

Føroya Banki

**Interim
Report**
H1 2024

Contents

MANAGEMENT'S REPORT

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Financial Review

“The positive trends continued in the second quarter, and we’re pleased to report strong core operations and a profit for the first half of DKK 175m before tax. Our continued strong topline performance is driven by growth in both lending and deposit volumes, a solid investment portfolio return and a reasonable level of impairment reflecting our customers’ generally sound credit quality,” says Føroya Banki CEO Turið F. Arge.

H1 2024 Highlights

Adjusted Income statement, Group

| DKKm | Q2 2024 | Q1 2024 | Index | Q4 2023 | Q3 2023 | Q2 2023 | H1 2024 | H1 2023 | Index |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Net interest income | 90 | 92 | 97 | 100 | 96 | 86 | 182 | 164 | 111 |
| Net fee and commission income | 17 | 19 | 88 | 17 | 19 | 19 | 36 | 40 | 91 |
| Net insurance income | 15 | 12 | 125 | 12 | 24 | 19 | 27 | 24 | 111 |
| Other operating income (less reclassification) | 10 | 11 | 93 | 4 | 9 | 11 | 21 | 19 | 112 |
| Operating income | 132 | 135 | 98 | 133 | 148 | 135 | 266 | 247 | 108 |
| Operating costs ¹ | -68 | -64 | 106 | -65 | -65 | -64 | -132 | -127 | 104 |
| Sector costs | 0 | 0 | 69 | 0 | 0 | 0 | -1 | -1 | 104 |
| Profit before impairment charges | 63 | 70 | 90 | 68 | 83 | 71 | 133 | 119 | 112 |
| Impairment charges, net | 7 | -23 | -30 | -5 | 0 | 7 | -16 | 16 | 102 |
| Operating profit | 70 | 47 | 148 | 62 | 82 | 78 | 118 | 135 | 87 |
| Non-recurring items ² | 0 | 0 | | 0 | 0 | -6 | 0 | -9 | |
| Profit before investment portfolio earnings and tax | 70 | 47 | 148 | 62 | 82 | 72 | 118 | 126 | 93 |
| Investment portfolio earnings ³ | 35 | 23 | 155 | 46 | 26 | 15 | 58 | 37 | 158 |
| Profit before tax | 105 | 70 | 150 | 109 | 108 | 87 | 175 | 162 | 108 |
| Operating cost/income, % | 52 | 48 | | 49 | 44 | 47 | 50 | 51 | |
| Number of FTE, end of period | 209 | 209 | 100 | 207 | 207 | 203 | 209 | 203 | 103 |

1 Comprises staff costs, administrative expenses and amortisation, 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

The following comments are generally stated relative to Q1 2024. Due to seasonal variations, comments provided on the insurance segment relate to Q2 2023.

Operating income

The Føroya Banki Group generated operating income of DKK 132m in Q2 2024, down DKK 3m compared to Q1 2024, driven by slight quarter-on-quarter falls in net interest income, net fee and commission income and other operating income that outweighed the increase seen in net insurance income.

Net interest income

Net interest income was DKK 90m in Q2 2024, a decrease of DKK 3m compared to Q1 2024 that was mainly due to higher interest income on time deposits and deposits at notice due to higher portfolio.

Net fee and commission income

Net fee and commission income amounted to DKK 17m in Q2 2024, DKK 2m lower than in Q1 2024 due to lower activity in Q2. Furthermore, the Bank lowered the price on eBanking services in Q1 with full effect in Q2.

Net insurance income

Net insurance income was DKK 15m in Q2 2024, DKK 4m less than in Q2 2023. The main reason for the

difference was two larger claims in Q2 as well as a severe weather event in Q1 2024, where some of the claims were adjusted in the Q2 figures.

Operating and sector costs

Operating costs amounted to DKK 68m in Q2 2024, an increase of DKK 4m compared to Q1 2024. Costs are under pressure due to price and salary growth, but the Bank continually focuses on maintaining costs at a stable level and thus remaining on budget for the quarter.

Profit before impairment charges

Profit before impairment charges was DKK 63m in Q2 2024 compared to DKK 70m in Q1 2024.

Impairment charges

Net impairment amounted to a reversal of DKK 7m in Q2 2024 compared to a net impairment charge of DKK 23m in Q1 2024. The Q1 figure was attributable to a few corporate clients and Q2 has not seen impairments charges at similar levels. The management provision taken in relation to the ongoing economic uncertainty as well as uncertainty in relation to the Bank's impairment calculation and modelling was lowered from DKK 100m to DKK 93m in Q2 2024. This was due to impairment charges of DKK 7m, for which the management provision was taken, being charged to the Bank's individually assessed impairments.

Operating profit

The resulting operating profit was DKK 70m in Q2 2024 compared to DKK 47m in Q1 2024.

Non-recurring items

Non-recurring items amounted to DKK 0m in Q2 2024, the same as in Q1 2024.

Investment portfolio earnings

Investment portfolio earnings amounted to DKK 35m in Q2 2024, up from DKK 23m in Q1 2024. The main reasons are favourable market conditions for the Bank's bond portfolio and increased liquidity placements in Q2 compared to Q1 2024.

Profit before tax

Profit before tax in Q2 2024 was DKK 105m, DKK 35m higher than the pre-tax profit of DKK 70m reported for Q1 2024.

Profit before tax for the first half of the year totalled DKK 175m, a DKK 13m increase over the DKK 162m recorded for the first half of 2023. The Bank is pleased that one of the main drivers behind the increase was that operating income increased by DKK 19m from H1 2023 to H1 2024. Three other diverging factors of note were, firstly, that impairment charges were DKK 32m higher in H1 2024 compared to H1 2023, secondly, that no non-recurring items were posted in H1 2024 whereas costs of DKK 9m were posted in H1 2023 and, thirdly, that investment portfolio earnings were DKK 21m higher in H1 2024 than in H1 2023.

Balance sheet

Føroya Banki's total assets at 30 June 2024 amounted to DKK 13.5bn, up by DKK 0.5bn compared to 31 December 2023. Loans and advances were DKK 9.0bn, DKK 140m higher than at 31 December 2023. Deposits were DKK 9.2bn, up by DKK 471m compared to 31 December 2023. Liquidity invested in Danish

mortgage bonds and Danish government bonds amounted to DKK 1.3bn, a decrease of DKK 73m compared to 31 December 2023. Liquidity invested in equities amounted to DKK 276m, a decrease of DKK 4m relative to 31 December 2023. Shareholders' equity at 30 June 2024 amounted to DKK 1,909m, up by DKK 59m, net compared to 31 December 2023 due to the payment of dividend in the amount of DKK 80m.

Capital and Liquidity

At 30 June 2024, the Group's CET1 capital ratio was 25.6%, the Tier 1 capital ratio was 27.5% and the Total capital ratio was 29.2%. The Total capital ratio, incl. MREL capital, was 40.8%. The net profit for the H1 2024 period, amounting to DKK 142.0m, is not included in the calculation of the capital ratios. The Group's liquidity indicator was 247.8% at 30 June 2024, well above the requirement of 100%. The Group's LCR at 30 June 2024 was 285.6%, also well above the requirement of 100%. The Group's Net Stable Funding Ratio (NSFR) was 154.4% at 30 June 2024, well above the requirement of 100%.

While the final assessment by the Danish Financial Supervisory Authority still has not been made public, the Bank's financial reports have been prepared according to the current understanding of the FSA's conclusions, as discussed with the FSA. The FSA has concluded that it cannot be documented that the markets are well-developed and established. This decision means that the risk weighting of residential and commercial property loans can only be reduced if certain conditions are met. Loans for owner-occupied residential properties often meet these exemption provisions, as do staff housing loans, whereas the weighting of loans for residential rental properties may be reduced if the property can be divided into single units and sold on as individual owner-occupied residential properties. For us, the decision means an increased risk weighting of exposures secured against residential and commercial properties and a roughly DKK 200m increase in RVA, which has been factored into the H1 figures.

The Group's current strategic period expires this year, and the process of defining the strategic direction and objectives for the new strategic period, beginning in 2025, is approaching its final phase. In this context, the Board of Directors is also considering updating the Group's financial objectives, which will be announced as soon as they have been determined.

The authorities have decided that as of 1 July 2025 the systemic buffer in the Faroe Islands is to be increased from 2% to 3%. The buffer requirement will only affect Faroese exposures. The announced increase of the systemic buffer will be included in the update of the financial objectives mentioned above.

Compliance with the Danish FSA Supervisory Diamond

| The Supervisory Diamond | | | |
|--------------------------------|----------------|----------------|------------------|
| | H1 2024 | H1 2023 | FSA limit |
| Sum of large exposures | 156.1% | 147.7% | < 175% |
| Liquidity indicator | 247.8% | 186.0% | >100 % |
| Loan growth | 4.2% | 12.1% | < 20 % |
| Property exposure | 13.2% | 13.9% | < 25 % |

At 30 June 2024, the Group was in compliance with all Supervisory Diamond requirements set by the FSA. The sum of large exposures is at a higher level in H1 2024 than in H1 2023, in part due to the FSA's conclusion mentioned above.

Events after the balance sheet date

No events have occurred since 30 June 2024 that are deemed to have a significant impact on the Group's financial position.

Guidance for 2024

Management confirms the guidance for 2024 communicated in the Group's annual report for 2023. The guidance was for a net profit in the range of DKK 225-255m. The guidance is subject to uncertainty, including about impairment charges on loans and advances, market value adjustments, and macroeconomic developments in the markets in which the Group operates.

Adjusted results

| Note | Adjusted Income statement H1 2024, Group, DKK 1,000 | Income statement | Restatement | Restated income statement |
|---------|--|------------------|----------------|---------------------------|
| 1, 5 | Net interest income | 227,623 | -45,631 | 181,992 |
| 2, 6 | Net fee and commission income | 51,836 | -15,440 | 36,397 |
| 5, 7, 8 | Net insurance income | 20,640 | 6,048 | 26,688 |
| 2, 4 | Other operating income | 4,798 | 16,574 | 21,372 |
| | Operating income | 304,897 | -38,448 | 266,448 |
| 3, 6, 7 | Operating costs | 124,111 | 8,027 | 132,138 |
| | Sector costs | 842 | 0 | 842 |
| | Profit before impairment charges | 179,944 | -46,476 | 133,469 |
| | Impairment charges | 15,946 | 0 | 15,946 |
| | Operating profit | 163,998 | -46,476 | 117,522 |
| 3 | Non-recurring items | 0 | 0 | 0 |
| | Profit before investment portfolio earnings and tax | 163,998 | -46,476 | 117,522 |
| 1, 4, 8 | Investment portfolio earnings | 11,454 | 46,476 | 57,929 |
| | Profit before tax | 175,452 | 0 | 175,452 |
| | Note Adjusted Income statement H1 2023, Group, DKK 1,000 | | | |
| 1, 5 | Net interest income | 193,845 | -29,909 | 163,936 |
| 2, 6 | Net fee and commission income | 48,791 | -8,699 | 40,092 |
| 5, 7, 8 | Net insurance income | 15,866 | 8,187 | 24,053 |
| 2, 4 | Other operating income | 3,392 | 15,743 | 19,135 |
| | Operating income | 261,894 | -14,678 | 247,216 |
| 3, 6, 7 | Operating costs | 128,306 | -995 | 127,311 |
| | Sector costs | 812 | 0 | 812 |
| | Profit before impairment charges | 132,776 | -13,683 | 119,093 |
| | Impairment charges | -15,588 | 0 | -15,588 |
| | Operating profit | 148,364 | -13,683 | 134,681 |
| 3 | Non-recurring items | 0 | -8,928 | -8,928 |
| | Profit before investment portfolio earnings and tax | 148,364 | -22,611 | 125,753 |
| 1, 4, 8 | Investment portfolio earnings | 14,053 | 22,611 | 36,664 |
| | Profit before tax | 162,417 | 0 | 162,417 |
| | Note Restatements made to the income statement, DKK 1,000 | | H1 2024 | H1 2023 |
| 1 | Reclassification of interest income related to bonds from the item Interest income to Investment portfolio earnings. | | 47,995 | 31,059 |
| 2 | Dividends and fees reclassified from Net fee and commission income to Other operating income. | | 11,997 | 6,216 |
| 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. | | 4,577 | 9,527 |
| 5 | Reclassification of interest income from Net insurance income to Net interest income due to implementation of IFRS 17 | | 2,364 | 1,150 |
| 6 | Reclassification from Net fee and commission income to Operation costs due to implementation of IFRS 17 | | 3,443 | 2,483 |
| 7 | Reclassification of operating costs from Net insurance income to Operating costs due to implementation of IFRS 17 | | 12,471 | 11,565 |
| 8 | Reclassification of market value adjustments from net insurance income to Investment portfolio earnings due to implementation of IFRS 17 | | 4,059 | 1,780 |

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.

Adjusted Income statement, Banking

| DKKm | Q2 2024 | Q1 2024 | Index | Q4 2023 | Q3 2023 | Q2 2023 | H1 2024 | H1 2023 | Index |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Net interest income | 90 | 92 | 97 | 100 | 96 | 86 | 182 | 164 | 111 |
| Net fee and commission income | 21 | 23 | 90 | 21 | 23 | 23 | 44 | 48 | 93 |
| Other operating income | 9 | 10 | 93 | 3 | 8 | 9 | 19 | 17 | 111 |
| Operating income | 120 | 125 | 95 | 124 | 127 | 118 | 245 | 228 | 107 |
| Operating cost | -61 | -58 | 105 | -59 | -59 | -58 | -120 | -116 | 103 |
| Sector costs | 0 | 0 | 69 | 0 | 0 | 0 | -1 | -1 | 104 |
| Profit before impairment charges | 58 | 66 | 87 | 65 | 68 | 60 | 124 | 111 | 112 |
| Impairment charges, net | 7 | -23 | -30 | -5 | 0 | 7 | -16 | 16 | 102 |
| Operating profit | 65 | 44 | 148 | 59 | 68 | 67 | 108 | 127 | 85 |
| Non-recurring items | 0 | 0 | | 0 | 0 | -6 | 0 | -9 | |
| Profit before investment portfolio earnings and tax | 65 | 44 | 148 | 59 | 68 | 62 | 108 | 118 | 92 |
| Investment portfolio earnings | 33 | 19 | 171 | 42 | 24 | 14 | 52 | 34 | 150 |
| Profit before tax | 97 | 63 | 155 | 102 | 92 | 76 | 160 | 152 | 105 |
| Loans and advances | 9,023 | 8,915 | 101 | 8,883 | 8,790 | 8,655 | 9,023 | 8,655 | 104 |
| Deposits and other debt | 9,180 | 8,930 | 103 | 8,710 | 8,602 | 8,426 | 9,180 | 8,426 | 109 |
| Mortgage credit | 2,585 | 2,621 | 99 | 2,599 | 2,615 | 2,567 | 2,585 | 2,567 | 101 |
| Operating cost/income, % | 51 | 47 | | 47 | 46 | 49 | 49 | 51 | |
| Number of FTE, end of period | 178 | 178 | 100 | 176 | 176 | 173 | 178 | 173 | 103 |

Personal Banking

The Personal Banking segment reported operating income of DKK 77m in Q2 2024, DKK 6m less than in Q1 2024. Net interest income was DKK 55m in Q2 2024, down DKK 5m compared to Q1 2024. The decrease in net interest income is mainly due to higher interest income on time deposits and deposits at notice due to higher portfolio. Net fee and commission income was DKK 16m in Q2 2024, down DKK 2m compared to the preceding quarter. Furthermore, the Bank lowered the price on eBanking services in Q1 with full effect in Q2. Other operating income amounted to DKK 6m in Q2 2024, unchanged from Q1 2024.

Operating costs were DKK 50m in Q2 2024, a slight increase of DKK 1m relative to Q1 2024. Impairment amounted to a charge of DKK 4m in Q2 2024 compared to a reversal of DKK 5m in Q1 2024. The driver behind the higher level of impairments in the second quarter is the transfer of impairment charges (at Management's discretion) from the Corporate banking segment to the Personal banking segment, and not individually assessed impairments of specific customers. The Bank is of the opinion that the personal banking segment remains robust. The resulting operating profit for Q2 2024 was DKK 23m, DKK 17m lower than in the prior quarter.

Investment portfolio earnings posted to the personal banking segment amounted to DKK 20m in the second quarter of 2024, compared to DKK 14m in the first quarter.

Profit before tax thus amounted to DKK 43m in Q2 2024, down DKK 10m relative to Q1 2024. Profit before tax for H1 2024 was DKK 96m, a significant rise from the DKK 61m seen in H1 2023. The rise was driven mainly by the fact that operating income increased by DKK 23m while costs increased by DKK 3m, but also by a DKK 13m increase in investment portfolio earnings from H1 2023 to H1 2024.

Loans and advances to personal customers in Q2 2024 increased by DKK 77m to DKK 4,202m, and brokered mortgage credit was down DKK 17m to DKK 2,174m, both compared to 31 March 2024. Deposits held by personal customers saw a large increase of DKK 373m in Q2 2024 to DKK 6,161m at 30 June 2024. The increase in deposits was mainly in the portfolio of time deposits and deposits at notice.

Adjusted Income statement, Personal banking

| DKKm | Q2 2024 | Q1 2024 | Index | Q4 2023 | Q3 2023 | Q2 2023 | H1 2024 | H1 2023 | Index |
|--|-----------|-----------|-----------|-----------|-----------|-----------|------------|------------|------------|
| Net interest income | 55 | 60 | 92 | 72 | 60 | 48 | 114 | 92 | 125 |
| Net fee and commission income | 16 | 18 | 89 | 16 | 18 | 16 | 34 | 34 | 101 |
| Other operating income | 6 | 6 | 106 | 2 | 5 | 7 | 13 | 13 | 96 |
| Operating income | 77 | 84 | 92 | 90 | 84 | 71 | 161 | 138 | 116 |
| Operating costs | -50 | -49 | 103 | -49 | -51 | -49 | -99 | -96 | 103 |
| Sector costs | 0 | 0 | 69 | 0 | 0 | 0 | -1 | -1 | 104 |
| Profit before impairment charges | 27 | 34 | 78 | 40 | 32 | 22 | 61 | 41 | 147 |
| Impairment charges, net | -4 | 5 | -85 | -5 | 1 | 1 | 1 | 6 | 12 |
| Operating profit | 23 | 39 | 58 | 35 | 33 | 23 | 62 | 47 | 130 |
| Non-recurring items | 0 | 0 | | 0 | 0 | -5 | 0 | -8 | |
| Profit before investment portfolio earnings and tax | 23 | 39 | 58 | 35 | 33 | 18 | 62 | 40 | 155 |
| Investment portfolio earnings | 20 | 14 | 147 | 30 | 17 | 10 | 34 | 21 | 160 |
| Profit before tax | 43 | 53 | 81 | 65 | 51 | 28 | 96 | 61 | 157 |
| Loans and advances | 4,202 | 4,124 | 102 | 4,066 | 3,859 | 3,771 | 4,202 | 3,771 | 111 |
| Deposits and other debt | 6,161 | 5,788 | 106 | 5,761 | 5,678 | 5,584 | 6,161 | 5,584 | 110 |
| Mortgage credit | 2,174 | 2,191 | 99 | 2,179 | 2,203 | 2,285 | 2,174 | 2,285 | 95 |
| Number of FTE, end of period | 80 | 79 | 101 | 81 | 82 | 74 | 80 | 74 | 108 |

Corporate Banking

Corporate Banking activities generated operating income of DKK 43m in Q2 2024, an increase of DKK 1m compared to Q1 2024. Net interest income rose by DKK 2m to DKK 35m. Net fee and commission income was flat at DKK 5m, as was operating income at DKK 3m in Q2 2024 compared to Q1 2024.

Operating costs were DKK 7m in Q2 2024, down DKK 2m compared to Q1 2024. Net impairment charges during Q2 2024 amounted to a reversal of DKK 11m, compared to a charge of DKK 28m the first quarter of the year. As noted in the Q1 2024 report, impairment charges in the first quarter were attributed to a few corporate clients in Greenland, and the figures for Q2 indicate that these impairment charges were not part of a larger trend. The Bank is of the view that its corporate client base continues to show solid creditworthiness.

Operating profit for Q2 2024 amounted to DKK 47m, an increase of DKK 42m relative to Q1 2024.

Investment portfolio earnings posted to the corporate banking segment in Q2 2024 amounted to DKK 8m, DKK 3m higher than in the preceding quarter.

The resulting profit before tax for the quarter was DKK 55m, compared to DKK 10m in the first quarter of 2024. Profit before tax for the first half of 2024 totalled DKK 64m, compared to DKK 91m in the first half of 2023. The main reason for the difference is that impairment charges have been higher so far in 2024 than in H1 2023, as discussed above.

Corporate loans and advances increased by DKK 30m in Q2 2024 to DKK 4,821m at 30 June 2024. Customer deposits fell by DKK 123m during Q2 2024 to DKK 3,019m. Brokered mortgage credit fell by DKK 18m to DKK 411m at 30 June 2024 compared to 31 March 2024.

Adjusted Income statement, Corporate Banking

| DKKm | Q2 2024 | Q1 2024 | Index | Q4 2023 | Q3 2023 | Q2 2023 | H1 2024 | H1 2023 | Index |
|--|-----------|-----------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Net interest income | 35 | 33 | 106 | 28 | 36 | 38 | 68 | 72 | 93 |
| Net fee and commission income | 5 | 5 | 94 | 5 | 5 | 7 | 10 | 14 | 76 |
| Other operating income | 3 | 3 | 78 | 1 | 3 | 2 | 6 | 4 | 171 |
| Operating income | 43 | 42 | 102 | 34 | 44 | 47 | 84 | 90 | 94 |
| Operating costs | -7 | -9 | 70 | -9 | -8 | -8 | -16 | -15 | 110 |
| Sector costs | 0 | 0 | 69 | 0 | 0 | 0 | 0 | 0 | 104 |
| Profit before impairment charges | 36 | 32 | 111 | 24 | 36 | 39 | 68 | 75 | 91 |
| Impairment charges, net | 11 | -28 | -40 | 0 | -2 | 6 | -17 | 10 | -174 |
| Operating profit | 47 | 5 | 1025 | 25 | 34 | 45 | 51 | 85 | 61 |
| Non-recurring items | 0 | 0 | | 0 | 0 | -1 | 0 | -1 | |
| Profit before investment portfolio earnings and tax | 47 | 5 | 1025 | 25 | 34 | 44 | 51 | 83 | 62 |
| Investment portfolio earnings | 8 | 5 | 147 | 12 | 7 | 4 | 13 | 8 | 160 |
| Profit before tax | 55 | 10 | 552 | 36 | 41 | 48 | 64 | 91 | 70 |
| Loans and advances | 4,821 | 4,791 | 101 | 4,816 | 4,932 | 4,884 | 4,821 | 4,884 | 99 |
| Deposits and other debt | 3,019 | 3,143 | 96 | 2,948 | 2,924 | 2,824 | 3,019 | 2,824 | 107 |
| Mortgage credit | 411 | 430 | 96 | 420 | 412 | 282 | 411 | 282 | 146 |
| Number of FTE, end of period | 15 | 15 | 100 | 14 | 15 | 15 | 15 | 15 | 100 |

Insurance: Trygd

Trygd reported premium income of DKK 40m in Q2 2024, DKK 4m higher than in Q2 2023. In Q2 2024, claims were DKK 29m, DKK 10m higher than in Q2 2023. Net income from investment activities amounted to DKK 2m in Q2 2024 compared to DKK 0m in Q2 2023. As a result, operating income was DKK 13m in Q2 2024, DKK 3m lower than in Q2 2023. The higher claims in Q2 2024 compared to the same quarter of 2023 were mainly attributable to two large claims in 2024 as well as claims related to a storm in Q1 2024, partially posted in Q2.

Operating costs were DKK 8m in Q2 2024, flat compared to the second quarter of 2023. As a result, Trygd reported a profit before tax for the quarter of DKK 5m, compared to a profit before tax of DKK 8m in Q2 2023.

Profit before tax for H1 2024 was DKK 8m, DKK 3m higher than in H1 2023.

Trygd continues to consolidate its market position as a provider of non-life insurance in the Faroe Islands. An increased market share, focus on pricing structure as well as general market growth related to developments in the Faroese economy have driven an increase in premiums. Furthermore, price indexation of 3.68% led to an increase in premium income in H1 2024 compared to H1 2023. As operating costs remain low, these developments contribute to margin improvements.

Trygd's claims vary significantly from one period to the next due to the limited size of the Faroese insurance market as well the timing and severity of weather events, which adds volatility to the financial results.

Adjusted Income statement, Trygd

| DKKm | Q2 2024 | Q1 2024 | Index | Q4 2023 | Q3 2023 | Q2 2023 | H1 2024 | H1 2023 | Index |
|---------------------------------------|-----------|-----------|------------|-----------|-----------|-----------|-----------|-----------|------------|
| Premium income, net of reinsurance | 40 | 39 | 101 | 42 | 37 | 35 | 79 | 69 | 114 |
| Claims, net of reinsurance | -29 | -31 | 92 | -30 | -17 | -19 | -60 | -51 | 118 |
| Net insurance income | 11 | 8 | 141 | 12 | 20 | 16 | 18 | 18 | 102 |
| Net income from investment activities | 2 | 3 | 68 | 3 | 2 | 0 | 6 | 2 | 299 |
| Operating income | 13 | 11 | 119 | 15 | 22 | 16 | 24 | 20 | 120 |
| Operating cost | -8 | -8 | 101 | -8 | -7 | -8 | -15 | -14 | 108 |
| Profit before tax | 5 | 3 | 162 | 7 | 14 | 8 | 8 | 6 | 151 |
| Combined ratio | 93 | 100 | | 90 | 67 | 76 | 96 | 95 | |
| Claims ratio | 73 | 81 | | 72 | 47 | 55 | 77 | 74 | |
| Number of FTE, end of period | 23 | 23 | 100 | 23 | 23 | 22 | 23 | 22 | 101 |

Income statement

| Note | DKK 1,000 | Group | | Føroya Banki | |
|------|--|----------------|----------------|----------------|----------------|
| | | H1 2024 | H1 2023 | H1 2024 | H1 2023 |
| 3 | Interest income | 316,856 | 233,642 | 316,856 | 233,642 |
| 4 | Interest expenses | 89,233 | 39,798 | 89,233 | 39,798 |
| | Net interest income | 227,623 | 193,845 | 227,623 | 193,845 |
| | Dividends from shares and other investments | 11,997 | 6,105 | 11,997 | 6,105 |
| 5 | Fee and commission income | 42,625 | 45,530 | 48,082 | 50,390 |
| 5 | Fee and commissions paid | 3,742 | 2,844 | 3,742 | 2,844 |
| | Net dividend, fee and commission income | 50,880 | 48,791 | 56,337 | 53,651 |
| | Net interest and fee income | 278,502 | 242,636 | 283,959 | 247,496 |
| | Insurance revenue | 97,295 | 89,650 | | |
| | Insurance service expenses | 78,706 | 74,431 | | |
| | Net return on investments backing insurance liabilities | 5,318 | 2,233 | | |
| | Net finance income or expense from insurance | 1,184 | 106 | | |
| | Other expenses | 3,257 | 1,692 | | |
| | Net insurance result | 21,834 | 15,866 | 0 | |
| | Interest and fee income and income from insurance activities, net | 300,336 | 258,502 | 283,959 | 247,496 |
| 6 | Market value adjustments | 6,845 | 8,945 | 6,845 | 8,945 |
| 7 | Other operating income | 4,714 | 3,392 | 1,029 | 1,111 |
| 8 | Staff costs and administrative expenses | 119,964 | 124,628 | 115,557 | 121,461 |
| | Amortisation, depreciation and impairment charges | 4,300 | 3,677 | 4,129 | 3,604 |
| | Other operating expenses | 842 | 812 | 842 | 812 |
| 9 | Impairment charges on loans and advances etc. | 15,946 | -15,588 | 15,946 | -15,588 |
| | Income from investments accounted for under the equity method | 4,609 | 5,108 | 17,306 | 13,346 |
| | Profit before tax | 175,452 | 162,417 | 172,665 | 160,609 |
| | Tax | 33,414 | 31,329 | 30,627 | 29,521 |
| | Net profit | 142,038 | 131,088 | 142,038 | 131,088 |
| | Portion attributable to | | | | |
| | Shareholders of Føroya Banki P/F | 138,559 | 127,609 | 138,559 | 127,609 |
| | Owners of additional Tier 1 capital | 3,479 | 3,479 | 3,479 | 3,479 |
| | Net profit | 142,038 | 131,088 | 142,038 | 131,088 |
| | EPS Basic for the period, DKK* | 14.84 | 13.70 | 14.84 | 13.70 |
| | EPS Diluted for the period, DKK* | 14.84 | 13.70 | 14.84 | 13.70 |

*Based on average number of shares outstanding, see the specification of shareholders equity

Statement of comprehensive income - Føroya Banki

| | Group | | Føroya Banki | |
|--|----------------|----------------|----------------|----------------|
| | H1 2024 | H1 2023 | H1 2024 | H1 2023 |
| DKK 1,000 | | | | |
| Net profit | 142,038 | 131,088 | 142,038 | 131,088 |
| Other comprehensive income | | | | |
| Items which will not subsequently be recycled to the income statement: | | | | |
| Revaluation of domicile property | 0 | -1,656 | 0 | -1,656 |
| Tax on other comprehensive income | 0 | 298 | 0 | 298 |
| Total other comprehensive income | 0 | -1,358 | 0 | -1,358 |
| Total comprehensive income | 142,038 | 129,730 | 142,038 | 129,730 |

Balance Sheet

| Note | DKK 1,000 | Group | | Føroya Banki | |
|---------------|--|-------------------|-------------------|-------------------|-------------------|
| | | June 30 2024 | Dec. 31 2023 | June 30 2024 | Dec. 31 2023 |
| Assets | | | | | |
| | Cash in hand and demand deposits with central banks | 2,083,389 | 1,795,718 | 2,071,678 | 1,793,739 |
| 10 | Amounts due from credit institutions and central banks | 437,437 | 260,050 | 437,437 | 260,050 |
| 9 | Loans and advances at fair value | 341,212 | 348,500 | 341,212 | 348,500 |
| 9 | Loans and advances at amortised cost | 8,681,532 | 8,534,355 | 8,681,532 | 8,534,355 |
| | Bonds at fair value | 1,323,609 | 1,396,516 | 1,130,898 | 1,217,642 |
| | Shares, etc. | 275,719 | 279,957 | 182,924 | 190,388 |
| | Assets under insurance contracts | 6,011 | 1,658 | 0 | 0 |
| | Holdings in associates | 18,563 | 14,881 | 18,563 | 14,881 |
| | Holdings in subsidiaries | 26 | 0 | 129,750 | 132,553 |
| | Assets under pooled schemes and unit-linked investment contracts | 53,868 | 33,003 | 50,503 | 30,006 |
| | Intangible assets | 4,993 | 1,702 | 1,393 | 1,702 |
| | Total land and buildings | 121,463 | 123,742 | 118,170 | 120,431 |
| | Domicile property | 61,903 | 62,149 | 58,611 | 58,838 |
| | Domicile property (lease asset) | 59,559 | 61,593 | 59,559 | 61,593 |
| | Other property, plant and equipment | 14,842 | 12,381 | 12,613 | 9,862 |
| | Current tax assets | 5,960 | 27,413 | 5,960 | 27,413 |
| | Deferred tax assets | 9,412 | 9,412 | 9,362 | 9,362 |
| | Other assets | 105,683 | 89,044 | 105,352 | 90,068 |
| | Prepayments | 8,159 | 16,503 | 6,829 | 15,298 |
| | Total assets | 13,491,880 | 12,944,835 | 13,304,177 | 12,796,250 |

Balance Sheet

| Note | Group | | Føroya Banki | |
|---|-------------------|-------------------|-------------------|-------------------|
| | June 30 2024 | Dec. 31 2023 | June 30 2024 | Dec. 31 2023 |
| Shareholders' equity and liabilities | | | | |
| Liabilities other than provisions | | | | |
| Amounts due to credit institutions and central banks | 683,841 | 719,105 | 683,841 | 719,105 |
| Deposits and other debt | 9,173,368 | 8,702,192 | 9,181,689 | 8,709,586 |
| Deposits under pooled schemes and unit-linked investments contracts | 53,868 | 33,003 | 50,503 | 30,006 |
| Issued bonds at amortised cost | 985,414 | 986,134 | 985,414 | 986,134 |
| Liabilities under insurance contracts | 176,885 | 139,679 | 0 | 0 |
| Current tax liabilities | 95,301 | 71,836 | 87,113 | 65,796 |
| Other liabilities | 148,864 | 180,955 | 141,932 | 175,570 |
| Deferred income | 2,310 | 4,047 | 2,310 | 2,189 |
| Total liabilities other than provisions | 11,319,851 | 10,836,949 | 11,132,802 | 10,688,385 |
| Provisions for liabilities | | | | |
| Provisions for deferred tax | 654 | 21 | 0 | 0 |
| Provisions for losses on guarantees etc | 5,831 | 4,204 | 5,831 | 4,204 |
| Provisions for other liabilities | 1,426 | 1,869 | 1,426 | 1,869 |
| Total provisions for liabilities | 7,911 | 6,094 | 7,257 | 6,073 |
| Subordinated debt | | | | |
| Subordinated debt | 99,720 | 99,650 | 99,720 | 99,650 |
| Total liabilities | 11,427,482 | 10,942,694 | 11,239,779 | 10,794,108 |
| Equity | | | | |
| Share capital | 192,000 | 192,000 | 192,000 | 192,000 |
| Revaluation reserve | 7,948 | 7,948 | 7,948 | 7,948 |
| Retained earnings | 1,709,440 | 1,570,662 | 1,709,440 | 1,570,662 |
| Proposed dividends | 0 | 80,000 | 0 | 80,000 |
| Shareholders of the Parent Company | 1,909,388 | 1,850,609 | 1,909,388 | 1,850,609 |
| Additional tier 1 capital holders | 155,011 | 151,532 | 155,011 | 151,532 |
| Total equity | 2,064,398 | 2,002,141 | 2,064,398 | 2,002,141 |
| Total liabilities and equity | 13,491,880 | 12,944,835 | 13,304,177 | 12,796,250 |

Statement of capital - Føroya Banki Group

Changes in equity:

| DKK 1,000 | Shareholders equity | | | | | | |
|--|---------------------|---------------------|--------------------|-------------------|------------------|---------------------------|------------------|
| | 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 |
| Net profit | | | 0 | 138,559 | 138,559 | 3,479 | 142,038 |
| Total comprehensive income | | 0 | 0 | 138,559 | 138,559 | 3,479 | 142,038 |
| Paid interest on additional tier 1 capital | | | | 0 | 0 | 0 | 0 |
| Dividends paid | | | -80,000 | 219 | -79,781 | | -79,781 |
| Shareholders' equity at June 30, 2024 | 192,000 | 7,948 | 0 | 1,709,440 | 1,909,388 | 155,011 | 2,064,398 |

| DKK 1,000 | Shareholders equity | | | | | | |
|--|---------------------|---------------------|--------------------|-------------------|------------------|---------------------------|------------------|
| | 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 | | | | 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 |

| DKK 1,000 | Shareholders equity | | | | | | |
|---|---------------------|---------------------|--------------------|-------------------|------------------|---------------------------|------------------|
| | 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 | | -1,656 | | | -1,656 | | -1,656 |
| Tax on entries on income recognised as Other comprehensive income | | 298 | | | 298 | | 298 |
| Net profit | | | 0 | 127,609 | 127,609 | 3,479 | 131,088 |
| Total comprehensive income | | -1,358 | 0 | 127,609 | 126,251 | 3,479 | 129,730 |
| Dividends paid | | | -250,000 | 719 | -249,281 | | -249,281 |
| Shareholders' equity at June 30, 2023 | 192,000 | 13,034 | 0 | 1,470,794 | 1,675,828 | 154,803 | 1,830,631 |

Statement of capital - Føroya Banki P/F

Changes in equity:

| DKK 1,000 | Shareholders equity | | | | | | Additional tier 1 | |
|--|---------------------|---------------------|--------------------|-------------------|-----------|---------|-------------------|--|
| | Share capital | Revaluation Reserve | Proposed dividends | Retained earnings | Total | 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 | |
| Net profit | | | | 138,559 | 138,559 | 3,479 | 142,038 | |
| Total comprehensive income | | 0 | 0 | 138,559 | 138,559 | 3,479 | 142,038 | |
| Paid interest on additional tier 1 capital | | | | 0 | 0 | | 0 | |
| Dividends paid | | | -80,000 | 219 | -79,781 | | -79,781 | |
| Shareholders' equity at June 30, 2024 | 192,000 | 7,948 | 0 | 1,709,440 | 1,909,388 | 155,011 | 2,064,398 | |

| DKK 1,000 | Shareholders equity | | | | | | Additional tier 1 | |
|--|---------------------|---------------------|--------------------|-------------------|-----------|---------|-------------------|--|
| | Share capital | Revaluation Reserve | Proposed dividends | Retained earnings | Total | capital | Total | |
| Shareholders' equity at January 1, | 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 | |

| DKK 1,000 | Shareholders equity | | | | | | Additional tier 1 | |
|---|---------------------|---------------------|--------------------|-------------------|-----------|---------|-------------------|--|
| | Share capital | Revaluation Reserve | Proposed dividends | Retained earnings | Total | 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 | | -1,656 | | | -1,656 | | -1,656 | |
| Tax on entries on income recognised as Other comprehensive income | | 298 | | | 298 | | 298 | |
| Net profit | | | 0 | 127,609 | 127,609 | 3,479 | 131,088 | |
| Total comprehensive income | | -1,358 | 0 | 127,609 | 126,251 | 3,479 | 129,730 | |
| Dividends paid | | | -250,000 | 719 | -249,281 | | -249,281 | |
| Shareholders' equity at June 30, 2023 | 192,000 | 13,034 | 0 | 1,470,794 | 1,675,828 | 154,803 | 1,830,631 | |

Capital and Solvency - Føroya Banki

| Solvency DKK 1,000 | June 30 2024 | Dec. 31 2023 |
|---|------------------|------------------|
| Tier 1 capital | 1,885,116 | 1,907,887 |
| Total capital | 2,004,938 | 2,007,537 |
| Risk-weighted items not included in the trading portfolio | 5,712,488 | 5,808,267 |
| Risk-weighted items with market risk etc. | 329,450 | 347,722 |
| Risk-weighted items with operational risk | 817,421 | 662,873 |
| Total risk-weighted items | 6,859,359 | 6,818,861 |
| CET 1 capital ratio | 25.6% | 25.8% |
| Tier 1 capital ratio | 27.5% | 28.0% |
| Total capital ratio | 29.2% | 29.4% |
| Total capital, incl. MREL capital, ratio | 40.8% | 41.1% |
| Shareholders' equity | | |
| Share capital | 192,000 | 192,000 |
| Reserves | 7,948 | 7,948 |
| Net profit | 142,038 | 307,533 |
| Retained earnings, previous years | 1,571,345 | 1,347,453 |
| Shareholders' equity, before deduction of holdings of own shares | 1,913,331 | 1,854,934 |
| Deduction of ordinary dividend | 0 | 80,000 |
| Deduction of net profit H1 | 142,038 | 0 |
| Deduction of holdings of own shares | 3,943 | 4,325 |
| Deduction of intangible assets | 1,393 | 1,702 |
| Deduction of deferred tax assets | 9,362 | 9,362 |
| Deduction regarding prudent valuation of financial instruments | 1,325 | 1,503 |
| CET 1 capital | 1,755,270 | 1,758,043 |
| Additional Tier 1 capital | 129,846 | 149,844 |
| Tier 1 capital | 1,885,116 | 1,907,887 |
| Total capital | | |
| Tier 1 capital | 1,885,116 | 1,907,887 |
| Subordinated loan capital | 119,822 | 99,650 |
| Total capital | 2,004,938 | 2,007,537 |
| MREL capital | 795,557 | 798,224 |
| Total capital, incl. MREL capital | 2,800,495 | 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

| | Group H1 2024 | Group Full year 2023 |
|---|---------------------|----------------------------|
| DKK 1,000 | | |
| Cash flow from operations | | |
| Profit before tax | 175,452 | 379,330 |
| Amortisation and impairment charges for intangible assets | 309 | 701 |
| Depreciation and impairment charges of tangible assets | 4,528 | 7,101 |
| Impairment of loans and advances/guarantees | 17,793 | -4,696 |
| Paid tax | 0 | -48,015 |
| Other non-cash operating items | -17,197 | -54,862 |
| Total | 181,917 | 281,610 |
| Changes in operating capital | | |
| Change in loans at fair value | 4,326 | 25,468 |
| Change in loans at amortised cost | -164,970 | -803,957 |
| Change in holding of bonds | 76,025 | 232,310 |
| Change in holding of shares | 3,853 | 28,313 |
| Change in deposits | 471,177 | 366,530 |
| Due to credit institutions and central banks | -6,693 | -124,781 |
| Change in other assets / liabilities | -32,663 | 8,310 |
| Assets/liabilities under insurance contracts | 32,853 | 24,057 |
| Prepayments | 6,607 | -1,808 |
| Cash flow from operations | 572,433 | 36,051 |
| Cash flow from investing activities | | |
| Dividends received | 11,997 | 6,115 |
| Acquisition of intangible assets | -4,000 | 0 |
| Acquisition of tangible assets | -4,310 | -7,007 |
| Sale of tangible assets | 0 | 24,869 |
| Cash flow from investing activities | 3,687 | 23,977 |
| Cash flow from financing activities | | |
| Change in loans from central banks and credit institutions | -28,571 | -14,286 |
| Issued bonds at amortised cost | 0 | 638,550 |
| Redemption of issued bonds at amortised cost | 0 | -200,000 |
| Interest paid on additional tier 1 capital | 0 | -6,750 |
| Payment of dividends | -80,000 | -250,000 |
| Payment of dividends, own shares | 219 | 719 |
| Principal portion of lessee lease payments | -2,709 | -5,156 |
| Cash flow from financing activities | -111,061 | 163,078 |
| Cash flow | 465,058 | 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 | 465,058 | 223,106 |
| Cash and due etc. | 2,520,827 | 2,055,769 |
| Cash and due etc. | | |
| Cash in hand and demand deposits with central banks | 2,083,389 | 1,795,718 |
| Due from credit institutions, etc. | 437,437 | 260,050 |
| Total | 2,520,827 | 2,055,769 |

Notes to the financial statements

Note 1 Significant accounting policies

The consolidated financial statements for the first six months of 2024 have been prepared in accordance with IAS 34 “Interim Financial Reporting” supplemented by additional Faroese disclosure requirements for quarterly reports of listed financial companies and in accordance with the financial reporting requirements of the Nasdaq exchange in Copenhagen. The financial statements of the Parent Company, P/F Føroya Banki, have been prepared in accordance with the Faroese Financial Business Act and with the executive order on financial reports of credit institutions etc. of the Danish FSA as applied in the Faroe Islands.

The application of IAS 34 means that the disclosure of figures is less detailed than the disclosure in a full annual report and that the valuation principles laid down by the international financial reporting standards (IFRS) are applied.

The Group’s significant accounting policies are consistent with those applied in the Annual Report 2023. The Annual Report 2023 provides a full description of the Group’s significant accounting policies.

Future financial reporting standards and interpretations

The International Accounting Standards Board (IASB) has issued a number of new accounting standards (IAS and IFRS) and interpretations (IFRIC) that have not yet entered into force. Please refer to the Annual Report 2023 for further information.

Accounting estimates

The measurement of certain assets and liabilities requires management to estimate how future events will impact on the value of such assets and liabilities. Estimates of significance to the financial reporting are made in connection with determining the impairment of loans and advances, the fair value of unlisted financial instruments, provisions, business acquisitions etc. Estimates are based on assumptions that management considers appropriate, but which are inherently uncertain.

The most significant estimates that management makes in applying the Group’s accounting policies and the most important uncertainty affecting estimates made when preparing the condensed interim report are unchanged from the estimates made in connection with the preparation of the Annual Report 2023 and the uncertainties prevailing at that time.

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, such as interest rate and currency swaps and unlisted bonds, 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.

Notes - Føroya Banki Group

| Note | Operating segments H1 2024 | Banking | | | Total | Non-life | Elimination | Group |
|------|--|------------------|------------------|------------------|-------------------|----------------------|---------------|-------------------|
| | | Personal | Corporate | Other | | Insurance | | |
| 2 | DKK 1,000 | | | | | Faroe Islands | | Total |
| | External interest income, Net | 75,780 | 105,797 | 46,057 | 227,634 | 0 | | 227,634 |
| | <i>Internal interest</i> | 32,136 | -31,841 | -295 | 0 | | | 0 |
| | Net interest income | 107,916 | 73,956 | 45,751 | 227,623 | 0 | | 227,623 |
| | Net dividends and fee income | 45,844 | 10,412 | 80 | 56,337 | 0 | -5,457 | 50,880 |
| | Net insurance result | 0 | 0 | 6,560 | 6,560 | 8,393 | 6,881 | 21,834 |
| | Other income | 11,449 | 5,049 | 177 | 16,675 | 0 | -507 | 16,168 |
| | Total income | 165,209 | 89,418 | 52,568 | 307,194 | 8,393 | 917 | 316,503 |
| | Total operating expenses | 39,032 | 10,317 | 74,463 | 123,812 | 0 | 1,293 | 125,105 |
| | <i>of which depreciation and amortisation</i> | <i>3,940</i> | <i>602</i> | <i>-243</i> | <i>4,300</i> | <i>0</i> | | <i>4,300</i> |
| | Profit before impairment charges on loans | 126,177 | 79,100 | -21,895 | 183,383 | 8,393 | -376 | 191,399 |
| | Impairment charges | -194 | 17,562 | -1,422 | 15,946 | 0 | | 15,946 |
| | Profit before tax | 126,371 | 61,538 | -20,473 | 167,436 | 8,393 | -376 | 175,452 |
| | Total assets | 4,106,745 | 4,968,053 | 4,143,112 | 13,217,910 | 273,970 | | 13,491,880 |
| | <i>of which Loans and advances</i> | <i>4,200,736</i> | <i>4,822,008</i> | | <i>9,022,744</i> | | | <i>9,022,744</i> |
| | Total liabilities | 6,161,669 | 3,020,020 | 2,057,887 | 11,239,576 | 187,906 | | 11,427,482 |
| | <i>of which Deposits</i> | <i>6,161,669</i> | <i>3,020,020</i> | | <i>9,181,689</i> | | <i>-8,321</i> | <i>9,173,368</i> |
| | <i>of which Insurance liabilities</i> | | | <i>3,135</i> | | <i>173,751</i> | | <i>176,885</i> |

| Operating segments H1 2023 | Banking | | | Total | Non-life | Elimination | Group |
|--|------------------|------------------|------------------|-------------------|----------------------|----------------|-------------------|
| | Personal | Corporate | Other | | Insurance | | |
| DKK 1,000 | | | | | Faroe Islands | | Total |
| External interest income, Net | 48,338 | 56,122 | 89,385 | 193,845 | 0 | | 193,845 |
| <i>Internal interest</i> | 0 | 0 | 0 | 0 | | | 0 |
| Net interest income | 48,338 | 56,122 | 89,385 | 193,845 | 0 | | 193,845 |
| Net dividends and fee income | 38,687 | 14,509 | 456 | 53,651 | 0 | -4,860 | 48,791 |
| Net insurance result | | | 3,748 | 3,748 | 5,572 | 6,546 | 15,866 |
| Other income | 7,869 | 2,946 | 8,587 | 19,402 | 0 | -1,956 | 17,445 |
| Total income | 94,894 | 73,576 | 101,679 | 270,149 | 5,572 | 226 | 275,947 |
| Total operating expenses | 38,314 | 10,357 | 80,718 | 129,389 | 0 | -271 | 129,118 |
| <i>of which depreciation and amortisation</i> | <i>3,301</i> | <i>526</i> | <i>-149</i> | <i>3,677</i> | <i>0</i> | | <i>3,677</i> |
| Profit before impairment charges on loans | 56,580 | 63,219 | 20,961 | 140,760 | 5,572 | 497 | 146,829 |
| Impairment charges | -2,350 | -3,373 | -9,865 | -15,588 | 0 | | -15,588 |
| Profit before tax | 58,930 | 66,592 | 30,826 | 156,348 | 5,572 | 497 | 162,417 |
| Total assets | 3,677,335 | 5,010,199 | 3,530,329 | 12,217,863 | 232,365 | | 12,450,228 |
| <i>of which Loans and advances</i> | <i>3,766,725</i> | <i>4,888,582</i> | | <i>8,655,308</i> | | | <i>8,655,308</i> |
| Total liabilities | 5,593,303 | 2,833,167 | 2,014,278 | 10,440,748 | 161,040 | | 10,601,788 |
| <i>of which Deposits</i> | <i>5,593,303</i> | <i>2,833,167</i> | | <i>8,426,470</i> | | <i>-11,305</i> | <i>8,415,165</i> |
| <i>of which Insurance liabilities</i> | | | <i>5,192</i> | | <i>148,090</i> | | <i>153,282</i> |

Føroya Banki Group - Geographical revenue information

| Note 2 DKK 1,000 (cont'd) Geographical segments | Total income | | Non current assets | | Additions to tangible assets | | Additions to intangible assets | |
|--|----------------|----------------|--------------------|----------------|------------------------------|--------------|--------------------------------|-------------|
| | H1 2024 | H1 2023 | H1 2024 | H1 2023 | H1 2024 | H1 2023 | H1 2024 | H1 2023 |
| Faroe Islands | 249,315 | 225,569 | 122,696 | 111,571 | 4,277 | 1,940 | 3,291 | -415 |
| Denmark | 0 | 6,591 | 0 | 0 | 0 | 0 | 0 | 0 |
| Greenland | 67,189 | 43,787 | 37,165 | 37,441 | 33 | 0 | 0 | 0 |
| Total | 316,503 | 275,947 | 159,861 | 149,012 | 4,310 | 1,940 | 3,291 | -415 |

| Geographical segments | Impairments | | Investment portfolio earnings | |
|-----------------------|----------------|---------------|-------------------------------|--------------|
| | H1 2024 | H1 2023 | H1 2024 | H1 2023 |
| Faroe Islands | 17,661 | 13,699 | 11,454 | 6,684 |
| Denmark | 0 | 10,104 | 0 | 0 |
| Greenland | -33,608 | -8,215 | 0 | 0 |
| Total | -15,946 | 15,588 | 11,454 | 6,684 |

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.

| Operational segments | Total income | | Profit before tax | | Tax | | FTE | |
|-------------------------------|----------------|----------------|-------------------|----------------|---------------|---------------|------------|------------|
| | H1 2024 | H1 2023 | H1 2024 | H1 2023 | H1 2024 | H1 2023 | H1 2024 | H1 2023 |
| Faroe Islands, Banking, Other | 227,481 | 209,703 | 148,414 | 125,382 | 30,524 | 22,685 | 167 | 164 |
| Faroe Islands, Insurance | 21,834 | 15,866 | 21,834 | 5,572 | 1,511 | 1,003 | 23 | 22 |
| Denmark, Banking | 0 | 6,591 | 0 | 11,668 | 0 | 2,567 | 0 | 0 |
| Greenland, Banking | 67,189 | 43,787 | 5,205 | 19,148 | 1,379 | 5,074 | 19 | 17 |
| Total | 316,503 | 275,947 | 175,452 | 161,770 | 33,414 | 31,329 | 209 | 203 |

| Notes | | Group | | Føroya Banki | |
|--------------|---|----------------|----------------|---------------------|----------------|
| Note | DKK 1,000 | H1 | H1 | H1 | H1 |
| | | 2024 | 2023 | 2024 | 2023 |
| 3 | Interest income | | | | |
| | Credit institutions and central banks | 38,228 | 19,785 | 38,228 | 19,785 |
| | Loans and advances | 262,240 | 197,489 | 262,240 | 197,489 |
| | Deposits | 0 | 1,302 | 0 | 1,302 |
| | Bonds | 5,433 | 6,590 | 5,433 | 6,590 |
| | Total derivatives of which: | 8,161 | 7,045 | 8,161 | 7,045 |
| | <i>Currency contracts</i> | 1 | 706 | 1 | 706 |
| | <i>Interest rate contracts</i> | 8,160 | 6,339 | 8,160 | 6,339 |
| | Other interest income | 2,794 | 1,431 | 2,794 | 1,431 |
| | Total interest income | 316,856 | 233,642 | 316,856 | 233,642 |
| 4 | Interest expenses | | | | |
| | Credit institutions and central banks | 14,377 | 13,510 | 14,377 | 13,510 |
| | Deposits | 45,347 | 12,687 | 45,347 | 12,687 |
| | Issued bonds | 27,959 | 10,780 | 27,959 | 10,780 |
| | Subordinated debt | 2,464 | 2,070 | 2,464 | 2,070 |
| | Lease liabilities | 1,033 | 1,025 | 1,033 | 1,025 |
| | Other interest expenses | -1,947 | -273 | -1,947 | -273 |
| | Total interest expenses | 89,233 | 39,798 | 89,233 | 39,798 |
| 5 | Net fee and commission income | | | | |
| | Fee and commission income | | | | |
| | Securities trading and custody accounts | 7,086 | 6,430 | 7,086 | 6,430 |
| | Credit transfers | 10,459 | 10,835 | 10,459 | 10,835 |
| | Loan commissions | 2,260 | 2,270 | 2,260 | 2,270 |
| | Guarantee commissions | 10,884 | 14,776 | 10,884 | 14,776 |
| | Other fees and commissions | 11,935 | 11,219 | 17,393 | 16,079 |
| | Total fee and commission income | 42,625 | 45,530 | 48,082 | 50,390 |
| | Fee and commissions paid | | | | |
| | Securities trading and custody accounts | 3,742 | 2,844 | 3,742 | 2,844 |
| | Net fee and commission income | 38,883 | 42,686 | 44,340 | 47,546 |
| 6 | Market value adjustments | | | | |
| | Loans and advances | -2,962 | 3,830 | -2,962 | 3,830 |
| | Bonds | 4,566 | 3,218 | 4,566 | 3,218 |
| | Shares | -384 | 1,065 | -384 | 1,065 |
| | Foreign exchange | 6,010 | 4,346 | 6,010 | 4,346 |
| | Total derivatives of which: | -384 | -3,515 | -384 | -3,515 |
| | <i>Currency Swaps</i> | -28 | 85 | -28 | 85 |
| | <i>Interest Swaps</i> | -526 | 63,352 | -526 | 63,352 |
| | <i>Other contracts</i> | 170 | -66,952 | 170 | -66,952 |
| | Assets under pooled schemes | 4,371 | 2,059 | 4,371 | 2,059 |
| | Deposits in pooled schemes | -4,371 | -2,059 | -4,371 | -2,059 |
| | Total market value adjustments | 6,845 | 8,945 | 6,845 | 8,945 |

| Note | DKK 1,000 | Group | | Føroya Banki | |
|------|--|----------------|----------------|----------------|----------------|
| | | H1 | H1 | H1 | H1 |
| | | 2024 | 2023 | 2024 | 2023 |
| 7 | Other operating income | | | | |
| | Profit on sale of properties | 67 | 70 | 67 | 70 |
| | Other income | 4,647 | 3,322 | 962 | 1,041 |
| | Total other operating income | 4,714 | 3,392 | 1,029 | 1,111 |
| 8 | Staff costs and administrative expenses | | | | |
| | Staff costs: | | | | |
| | Salaries | 60,190 | 67,969 | 51,653 | 59,753 |
| | Pensions | 8,933 | 8,773 | 7,798 | 7,661 |
| | Social security expenses | 9,285 | 9,412 | 8,294 | 8,358 |
| | Total staff costs | 78,408 | 86,153 | 67,745 | 75,772 |
| | Administrative expenses: | | | | |
| | IT | 31,082 | 30,376 | 27,769 | 27,672 |
| | Marketing etc | 6,852 | 4,422 | 6,053 | 3,882 |
| | Education etc | 1,544 | 1,241 | 1,327 | 895 |
| | Other expenses | 18,078 | 16,462 | 12,664 | 11,640 |
| | Total administrative expenses | 57,556 | 54,117 | 47,812 | 45,689 |
| | Total staff costs | 78,408 | 86,153 | 67,745 | 75,772 |
| | Total administrative expenses | 57,556 | 54,387 | 47,812 | 45,689 |
| | Staff and administrative costs incl. under the item "Insurance service expenses" | -16,000 | -15,912 | 0 | 0 |
| | Total staff costs and administrative expenses | 119,964 | 124,628 | 115,557 | 121,461 |
| | Number of employees | | | | |
| | Average number of full-time employees in the period | 208 | 203 | 177 | 172 |
| | Executive remuneration: | | | | |
| | Board of Directors | 1,080 | 990 | 1,080 | 990 |
| | Executive Board: | | | | |
| | Salaries | 1,345 | 6,748 | 1,345 | 6,748 |
| | - less fees received from directorships | 236 | 0 | 236 | 0 |
| | The Bank's expense, salaries | 1,110 | 6,748 | 1,110 | 6,748 |
| | Pension | 201 | 1,011 | 201 | 1,011 |
| | Total executive board | 1,311 | 7,759 | 1,311 | 7,759 |
| | Total executive remuneration | 2,391 | 8,749 | 2,391 | 8,749 |

| Note | DKK 1,000 | Group | | Føroya Banki | |
|------|--|----------------|----------------|----------------|----------------|
| | | H1 2024 | H1 2023 | H1 2024 | H1 2023 |
| 9 | Impairment charges on loans and advances and provisions for guarantees etc. | | | | |
| | Impairment charges and provisions at 31 December 2023 | 182,347 | 185,981 | 182,347 | 185,981 |
| | New and increased impairment charges and provisions | 91,452 | 56,835 | 91,452 | 56,835 |
| | Reversals of impairment charges and provisions | 71,958 | 69,543 | 71,958 | 69,543 |
| | Written-off, previously impaired | 1,078 | 370 | 1,078 | 370 |
| | Interest income on impaired loans | 1,904 | 1,343 | 1,904 | 1,343 |
| | Total impairment charges and provisions at 30 June 2024 | 200,763 | 172,904 | 200,763 | 172,904 |
| | Impairment charges and provisions recognised in the income statement | | | | |
| | Loans and advances at amortised cost | 11,489 | -16,913 | 11,489 | -16,913 |
| | Loans and advances at fair value | 2,831 | 0 | 2,831 | 0 |
| | Guarantees and loan commitments | 1,627 | 1,325 | 1,627 | 1,325 |
| | Assets held for sale | 0 | 0 | 0 | 0 |
| | Total individual impairment charges and provisions | 15,946 | -15,588 | 15,946 | -15,588 |
| | Stage 1 impairment charges | | | | |
| | Stage 1 impairment charges etc. at 31 December 2023 | 76,219 | 43,128 | 76,219 | 43,128 |
| | New and increased Stage 1 impairment charges | 36,182 | 29,614 | 36,182 | 29,614 |
| | Reversals, net of Stage 1 impairment charges | 41,249 | 14,562 | 41,249 | 14,562 |
| | Stage 1 impairment charges at 30 June 2024 | 71,151 | 58,180 | 71,151 | 58,180 |
| | Total net impact recognised in the income statement | -5,068 | 15,052 | -5,068 | 15,052 |
| | Stage 2 impairment charges | | | | |
| | Stage 2 impairment charges etc. at 31 December 2023 | 38,196 | 32,535 | 38,196 | 32,535 |
| | New and increased impairment charges | 16,223 | 16,083 | 16,223 | 16,083 |
| | Reversals, net of impairment charges | 20,032 | 16,899 | 20,032 | 16,899 |
| | Stage 2 impairment charges at 30 June 2024 | 34,387 | 31,719 | 34,387 | 31,719 |
| | Total net impact recognised in the income statement | -3,809 | -816 | -3,809 | -816 |
| | Weak Stage 2 | | | | |
| | Weak Stage 2 impairment charges etc. at 31 December 2023 | 7,278 | 25,792 | 7,278 | 25,792 |
| | New and increased impairment charges | 2,415 | 2,353 | 2,415 | 2,353 |
| | Reversals, net of impairment charges | 4,979 | 18,455 | 4,979 | 18,455 |
| | Weak Stage 2 impairment charges at 30 June 2024 | 4,714 | 9,690 | 4,714 | 9,690 |
| | Total net impact recognised in the income statement | -2,564 | -16,102 | -2,564 | -16,102 |
| | Stage 3 impairment charges | | | | |
| | Stage 3 impairment charges etc. at 31 December 2023 | 56,450 | 80,172 | 56,450 | 80,172 |
| | New and increased impairment charges | 31,982 | 4,601 | 31,982 | 4,601 |
| | Reversals of impairment charges | 2,674 | 16,768 | 2,674 | 16,768 |
| | Written-off, previously impaired | 1,078 | 370 | 1,078 | 370 |
| | Write-offs charged directly to the income statement | 203 | 18 | 203 | 18 |
| | Received on claims previously written off | 1,846 | 1,555 | 1,846 | 1,555 |
| | Interest income on impaired loans | 1,904 | 1,343 | 1,904 | 1,343 |
| | Stage 3 impairment charges at 30 June 2024 | 84,680 | 67,636 | 84,680 | 67,636 |
| | Total net impact recognised in the income statement | 25,761 | -15,047 | 25,761 | -15,047 |
| | Purchased credit-impaired assets included in stage 3 above | | | | |
| | Purchased credit-impaired assets at 31 December 2023 | 1,341 | 10,722 | 1,341 | 10,722 |
| | Reversals of impairment charges | 158 | 0 | 158 | 0 |
| | Write-offs charged directly to the income statement | 0 | 0 | 0 | 0 |
| | Purchased credit-impaired assets at 30 June 2024 | 1,183 | 10,722 | 1,183 | 10,722 |
| | Reclassified to Assets in disposal groups classified as held for sale | | | | |
| | Provisions for guarantees and undrawn credit lines | | | | |
| | Individual provisions at 31 December 2023 | 4,204 | 4,353 | 4,204 | 4,353 |
| | New and increased provisions | 4,651 | 4,184 | 4,651 | 4,184 |
| | Reversals of provisions | 3,024 | 2,859 | 3,024 | 2,859 |
| | Provisions for guarantees etc at 30 June 2024 | 5,831 | 5,678 | 5,831 | 5,678 |
| | Total net impact recognised in the income statement | 1,627 | 1,325 | 1,627 | 1,325 |
| | Provisions for guarantees and undrawn credit lines | | | | |
| | Stage 1 provisions | 709 | 851 | 709 | 851 |
| | Stage 2 provisions | 376 | 3,925 | 376 | 3,925 |
| | Weak Stage 2 provisions | 0 | 0 | 0 | 0 |
| | Stage 3 provisions | 4,746 | 901 | 4,746 | 901 |
| | Provisions for guarantees etc at 30 June 2024 | 5,831 | 5,678 | 5,831 | 5,678 |

| Note | DKK 1,000 | Group | | Føroya Banki | |
|------|--|----------------|----------------|----------------|------------------|
| | | June 30 | Dec. 31 | June 30 | Dec. 31 |
| | | 2024 | 2023 | 2024 | 2023 |
| 10 | Due from credit institutions etc. specified by maturity | | | | |
| | On demand | 437,437 | 260,050 | 437,437 | 260,050 |
| | Total due from credit institutions etc. | 437,437 | 260,050 | 437,437 | 260,050 |
| 11 | Contingent liabilities | | | | |
| | Guarantees | | | | |
| | Financial guarantees | 175,845 | 177,202 | 175,845 | 177,202 |
| | Mortgage finance guarantees | 282,313 | 556,151 | 282,313 | 556,151 |
| | Registration and remortgaging guarantees | 61,101 | 32,835 | 114,482 | 70,353 |
| | Other guarantees | 73,731 | 84,817 | 210,014 | 216,463 |
| | Total guarantees | 592,991 | 851,004 | 782,655 | 1,020,169 |
| 12 | Assets deposited as collateral | | | | |

At June 30 2024 the Group had deposited cash amounting to DKK 42.2m (June 30 2023: 37.6m) with Danmarks Nationalbank (the Danish Central Bank) primarily in connection with cash deposits. The Group had deposited cash at a total market value of DKK 7.7m (June 30 2023: DKK 12.0m) in connection with negative market value of derivatives.

Statement by the Executive Board and the Board of Directors

We have today considered and approved P/F Føroya Banki's interim report for the first six months to 30 June 2024.

The consolidated financial statements for the first six months to 30 June 2024 have been prepared in accordance with IAS 34, Interim Financial Reporting as adopted by the EU, while the interim financial statements of the Parent Company have been prepared in accordance with the Faroese Financial Business Act. Furthermore, the Interim Report has been prepared in accordance with additional Faroese disclosure requirements for interim reports of listed financial companies and in accordance with the financial reporting requirements of Nasdaq Copenhagen.

The interim financial statements have not been audited or reviewed.

We consider the accounting policies applied to be appropriate, such that the Interim Financial Report gives a true and fair view of the Group's and the Parent Company's assets, shareholders' equity and liabilities and financial position at 30 June 2024, and of the results of the Group's and the Parent Company's operations and the Group's and Parent Company's cash flows for the first six months ended 30 June 2024.

In addition, we consider the Management's report to give a fair presentation of the development in the Group's activities and financial affairs, the profit for the period and the Group's financial position as a whole, as well as a description of the significant risks and elements of uncertainty that may affect the Group.

Tórshavn, 1 August 2024

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

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Kenneth M. Samuelson

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

The company is listed on Nasdaq Copenhagen.

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