

Satisfactory third quarter performance

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“The positive trends from the first half continued in the third quarter, resulting in a satisfactory profit of DKK 119m before tax, which was a 13% improvement on the preceding quarter. The solid core operations were supported by a favourable interest rate environment and a thriving business with growth in both lending and deposit volumes and higher insurance income. Costs were maintained at the same level as in the previous quarter and were in line with the original guidance for the year. In the period, we also saw an outstanding investment portfolio return and reversal of impairment charges that reflected our customers’ sound credit quality,” says Føroya Banki CEO Turið F. Arge.

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

Q1-Q3 2024 vs. Q1-Q3 2023

- Operating profit before impairment charges declined from DKK 202m in Q1-Q3 2023 to DKK 200m in Q1-Q3 2024.
 - Net interest income rose from DKK 260m in Q1-Q3 2023 to DKK 269m in Q1-Q3 2024.
 - Fee and commission income amounted to DKK 54m in Q1-Q3 2024, which was DKK 5m lower than in Q1-Q3 2023.
 - Net insurance income amounted to DKK 46m in Q1-Q3 2024, a DKK 1m decline relative to the year-earlier period.
 - Other operating income amounted to DKK 32m in Q1-Q3 2024, a DKK 4m increase relative to Q1-Q3 2023.
 - Operating costs amounted to DKK 200m in Q1-Q3 2024, a DKK 8m increase relative to Q1-Q3 2023.
- Non-recurring items amounted to DKK 0m in Q1-Q3 2024 against DKK 9m in Q1-Q3 2023.
- Impairments amounted to a net impairment charge of DKK 10m in Q1-Q3 2024 compared with a net reversal of DKK 15m in Q1-Q3 2023.
- Profit before tax for Q1-Q3 2024 was DKK 295m compared with DKK 271m for Q1-Q3 2023.
 - The investment portfolio yielded a return of DKK 106m in Q1-Q3 2024 against DKK 63m in Q1-Q3 2023.

Q3 2024 vs. Q2 2024

- Føroya Banki’s operating profit before impairment charges was DKK 66m in Q3 2024, an increase of DKK 3m compared with Q2 2024.
 - Net interest income amounted to DKK 87m in Q3 2024, which was DKK 3m less than in Q2 2024.
 - Fee and commission income increased by DKK 1m to DKK 18m in Q3 2024 from DKK 17m in Q2 2024.
 - Net insurance income amounted to DKK 20m in Q3 2024, a DKK 5m increase relative to Q2 2024.
 - Other operating income amounted to DKK 10m in Q3 2024 on a par with Q2 2024.
 - Operating costs amounted to DKK 68m in Q3 2024 on a par with Q2 2024.
- Non-recurring items amounted to DKK 0m in Q3 2024 against DKK 0m in Q2 2024.
- Impairments amounted to a net reversal of DKK 6m in Q3 2024 against a reversal of DKK 7m in Q2 2024.
- Profit before tax was DKK 119m in Q3 2024 against DKK 105m in Q2 2024.
 - The investment portfolio yielded a return of DKK 48m in Q3 2024 against DKK 35m in the preceding quarter.
- Bank lending volumes were up by 1% from DKK 9,023m at 30 June 2024 to DKK 9,072m at 30 September 2024.
- Brokered mortgage credit was largely unchanged from DKK 2,585m at 30 June 2024 to DKK 2,579m at 30 September 2024.
- Deposits were up by 2% from DKK 9,180m at 30 June 2024 to DKK 9,359m at 30 September 2024.

Capital ratios

On 30 September 2024, the Group had a CET 1 capital ratio of 25.1% against 25.8% at 31 December 2023. The total capital ratio including MREL was 37.9% at 30 September 2024 against 41.1% at 31 December 2023. The reduction of the overall total capital ratio was due to the Bank’s repayment of hybrid capital in the amount of DKK 150m. The net profit of DKK 238.1m for Q1-Q3 2024 is not included in the calculation of capital ratios.

Guidance for 2024

On 18 October 2024, the Bank’s Management announced an upwards revision to its financial guidance for 2024. The

original guidance for the year was for a net profit in the DKK 225-255m range. This range was raised to DKK 250-280m on 19 August and again in October to DKK 275-300m. The revision in October was driven by an improved outlook for core operations with growth in both lending and deposit volumes as well as solid investment portfolio returns. Furthermore, the credit quality of the Bank's customers continues to be sound, as reflected in the relatively low impairment level.

The guidance is subject to uncertainty and will, amongst other things, depend on economic developments, loan impairment charges and market value adjustments.

Føroya Banki has banking activities in Greenland and the Faroe Islands and insurance activities in the Faroe Islands. Founded in the Faroe Islands more than a century ago, the Group has total assets of DKK 14.1bn and 206 employees. The Bank is subject to the supervision of the Danish Financial Supervisory Authority and is listed on Nasdaq Copenhagen.

Appendix: Føroya Banki's Q1-Q3 2024 financial highlights and comparative figures

Highlights and ratios									
DKKm	Q3 2024	Q2 2024	Index	Q1 2024	Q4 2023	Q3 2023	Q1-Q3 2024	Q1-Q3 2023	Index
Net interest income	87	90	97	92	100	96	269	260	103
Net fee and commission income	18	17	106	19	17	19	54	60	92
Net insurance income	20	15	133	12	12	24	46	48	97
Other operating income (less reclassification)	10	10	101	11	4	9	32	28	113
Operating income	135	132	102	135	133	148	401	395	102
Operating costs	-68	-68	101	-64	-65	-65	-200	-192	104
Sector costs	0	0		0	0	0	-1	-1	
Profit before impairment charges	66	63	104	70	68	83	200	202	99
Impairment charges, net	6	7	83	-23	-5	0	-10	15	-68
Operating profit	72	70	102	47	62	82	189	217	87
Non-recurring items	0	0		0	0	0	0	-9	
Profit before investment portfolio earnings and tax	72	70	102	47	62	82	189	208	91
Investment portfolio earnings	48	35	135	23	46	26	106	63	169
Profit before tax	119	105	113	70	109	108	295	271	109
Tax	23	18	128	15	20	20	57	52	110
Net profit	96	87	110	55	89	88	238	219	109
Loans and advances	9.072	9.023	101	8.915	8.883	8.790	9.072	8.790	103
Deposits and other debt	9.359	9.180	102	8.930	8.710	8.602	9.359	8.602	109
Mortgage credit	2.579	2.585	100	2.621	2.599	2.615	2.579	2.615	99
Equity	2.004	1.909	105	1.824	1.851	1.762	2.004	1.676	120
Total capital ratio, incl. MREL capital, %	37,9	40,8		39,9	41,1	29,9	37,9	29,9	
CET 1 capital, %	25,1	25,6		25,0	25,8	21,5	25,1	21,5	

ROE, %	19,6	18,6		12,0	19,6	20,9	16,5	16,8	
ROE, excl. one-offs, %	19,6	18,6		12,0	19,6	20,9	16,5	17,4	
Liquidity Coverage Ratio (LCR), %	302,2	285,6		283,6	228,2	196,6	302,2	196,6	
Operating cost/income, %	51	52		48	49	44	50	49	
Number of FTE, end of period	206	209	99	209	207	207	206	207	99

Contacts

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Attachments

- [Q3 2024 Interim Report.pdf](#)
- [Q3 2024_IR_Presenation.pdf](#)