

## Solid first-half performance

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### Company announcement no. 11/2024

“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.

“In conclusion to its assessment of the Faroese and Greenlandic residential and commercial property markets, the Danish Financial Supervisory Authority found 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,” says Turið F. Arge.

Føroya Banki’s current strategic period expires this year, and we are close to completing the process of defining our strategic direction and objectives for the new strategic period beginning in 2025. In this context, the Board of Directors is also considering updating the Bank’s financial objectives, which will be announced as soon as they have been determined.

### Highlights of Føroya Banki’s interim report for the first six months of 2024:

#### H1 2024 vs. H1 2023

- Operating profit before impairment charges increased from DKK 119m in H1 2023 to DKK 133m in H1 2024.
  - Net interest income rose from DKK 164m in H1 2023 to DKK 182m in H1 2024.
  - Fee and commission income amounted to DKK 36m in H1 2024, which was DKK 4m lower than in H1 2023.
  - Net insurance income amounted to DKK 27m in H1 2024, a DKK 3m increase relative to the year-earlier period.
  - Other operating income amounted to DKK 21m in H1 2024, which was a DKK 2m increase relative to H1 2023.
  - Operating costs amounted to DKK 132m in H1 2024, which was a DKK 5m increase relative to H1 2023.
- Non-recurring items amounted to DKK 0m in H1 2024, against DKK 9m in H1 2023.
- Impairment amounted to a net impairment charge of DKK 16m in H1 2024, compared with a net reversal of DKK 16m in H1 2023.
- Profit before tax for H1 2024 was DKK 175m, against DKK 162m for H1 2023.
  - The investment portfolio yielded a return of DKK 58m in H1 2024, against DKK 37m in H1 2023.

#### Q2 2024 vs Q1 2024

- Føroya Banki reported an operating profit before impairment of DKK 63m in Q2 2024, a drop of DKK 7m compared with Q1 2024.
  - Net interest income amounted to DKK 90m in Q2 2024, which was DKK 3m less than in Q1 2024.
  - Fee and commission income was down by DKK 2m to DKK 17m in Q2 2024 from DKK 19m in Q1 2024.
  - Net insurance income amounted to DKK 15m in Q2 2024, a DKK 3m increase relative to Q1 2024.
- - Other operating income amounted to DKK 10m in Q2 2024, a DKK 1m decrease relative to Q1 2024.
  - Operating costs for Q2 2024 amounted to DKK 68m, a DKK 4m increase relative to Q1 2024.
- Non-recurring items amounted to DKK 0m in Q2 2024, against DKK 0m in Q1 2024.
- Impairment amounted to a net reversal of DKK 7m in Q2 2024, against a net impairment charge of DKK 23m in Q1 2024.
- The overall profit before tax was DKK 105m in Q2 2024, against DKK 70m in Q1 2024.
  - The investment portfolio yielded a return of DKK 35m in Q2 2024, against DKK 23m in the preceding quarter.
- Bank lending volumes were up by 1% from DKK 8,915m at 31 March 2024 to DKK 9,023m at 30 June 2024.

- Brokered mortgage credit was down by 1% from DKK 2,621m at 31 March 2024 to DKK 2,585m at 30 June 2024.
- Deposits were up by 3% from DKK 8,930m at 31 March 2024 to DKK 9,180m at 30 June 2024.

### Capital ratios

At 30 June 2024, the Group had a CET 1 capital ratio of 25.6%, against 25.8% at 31 December 2023. The total capital ratio including MREL was 40.8% at 30 June 2024, against 41.1% at 31 December 2023. The net profit of DKK 142.0m for H1 2024 is not included in the calculation of capital ratios.

### Guidance for 2024

The Bank confirms the 2024 net profit guidance of DKK 225–255m communicated in the annual report for 2023. The guidance is generally subject to uncertainty and will, amongst other things, depend on economic developments, loan impairment charges and market value adjustments.

### For further information, please call:

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**Føroya Banki** has banking activities in Greenland and the Faroe Islands and insurance activities in the Faroe Islands. Founded in the Faroe Islands more than a century ago, the Group has total assets of DKK 13.5bn and 209 employees. The Bank is subject to the supervision of the Danish Financial Supervisory Authority and is listed on Nasdaq Copenhagen.

### Appendix: Føroya Banki's H1 2024 financial highlights and comparative figures:

Highlights and ratios									
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
<b>Operating income</b>	<b>132</b>	<b>135</b>	<b>98</b>	<b>133</b>	<b>148</b>	<b>135</b>	<b>266</b>	<b>247</b>	<b>108</b>
Operating costs	-68	-64	106	-65	-65	-64	-132	-127	104
Sector costs	0	0		0	0	0	-1	-1	
<b>Profit before impairment charges</b>	<b>63</b>	<b>70</b>	<b>90</b>	<b>68</b>	<b>83</b>	<b>71</b>	<b>133</b>	<b>119</b>	<b>112</b>
Impairment charges, net	7	-23	-30	-5	0	7	-16	16	-102
<b>Operating profit</b>	<b>70</b>	<b>47</b>	<b>148</b>	<b>62</b>	<b>82</b>	<b>78</b>	<b>118</b>	<b>135</b>	<b>87</b>
Non-recurring items	0	0		0	0	-6	0	-9	
<b>Profit before investment portfolio earnings and tax</b>	<b>70</b>	<b>47</b>	<b>148</b>	<b>62</b>	<b>82</b>	<b>72</b>	<b>118</b>	<b>126</b>	<b>93</b>
Investment portfolio earnings	35	23	155	46	26	15	58	37	158
<b>Profit before tax</b>	<b>105</b>	<b>70</b>	<b>150</b>	<b>109</b>	<b>108</b>	<b>87</b>	<b>175</b>	<b>162</b>	<b>108</b>
<b>Tax</b>	<b>18</b>	<b>15</b>	<b>122</b>	<b>20</b>	<b>20</b>	<b>17</b>	<b>33</b>	<b>31</b>	<b>107</b>
<b>Net profit</b>	<b>87</b>	<b>55</b>	<b>158</b>	<b>89</b>	<b>88</b>	<b>70</b>	<b>142</b>	<b>131</b>	<b>108</b>
Loans and advances	9.023	8.915		8.883	8.790	8.655	9.023	8.655	

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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
Equity	1.909	1.824	105	1.851	1.762	1.676	1.909	1.676	114
Total capital ratio, incl. MREL capital, %	40,8	39,9		41,1	29,9	30,2	40,8	30,2	
CET 1 capital, %	25,6	25,0		25,8	21,5	21,8	25,6	21,8	
ROE, %	18,6	12,0		19,6	20,5	17,0	15,1	15,1	
ROE, excl. one-offs, %	18,6	12,0		19,6	20,5	18,1	15,1	15,9	
Liquidity Coverage Ratio (LCR), %	285,6	283,6		228,2	196,6	183,7	285,6	183,7	
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

Further details are available in the H1 2024 interim report.

## Attachments

- [H1 2024 Interim Report.pdf](#)
- [H1 2024\\_IR presentation.pdf](#)