquired holdings in a number of unlisted banking related companies. These are mainly investments in companies providing financial infrastructure and financial services to the Bank. For some of these investments, Føroya Banki's holding is rebalanced yearly according to the business volume generated by the Bank to the company in question.

Liquidity Risk

Definition

- Liquidity risk is defined as the risk of loss resulting from
- Increased funding costs
- A lack of funding of new activities
- A lack of funding to meet the Group's commitments

The Board of Directors has defined the Bank's liquidity limits for the daily operational level and for budgeting plans. The Danish FSA has designated Føroya Banki as a systematically important financial institution (SIFI).

With a liquidity coverage ratio (LCR) of 337.4 % at 31. December 2024 Føroya Banki's liquidity position remains robust.

Control and management
Liquidity risk is a fundamental part of the Group's business strategy. The Group's liquidity is monitored and managed by the Finance Department daily in accordance with the limits set by the Board of Directors and reported to the Executive Board by the Finance Department. A liquidity report with stress tests is submitted to the Executive Board and the Group Risk Committee monthly. Markets has the operational responsibility for investment of the liquidity, while Finance Department is responsible for monitoring, controlling and reporting on liquidity. The Group has implemented contingency plans to ensure that it is ready to respond to unfavorable liquidity conditions.

Exposures related to trading and investment activities		Table 14
(DKKm)	2024	2023
Bonds at fair value	1,757	1,397
Derivatives with positive fair value	23	39
Equity	286	280
Total	**2,066**	**1,715**

Operational liquidity risk
The objective of the Group's operational liquidity risk management is to ensure that the Group always has sufficient liquidity to handle customer transactions and changes in liquidity. Føroya Banki complies with LCR requirements and therefore closely monitors the bond portfolio with regards to holding sufficient LCR compliable bonds.

Liquidity stress testing
Føroya Banki has incorporated a liquidity stress testing model based on LCR. This model is used at least monthly to forecast developments in the Bank's liquidity on a 1-12-month horizon. The test is based on the business-as-usual situation and in a stressed version with outflows from undrawn committed facilities and other stress measures. If the target is not met, the Executive Board must implement a contingency plan.

Twelve-month liquidity
The Bank's 12-month funding requirements are based on projections for 2024 and takes the market outlook into account.

Structural liquidity risk
Deposits are generally considered a secure source of funding. Deposits are generally short term, but their historical stability enables Føroya Banki to grant customer loans with much longer terms e.g. 25 years to fund residential housing. It is crucial for any bank to handle such maturity mismatch and associated risk, and therefore it is essential to have a reputation as a safe bank for deposits. Table 15 shows assets and liabilities including interests by a maturity structure. To minimize liquidity risk, Føroya Banki's policy is to have strong liquidity from different funding sources.

Funding sources
The Group monitors its funding mix to make sure that there is a satisfactory diversification between deposits, equity, and loans from the financial markets.

Collateral provided by the Group
As customarily used by financial market participants Føroya Banki has entered into standard CSA agreements with other banks. These agreements commit both parties to provide and daily adjust collateral for negative market values. The bank with negative value exposure receives collateral. Thereby reducing counterparty risk to daily market fluctuations of derivatives and pledged amount. Because of these agreements Føroya Banki at yearend 2024 had pledged bonds and cash deposits valued at DKK 21m under these agreements. Føroya Banki also provides collateral to the Danish central bank to give the Bank access to the intraday draft facility with the central bank as part of the Danish clearing services for securities. At yearend 2024, this collateral amounted to DKK 27m.

Liquidity Management					
	Board of Directors	**Executive Board**	**CFO**	**Financial manager**	**Treasury**
Objective	Defines the objectives for liquidity policies				
Tactical		Sufficient and well diversified funding		Planning	Providing background materials
Operational			Controlling & Reporting	Monitoring	Establish contact

Remaining maturity, incl. interests						Table 15
(DKK 1,000)						
2024	**0-1 months**	**1-3 months**	**3-12 months**	**More than 1 year**	**Without fixed maturity**	**Total**
Cash in hand and demand deposits with central banks	2,702,147					**2,702,147**
Due from Credit institution	311,470					**311,470**
Loans and advances	535,706	260,765	829,974	10,625,143		**12,251,588**
Bonds			670,662	918,128		**1,588,790**
Shares					285,845	**285,845**
Derivatives	23,248					**23,248**
Other Assets	65,160	34,561	21,818	11,253		**132,792**
Total assets	**3,637,731**	**295,326**	**1,522,454**	**11,554,524**	**285,845**	**17,295,880**
2024						
Due to credit institutions and central banks	43,732		258,360	606,306		**908,398**
Deposits	6,747,297	1,051,499	1,686,995	568,302		**10,054,093**
Issued bonds		191,283		944,177		**1,135,459**
Other liabilities	65,668	73,365	96,728			**235,761**
Lease liabilities	452	904	4,069	76,879		**82,304**
Provisions for liabilities				1,846		**1,846**
Subordinated debt				104,281		**104,281**
Total	**6,858,150**	**1,317,048**	**2,044,152**	**2,301,798**		**12,522,132**
Off-balance sheet items						
Financial Guarantees	177,076					**177,076**
Other commitments	428,665					**428,665**
Total	**605,741**					**605,741**
Remaining maturity, incl. interests						
(DKK 1,000)						
2023	**0-1 months**	**1-3 months**	**3-12 months**	**More than 1 year**	**Without fixed maturity**	**Total**
Cash in hand and demand deposits with central banks	1,795,718					**1,795,718**
Due from Credit institution	260,050					**260,050**
Loans and advances	317,288	449,953	1,154,915	10,099,874		**12,022,031**
Bonds			265,100	978,404		**1,243,503**
Shares					198,368	**198,368**
Derivatives	44,897					**44,897**
Other Assets	45,371	15,298	27,413	9,362		**97,444**
Total assets	**2,463,124**	**465,251**	**1,447,428**	**11,087,648**	**198,368**	**15,653,832**
2023						
Due to credit institutions and central banks	58,391		129,829	569,453		**757,673**
Deposits	6,820,051	559,718	842,103	510,682		**8,732,554**
Issued bonds				1,227,429		**1,227,429**
Other liabilities	38,839	48,698	86,263			**173,801**
Lease liabilities	277	554	2,494	64,238		**67,563**
Provisions for liabilities				1,869		**1,869**
Subordinated debt				121,868		**121,868**
Total	**6,915,558**	**608,971**	**1,062,688**	**2,495,552**		**11,082,771**
Off-balance sheet items						
Financial Guarantees	177,202					**177,202**
Other commitments	673,802					**673,802**
Total	**851,004**					**851,004**

Insurance Risk

Insurance risk in the Group consists of non-life and life risks. The Group has a non-life insurance company, Trygd and a life insurance company, NordikLiv.

Risk exposure for an insurance company can be defined as a contingency event, chain of events or bad management which can by itself, or by accumulation, seriously affect the annual results of the insurer and in extreme cases make it unable to meet its liabilities. Risks

for an insurance operation are typically categorized as insurance risk and market risk. Among other risks are

currency exchange risk, liquidity risk, counterparty and concentration risk and operational risk.

Careful and prudent risk management forms an integral part of any insurance operations. The nature of insurance is to deal with unknown future incidents resulting in a payment obligation. An important part of managing insurance risk is reinsurance. The Group must protect itself against dramatic fluctuations in technical results by entering into agreements on reinsurance so that the risk of the Group having to pay claims from its own funds is reasonable in relation to the risks assumed, their composition and the company's equity. This is done with statistical spread of risks and accumulation of funds, quantified by statistical methods, to meet these obligations.

Likely effects from changes in markets value			**Table 16**
(DKKm)	**Change**	**2024**	**2023**
Equity risk (+/-)	10%		
Exchange risk (+/-) in euro	2.25%		
Exchange risk (+/-) other currency	10%		
Interest rate risk (parallel shift) - Trygd	100 bp	5.3	3.9
Interest rate risk (parallel shift) Total	**100 bp**	**6.5**	**5.4**

Distribution of Trygd's portfolio		**Table 17**
	2024	**2023**
Commercial lines	35.2%	35.7%
Personal lines	64.8%	64.3%

The Group has defined internal procedures to minimize the possible loss regarding insurance liabilities. The insurance companies evaluate their insurance risk on a regular basis for the purpose of optimizing the risk profile. Risk management also involves holding a well-diversified insurance portfolio. The insurance portfolio of Trygd is well diversified in personal and commercial lines (see table 17).

Insurance risk

The insurance companies cover the insurance liabilities through a portfolio of securities and investment assets exposed to market risk.

The insurance companies have invested in investment securities and cash and cash equivalents in the effort to balance the exposure to market and currency risk (see table 18).

Capital requirements

The effects on Føroya Banki's solvency, due to the ownership of the insurance companies Trygd and NordikLiv, are considered low. According to CRR the risk weighted assets has increased DKK 348m. The negative effect on the Total capital ratio thus is 1.2% points.

Financial assets linked to insurance risk in Trygd		**Table 18**
(DKK 1,000)	**2024**	**2023**
Listed securities on stock exchange	250,788	227,865
Accounts receivable (total technical provisions)	6,622	3,275
Cash and cash equivalents	4,243	1,695
Total	**261,652**	**232,836**

Run-off gains/losses in Trygd					**Table 19**
(DKKm)					
Sector	**2024**	**2023**	**2022**	**2021**	**2020**
Industry	1.44	-1.15	3.31	-0.01	0.67
Private	2.56	0.19	-0.42	-0.06	0.34
Accidents	-1.05	3.17	-3.95	-10.62	-5.55
Automobile	-2.79	-4.49	-2.79	1.45	3.31
Total	**0.17**	**-2.27**	**-3.46**	**-9.24**	**-1.23**

Contractual maturity for the insurance segment						Table 20
(DKK 1,000)						
2024	**On demand**	**0-12 months**	**1-5 years**	**Over 5 years**	**No stated maturity**	**Total**
Assets						
Securities	250,788					250,788
Reinsurance assets		6,622				6,622
Accounts receivables		3,473				3,473
Restricted cash						
Cash and cash equivalents	4,243					4,243
Total financial assets	**255,030**	**10,095**				**265,125**
Liabilities						
Technical provision		159,268				159,268
Account payable		15,020				15,020
Total financial liabilities		**174,288**				**174,288**
Assets - liabilities	**255,030**	**-164,193**				**90,837**

Contractual maturity for the insurance segment						
(DKK 1,000)						
2023	**On demand**	**0-12 months**	**1-5 years**	**Over 5 years**	**No stated maturity**	**Total**
Assets						
Securities	227,865					227,865
Reinsurance assets		3,275				3,275
Accounts receivables		3,980				3,980
Restricted cash						
Cash and cash equivalents	1,695					1,695
Total financial assets	**229,560**	**7,255**				**236,816**
Liabilities						
Technical provision		138,635				138,635
Account payable		15,837				15,837
Total financial liabilities		**154,472**				**154,472**
Assets - liabilities	**229,560**	**-147,216**				**82,344**

Trygd non-life insurance

The Board of Directors and Executive Management of Trygd must ensure that the company has an adequate capital base and internal procedures for risk measurement and risk management to assess the necessary capital base applying a spread appropriate to cover Trygd's risks.

To meet these requirements Trygd´s policies and procedures are regularly updated. Risk management at Trygd is based on several policies, business procedures and risk assessments which are reviewed and must be approved by the Board of Directors annually.

The size of provisions for claims is based on individual assessments of the final costs of individual claims, supplemented with at least annual statistical analyses.

The company´s acceptance policy is based on a full customer relationship, which is expected to contribute to the overall profitability of the Group. In relation to acceptance of corporate insurance products, the Board of Directors has approved a separate acceptance policy, which is implemented in the handling process of the corporate department.

Reinsurance is an important aspect of managing insurance risk. The Group must protect itself against dramatic fluctuations in technical results by entering into agreements on reinsurance to make the risk of the Group having to pay claims from its own funds reasonable in relation to the size of the risk assumed, the risk composition and Trygd´s equity.

Trygd has organised a reinsurance program which ensures that e.g. large natural disasters and significant individual claims do not compromise Trygd´s ability to meet its obligations. For large natural disasters, the total cost to Trygd in 2025 would amount to a maximum of DKK 7m in addition to reinstatement costs. The reinsurance program is reviewed once a year and approved by the Board of Directors. Trygd uses reputable reinsurance companies with strong ratings (A-class ratings at least on S&P or equivalent) and financial positions.

Trygd's Claims Department is responsible for handling all claims and only claims employees deal with claims matters or advise claimants in specific claim cases. Technical provisions to cover future payments for claims arising are calculated using appropriate and generally recognised methods. Insurance provisions are made to cover the future risk based on experience from previous and similar claims. These are updated on a yearly basis taking realized costs of claims into account and the Claims Department is continuously updating and monitoring the claim provisions. These methods and analyses are subject to the natural uncertainty inherent in estimating future payments, both in terms of size and date of payment.

Trygd has performed a sensitivity analysis regarding insurance conditions illustrated in table 21 below.

Sensitivity analysis		**Table 21**
DKK 1,000	**2024**	**2023**
Effect of 1% change in:		
Combined ratio (1 percentage point)	+/- 2,565	+/- 2,689
- Commercial	903	964
- Private	1,662	1,725

Trygd's investment policy is restrictive and Trygd holds mainly government bonds and Danish mortgaged backed bonds limiting the primary financial risk to interest rate risk. However, a limited portion of the funds can be placed in shares through equity funds. There is no exchange rate risk, as all investments are based in DKK.

Trygd has invested in investment securities and cash and cash equivalents in the effort to balance the exposure to market and currency risk.

NordikLiv — Life insurance

NordikLív issues regular life, disability and critical illness insurance covers in the Faroese market. The primary risks of NordikLiv are financial risks, insurance risks, operational risks and commercial risks.

NordikLív's investment policy is restrictive and at present NordikLiv holds mainly government bonds and Danish mortgaged backed bonds limiting the primary financial risk to interest rate risk. However, a small portion is allocated to equities through equity funds. There is no exchange rate risk, as all investments are based in DKK.

In respect of insurance risks these are, due to the company's limited product portfolio, mainly related to death, disability, costs and the occurrence of a catastrophe. To mitigate these risks NordikLiv's underwriting policy is aimed at securing that only risks that can be characterized as normal for the relevant area of insurance are accepted.

Further, together with the sister company Trygd, NordikLiv is reinsured against larger claims, e.g. occurrence of a catastrophe in a Group reinsurance life policy. The combined deductible is DKK 3m with regards to reinsurance.

Operational risks are the risks of suffering an economic loss due insufficient or the complete lack of internal procedures, human or system-based errors or due to external events, including a change in legislation.

Commercial risks are related to the uncertainty of the development of the Faroese life insurance market, change in customer behavior and demands, a shift in technology and reputational risk.

To mitigate operational and commercial risks NordikLív has entered into cooperation agreements with Forenede Gruppeliv, Trygd and Føroya Banki providing the company with expert resources within production, administration, internal audit, risk management and compliance. In the bank's continuous focus on operating as efficiently as possible, the bank reached an agreement in 2024 with the life insurance company LÍV in the Faroe Islands, where the bank will broker life insurance products for LÍV. We are pleased with the agreement, and it will result in NordikLiv being dissolved as a separate company in 2026. The Group's customers, however, will continue to receive excellent advice and life insurance products at competitive prices.

Highlights, ratios and key figures, five year summary - Føroya Banki Group

Note 58 **Highlights**[1]

DKK 1,000	2024	2023	Index 24 / 23	2022	2021	2020
Net interest income	442,251	419,451	105	274,304	268,550	278,220
Dividends from shares and other investments	11,997	6,115	196	6,475	3,429	3,272
Net fee and commission income	78,752	81,650	96	85,113	79,360	59,892
Net interest and fee income	533,000	507,257	105	366,922	351,370	341,384
Net insurance result	47,747	45,925	104	34,133	33,895	45,152
Interest and fee income and income from insurance activities, net	580,747	553,182	105	400,056	385,264	386,535
Market value adjustments	45,343	54,614	83	-25,611	4,391	-16,868
Other operating income	9,684	9,294	104	7,472	11,009	7,086
Staff cost and administrative expenses	245,369	243,670	102	225,642	232,567	244,336
Impairment charges on loans and advances etc.	-1,072	-10,043	11	-45,529	-76,553	-4,862
Net profit continuing operations	310,427	307,533	101	164,487	193,356	103,150
Net profit discontinued operations	0	0		0	78,950	63,035
Net profit	**310,427**	**307,533**	**101**	**164,487**	**272,340**	**166,185**
Loans and advances	9,086,392	8,882,655	102	8,065,343	7,624,000	7,697,901
Bonds at fair value	1,757,259	1,398,545	126	1,604,453	1,880,565	4,472,621
Intangible assets	5,084	1,702	299	2,492	2,684	2,432
Assets held for sale	2,297	0		34,299	0	4,466
Assets in disposals groups classified as held for sale	0	0		0	0	3,217,940
Total assets	14,511,644	12,944,835	112	12,167,073	11,769,146	17,298,303
Amounts due to credit institutions and central banks	823,456	719,105	115	836,172	838,608	27,804
Issued bonds at amortised cost	981,156	986,134	99	847,584	348,058	0
Deposits and other debt	10,003,348	8,762,192	115	8,335,562	7,895,659	7,733,466
Liabilities directly associated with assets in disposal groups classified	0	0		0	0	6,528,664
Total shareholders' equity	2,076,207	1,850,609	112	1,796,857	2,035,650	2,271,634

Ratios and key figures	Dec. 31 2024	Dec. 31 2023	Dec. 31 2022	Dec. 31 2021	Dec. 31 2020
Solvency					
Total capital, incl. MREL capital, ratio, %	38.3	41.1	29.7	39.6	26.4
Total capital ratio, %	25.2	29.4	24.8	27.5	26.4
Tier 1 capital ratio, %	23.8	28.0	23.5	26.0	24.1
CET 1 capital	23.8	25.8	21.4	23.8	22.6
REA, DKK mill	7,780	6,879	7,786	6,841	8,774
Profitability					
Return on shareholders' equity before tax, %	19.5	20.7	10.8	11.1	9.4
Return on shareholders' equity after tax, %	15.8	16.9	8.6	12.5	7.6
Income / Cost ratio	2.5	2.5	2.0	2.5	1.5
Cost / income, % (excl. value adjustm. and impairments)	40.5	44.7	56.0	60.4	64.1
Return on assets	2.1	2.4	1.4	2.3	1.0
Market risk					
Interest rate risk, %	1.2	0.8	1.8	-0.4	0.5
Foreign exchange position, %	0.8	0.5	0.7	0.8	1.0
Foreign exchange risk, %	0.0	0.0	0.0	0.0	0.0
Liquidity					
Loans and advances plus impairment charges as % of deposits	92.8	104.1	99.2	99.5	104.4
Net Stable Funding Ratio (NSFR), %	154.5	151.8			
Liquidity Coverage Ratio (LCR), %	307.4	235.2	225.2	191.4	231.1
Credit risk					
Large exposures as % of capital base	13.6	22.0	26.1	25.9	20.6
Impairment and provisioning ratio, %	1.8	1.8	1.8	2.6	5.1
Write off and impairments ratio, %	0.0	-0.1	-0.5	-0.8	-0.1
Share of amounts due on which interest rates have been reduced, %	0.2	0.3	0.2	0.3	0.7
Growth on loans and advances, %	2.3	0.9	6.8	0.2	-23.2
Gearing of loans and advances, %	4.4	4.8	4.5	3.7	3.3
Shares					
Earnings per share after tax, DKK	32.4	32.1	17.2	28.5	17.4
Book value per share, DKK	216.8	193.3	187.7	212.7	237.3
Proposed dividend per share DKK	38.5	8.3	26.0	40.2	5.0
Market price per share, DKK	182.0	164.5	136.0	140.5	152.0
Market price / earnings per share DKK	5.8	5.1	7.9	4.9	8.7
Market price / book value per share DKK	0.7	0.9	0.7	0.7	0.6
Other					
Number of full-time employees, end of period	207	207	200	195	352

1) Regarding the implementation of IFRS 17 the highlights in 2020-2021 have not been corrected.

Highlights, ratios and key figures, five year summary - P/F Føroya Banki

Note 50 **Highlights**[1]

(cont'd)

DKK 1,000	2024	2023	Index 24 / 23	2022	2021	2020
Net interest income	442,281	418,462	106	274,830	267,718	216,891
Net fee and commision income	99,774	92,151	97	101,775	91,754	71,486
Net interest and fee income	544,022	517,159	105	382,889	362,908	351,389
Market value adjustments	45,343	54,614	83	-29,611	6,813	-13,823
Other operating income	2,614	2,201	119	2,452	4,068	2,876
Staff cost and administrative expenses	239,470	234,958	102	219,350	211,055	225,740
Depreciation and impairment of property, plant and equipment	8,748	7,236	121	3,331	6,088	6,841
Impairment charges on loans and advances etc.	-1,072	-10,043	11	-46,629	-76,561	-4,962
Income from associated and subsidiary undertakings	33,816	33,614	101	29,752	5,094	14,285
Net profit continuing operations	310,427	307,533	101	164,407	193,356	103,190
Net profit discontinued operations	0	0		0	78,983	63,835
Net profit	310,427	307,533	101	164,407	272,348	166,186
Loans and advances	9,098,392	8,882,655	102	8,083,343	7,624,093	7,607,861
Bonds at fair value	1,559,697	1,217,642	128	1,449,713	1,683,517	4,255,519
Intangible assets	1,084	1,702	64	2,402	2,684	2,432
Assets held for sale	2,207	0		24,200	0	4,486
Assets in disposals groups classified as held for sale	0	0		0	0	3,217,840
Total assets	14,346,465	12,796,250	112	12,056,877	11,874,584	17,199,846
Amounts due to credit institutions and central banks	823,455	719,105	115	658,172	836,608	27,854
Issued bonds at amortised cost	987,180	988,134	99	547,884	348,508	0
Deposits and other debt	10,014,764	8,709,566	115	8,351,665	7,914,155	7,755,724
Liabilities directly associated with assets in Disposal groups classified a	0	0		0	0	6,520,884
Total shareholders' equity	2,076,037	1,850,609	112	1,798,807	2,030,853	2,211,824

Ratios and key figures

	Dec. 31 2024	Dec. 31 2023	Dec. 31 2022	Dec. 31 2021	Dec. 31 2020
Solvency					
Total capital, incl. MREL capital, ratio, %	36.5	41.1	29.7	29.8	26.4
Total capital ratio, %	26.2	29.4	24.8	27.8	26.4
Tier 1 capital ratio, %	23.6	26.0	23.5	25.8	24.1
CET 1 capital	23.6	25.8	21.4	23.8	22.6
RWA, DKK mill	7,180	6,019	7,195	6,861	9,774
Profitability					
Return on shareholders' equity before tax, %	19.2	20.5	10.0	11.8	9.3
Return on shareholders' equity after tax, %	15.8	16.9	8.6	12.6	7.6
Income / Cost ratio	2.5	2.8	2.1	2.7	1.6
Cost / income, % (excl. value adjustm. and impairments)	43.1	44.2	55.1	58.7	63.3
Return on assets	2.2	2.4	1.4	2.3	1.0
Market risk					
Interest rate risk, %	0.6	0.5	0.9	0.5	0.4
Foreign exchange position, %	0.9	0.8	0.7	0.8	1.0
Foreign exchange risk, %	0.0	0.0	0.0	0.0	0.0
Liquidity					
Loans and advances plus impairment charges as % of deposits	92.5	104.0	99.0	99.3	104.1
Liquidity Coverage Ratio (LCR), %	337.4	228.2	229.2	191.4	231.1
Net Stable Funding Ratio (NSFR), %	154.5	151.8			
Credit risk					
Large exposures as % of capital base	13.6	22.0	26.1	25.8	28.0
Impairment and provisioning ratio, %	1.6	1.8	1.9	2.8	4.9
Write-off and impairments ratio, %	0.0	-0.1	-0.5	-0.8	-0.1
Share of amounts due on which interest rates have been reduced, %	0.2	0.3	0.2	0.3	0.7
Growth on loans and advances, %	2.5	9.9	6.0	0.2	-23.2
Gearing of loans and advances	4.4	4.8	4.5	3.7	3.5
Shares					
Earnings per share after tax, DKK	32.4	32.1	17.2	28.5	17.4
Book value per share, DKK	216.6	193.3	187.7	212.7	237.3
Proposed dividend per share DKK	38.0	8.2	26.0	40.2	9.0
Market price per share, DKK	162.0	164.5	136.0	140.5	152.0
Market price / earnings per share DKK	5.0	5.1	7.9	4.9	8.7
Market price / book value per share DKK	0.7	0.9	0.7	0.7	0.6
Other					
Number of full-time employees, end of period	177	175	169	164	320

Definitions of key financial ratios

Key financial ratio	Definition
Earnings per share (DKK)	Net profit for the year divided by the average number of shares outstanding during the year.
Diluted earnings per share (DKK)	Net profit for the year divided by the average number of shares outstanding during the year, including the dilutive effect of share options and conditional shares granted as share-based payments.
Return on average shareholders' equity (%)	Net profit for the year divided by average shareholders' equity during the year.
Net profit for the year divided by average shareholders' equity during the year.	Operating expenses divided by total income (excl. value adjustments and impairments).
Cost/income ratio (%)	Operating expenses divided by total income.
Income/cost ratio (%)	Total income divided by operating expenses.
Solvency ratio	Total capital, less statutory deductions, divided by risk-weighted assets.
Core (tier 1) capital ratio	Core (tier 1) capital, including hybrid core capital, less statutory deductions, divided by risk-weighted assets.
Core (tier 1) capital	Core (tier 1) capital consists primarily of paid-up share capital, plus retained earnings, less intangible assets.
Hybrid core capital	Hybrid core capital consists of loans that form part of core (tier 1) capital. This means that hybrid core capital is used for covering losses if shareholders' equity is lost.
Total capital	The total capital consists of shareholders' equity and supplementary capital, less certain deductions, such as deduction for goodwill.
Supplementary capital	Supplementary capital may not account for more than half of the total capital. Supplementary capital consists of subordinated loan capital that fulfils certain requirements. For example, if the Group defaults on its payment obligations, lenders cannot claim early redemption of the loan capital.
Risk-weighted assets	Total risk-weighted assets and off-balance-sheet items for credit risk, market risk and operational risk as calculated in accordance with the Danish FSA's rules on capital adequacy as applied in the Faroe Islands.
Dividend per share (DKK)	Proposed dividend for the year divided by the number of shares in issue at the end of the year.
Share price at December 31	Closing price of Føroya Banki shares at the end of the year.
Book value per share (DKK)	Shareholders' equity at December 31 divided by the number of shares in issue at the end of the year.
Number of full-time-equivalent staff at December 31	Number of full-time-equivalent staff (part-time staff translated into full-time staff) at the end of the year.

Contact details

Head Office

P/F Føroya Banki
Oknarvegur 5
P.O. Box 3048
FO-110 Tórshavn
Faroe Islands
Phone: +298 330 330
E-mail: kundi@bankin.fo
www.foroyabanki.fo

P/F skr. nr. 10, Tórshavn
SWIFT: FIFB FOTX

Føroya Banki is a limited liability company incorporated and domiciled in the Faroe Islands.

The company is listed on Nasdaq Copenhagen.

IR contact

Rúna Niclasardóttir Rasmussen
E-mail: rn@bankin.fo
Tel. +298 330 330

Branches

Faroe Islands

Tórshavn
Oknarvegur 5
100 Tórshavn
Phone: +298 330 330

Miðvágur
Jatnavegur 26
370 Miðvágur
Phone: +298 330 330

Klaksvík
Við Sandin 12
700 Klaksvík
Phone: +298 330 330

Saltangará
Heiðavegur 54
600 Saltangará
Phone: +298 330 330

Tvøroyri
Sjógøta 2
800 Tvøroyri
Phone: +298 330 330

Customer Service
Oknarvegur 5
100 Tórshavn
Phone: +298 330 330

Corporate Banking
Oknarvegur 5
100 Tórshavn
Phone: +298 330 330

Markets
Oknarvegur 5
100 Tórshavn
Phone: +298 330 330

Ungdómsbankin
Oknarvegur 5
100 Tórshavn
Phone: +298 330 330

Greenland

Personal Banking
Qullilerfik 2
3900 Nuuk
Phone: +299 34 79 00

Corporate Banking
Qullilerfik 2
3900 Nuuk
Phone: +299 34 79 00