

# Risk Management Report 2025

Board of Directors  
and Executive Board

## Group objectives and Risk Management Report

To keep our shareholders and other stakeholders informed of the group's risk and capital management policies, including risk management methodologies and practices, both short and long term.

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## 1. Introduction

The purpose of Føroya Banki's Risk Management Report is to ensure transparency in the Føroya Banki Group and to make available information on how the Group manages the risks it encounters.

Føroya Banki's Risk Management Report is published annually on the Group's website: [www.foroyabanki.com/rmr](http://www.foroyabanki.com/rmr), simultaneously with the release of the Group's Annual Report 2025. The Risk Management Report is a separate unaudited document. There are no audit requirements for the Risk Management Report, but much of the information in the Risk Management Report will also be provided in the audited Annual Report 2025.

## 2. Organisation

### 2.1 Introduction

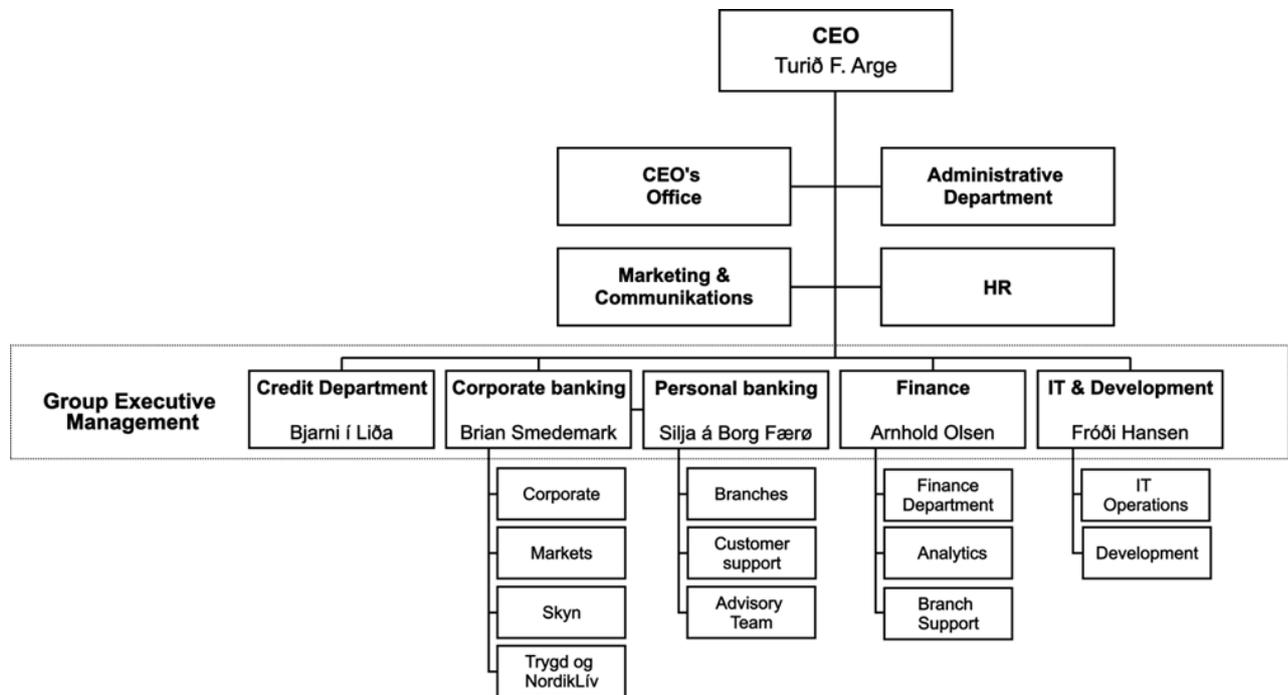
Understanding and ensuring transparency in risk taking are key elements of the Føroya Banki Group's business strategy. The Group's ambition is to set high standards for risk management. Our risk organization supports this ambition, and it has developed in-depth risk management expertise.

The Board of Directors sets out the overall risk policies for all types of material risk while the Chief Executive Officer (CEO) is responsible for the day-to-day management of the Group, including implementation of the risk policies and risk management.

The Executive Board consists of Group CEO, Turið F. Arge. At the chief operational level, the Group is divided into two main business units:

- Corporate Banking operations In the Faroe Islands and Greenland, headed by Brian Smedemark
- Personal Banking operations in the Faroe Islands and Greenland, headed by Silja á Borg Færø

Figure 1



The business units are supported by the following units:

- Credit Services, Finance, Accounting, Treasury, IT, Marketing, Markets and HR.

The Group's risk officer and compliance officer are members of CEO's office.

The Board of Directors and the Group Executive Management Team have established various sub-committees, including an Audit Committee, a Risk Committee, a Credit Committee, a Remuneration Committee, and a Nomination Committee.

The Group allocates resources to manage and monitor risk and to ensure on-going compliance with approved risk limits. The Group has a reporting cycle to ensure that the relevant management bodies, including the Board of Directors, the Chief Executive Officer, and the Group Executive Management Team, are kept informed of relevant developments in risk measures.

The Group's risk policies as well as its limits and organizational framework for risk management are described in greater detail in the following sections.

## 2.2 Risk policies and limits

The Board of Directors sets out the overall risk policies and limits for all material risk types. The Board also determines the general principles for managing and monitoring risk, and it reviews the risk policies and limits annually. The Group uses risk appetite as a strategic concept to determine its risk-based limits. Risk appetite represents the maximum risk the Group is willing to assume in pursuit of its business targets. The risk appetite framework offers an overview of various risk dimensions and enables the Group to manage risk measurement across these dimensions in accordance with its overall risk policies.

The framework is based on an analysis of the current risk profiles of the Group and its major business units. It includes setting explicit targets, limits, and contingency plans in accordance with the risk policies. It also includes monitoring of risk levels.

Key risk elements are identified on an on-going basis in a dynamic process driven by new products, procedures, risk measurement applications as well as economic developments. The Group conducts risk management at the customer and industry levels as well as based on geographical location and collateral type. It takes a comprehensive approach to the core risk dimensions:

- Credit risk
- Market risk
- Liquidity risk
- Operational risk

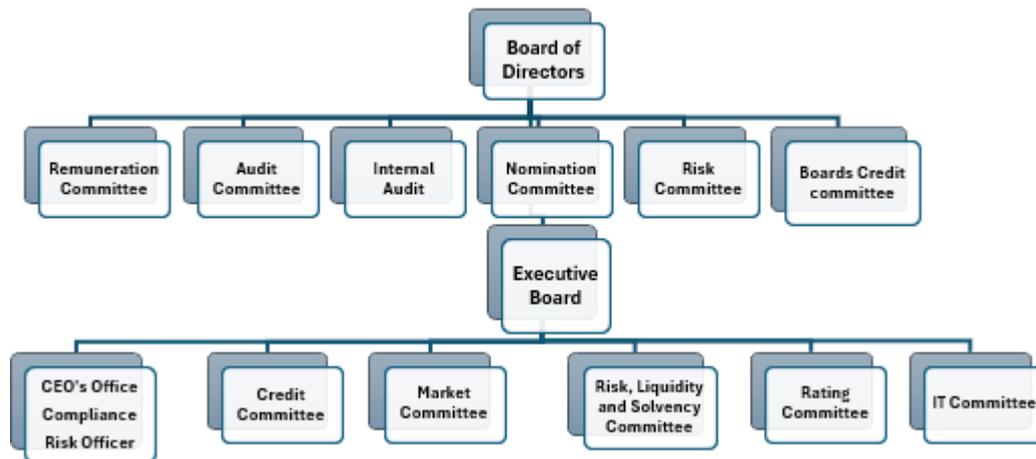
Other risk dimensions are incorporated at the Group and business unit levels where appropriate. They include insurance and concentration risk, financial strength, and earnings robustness. Specific risk instructions for the main business units are prepared based on the overall risk policies and limits. These instructions are used to prepare business procedures and reconciliation and control procedures for the relevant units and for system development purposes.

## 2.3 Risk organization

Føroya Banki's "Rules of procedure" for the Board of Directors and the "Board of Directors' Instructions to the Executive Board" specifies the responsibilities of the Board of Directors and the Executive Board and the division of responsibilities between them. This two-tier management structure has been developed in accordance with Faroese and Danish legislation, and the "Rules of procedure" and "Board of Directors' Instructions to the Executive Board" are key documents in the Group's management structure, including the organization of risk management and authorizations.

The Board of Directors lays down overall policies, while the Executive Board oversees the Group's day-to-day management and reports to the Board of Directors. None of the Group's executive managers serve on the Board of Directors of the parent company. The risk and capital management functions are separate from the credit assessment and credit-granting functions, as shown in figure 2.

Figure 2



The Group's management structure also reflects the statutory requirements governing listed Faroese companies in general and financial services institutions in particular. The Føroya Banki Group applies to comply or explain principle set out in the recommendations issued by the Committee of Corporate Governance. These recommendations apply to companies listed on NASDAQ Copenhagen.

The Audit Committee examines accounting, auditing, and security issues that the Board of Directors, the Audit Committee, the internal auditor, or the external auditors believe deserve attention. The Risk Committee reviews the internal control and risk management system.

The Audit Committee consists of Árni Tór Rasmussen, Chair of the Committee, Kristian Reinert Davidsen, member of the board and Marjun Hanusardóttir, member of the board.

The Risk Committee consists of Tom Ahrenst, Chair of the Committee, Birgir Durhuus, Chair of the board, Annfinn Vitalis Hansen, vice chair of the board.

The Boards Credit Committee consists of Tom Ahrenst, Chair of the Committee and the CEO, the COO, the head of the Credit department.

The Executive Board has assembled the Group Executive Management Team and established a Credit Committee i.e. a risk-orientated sub-committee.

**2.3.1 Board of Directors**

The Board of Directors must ensure that the Group is appropriately organized. As part of this duty, it appoints the members of the Executive Board and the Group’s Chief Internal Auditor.

The largest credit facilities are submitted to the Board of Directors for approval, and the Board defines overall limits for market risk and liquidity risk. Regular reporting enables the Board of Directors to monitor whether the overall risk policies and systems are being complied with and whether they meet the Group’s needs. In addition, the Board of Directors reviews reports analysing the Group’s portfolio, particularly information about industry concentrations, large exposures, and impaired exposures.

Internal Audit examines accounting, auditing, and security issues. These are issues that the Board of Directors or the external auditors believe deserve day-to-day attention. Internal Audit also reviews the internal control and risk management systems.

**2.3.2 Executive Board**

The Executive Board is responsible for the day-to-day management of the Group as stated in the “Rules of procedure” for the Board of Directors and the “Board of Directors’ Instructions to the Executive Board”.

The Executive Board sets forth specific risk instructions and supervises the Group’s risk management practices. It reports to the Board of Directors on the Group’s risk exposures and approves material business transactions, including credit applications up to a defined limit.

The Group has also organized various sub-committees/functions for specific risk management areas such as asset and liability management and the management of risk parameters and models affecting the Group’s capital and risk-weighted assets. The sub-committees consist mostly of members of the management team.

The sub-committees are:

Committee	Function
Credit Committee	Overview of credit risk. Review of applications . Implementing Creditpolicies approved of the Board of Directors.
Market Committee	Overview of the Groups market risk. Analysing, planning and recommendation.
Risk, Solvency and Liquidity Committee	Overview of the Groups main risks. Analysing, planning and recommendation.
Rating Committee	Overview of the Groups statistic ratingmodel and AML model
IT Committee	Overview of the Groups IT-risks. Analysing, planning and recommendation.

**2.3.3 Staff departments**

The Group’s overall risk issues including credit, market, liquidity, and operational risks are monitored by the Group’s Risk Officer, in co-operation with managers of business units and subsidiaries, reporting directly to the Executive Board.

The Finance department oversees the Group’s financial reporting, budgeting, liquidity, and capital structure. It also has overall responsibility for the Group’s compliance with the Capital Requirements Directive and related legislation and for the internal capital adequacy assessment process.

The Group has established a functional separation between units that enter into business transactions with customers or otherwise expose the Group to risk on the one hand and units in charge of overall risk management on the other.

The Group’s Risk Management is carried out by the Group’s Risk Officer which is a part of the CEO’s Office with reporting rights and obligations to the Executive Board and reporting rights to the Board of Directors in risk-related matters. Risk Management has overall responsibility for monitoring the Group’s risk portfolio and reporting on overall risk measures. In addition, Risk Management is responsible for the implementation of risk models and risk analysis and for providing support to the Risk Committee.

The Credit Department has the overall responsibility for the credit process in all of the Group's business units. This includes responsibility for developing credit classification and valuation models and for seeing that they are used by the local units in their day-to-day credit processing. The Credit Department is in charge of determining the utilization of portfolio limits for industries and countries and of the quarterly process of calculating the impairment of exposures. It also keeps track of the credit quality of the Group's loan portfolio by monitoring trends in unauthorized overdrafts and overdue payments, new approvals to weak customers and other factors. In addition, the Credit Department reports to the Group management and to business units on developments in the Group's credit risk. Finally, the department is in charge of providing management information about credits, of monitoring credit approvals in the business units, and of determining the Group's requirements relating to its credit systems and processes.

The CEO's office is in charge of analysing and monitoring strategic business risk and corporate governance.

#### **2.3.4 Business units**

Core risk dimensions such as market risk and liquidity risk are managed centrally. For credit risk, however, lending authority for specific customer segments and products has been delegated to the individual business units. The business units carry out the fundamental tasks required for optimal risk management. This includes updating the necessary registrations about customers that are used in risk management tools and models, as well as maintaining and following up on customer relationships.

Each business unit is responsible for preparing carefully drafted documentation before business transactions are undertaken and for properly recording the transactions. Each business unit is also required to update information on customer relations and other issues as may be necessary.

The business units must ensure that all risk exposures comply with specific risk instructions as well as the Group's other guidelines. Loan and credit approvals to retail customers and small business customers are given according to the lending authorities delegated to the individual branches.

Customer advisers are responsible for the basic credit assessment of customers. Their lending authority depends on customer classification, and they can approve credits up to certain amounts. Advisers must forward applications for credit facilities beyond their lending authority to the branch management, which may decide to submit applications to the Credit Department.

#### **2.4 Reporting**

The Group has a reporting cycle to ensure that the relevant management bodies, including the Board of Directors, the Executive Board, and the Group Executive Management Team, are kept informed of, among other things, developments in risk measures, the credit portfolio, non-performing loans, market risk, strategic and operational risk.

The Board of Directors receives the principal risk reports (see Table 1-3) and the principal solvency requirement in the form of the Group's annual solvency handbook (ICAAP). As part of the quarterly evaluation of the Group's solvency requirement, the Board of Directors receives up-to-date information on any material changes in the Group's risk profile. On a monthly basis the Board of Directors receives a report on the Group's market and liquidity risk.

**Table 1-3 Preferred risks: Monitoring, analysing, and reporting**

<b>Table 1</b>	
Risk appetite	Strategic determination of risk-based limits, representing the maximum risk that the Group is willing to assume in pursuit of business targets in accordance with its overall risk policies.
Risk policy	Review of the Group's overall risk policy to determine whether revisions are required.
Models and parameters	Update on the use of risk models and risk parameters.
Quality of credit portfolio	Analysis of impairment charges and losses by business unit and portfolio break-downs by category, size, business unit etc.

<b>Table 2</b>	
Føroya Banki Group methodology	Evaluation of the preferred risk and level of capital according to the FSA's 8+ approach.
Key figures for the credit portfolio	An overview of credit-quality indicators, classifications and trends in lending volumes.
Market risk	Analysis of the Group's current equity, fixed income and currency positions and report on the utilisation of Board approved limits since the preceding report.
Large exposures	An overview of exposures equal to or exceeding 10% of the Group total capital and the sum of these exposures including the percentage of the Group's total capital is represents.

<b>Table 3</b>	
Liquidity risk	Analysing and stress tests of the Group's current liquidity
Market risk	Analysis of the Group's current equity, fixed income and currency positions and report on the utilisation of Board approved limits since the preceding report.

### 3. Capital Management

Føroya Banki is well capitalized with a high solvency ratio and excess cover relative to the statutory requirements. The Board of Directors is focused on maintaining the capital base necessary to fulfil its strategic goals and sustain the Bank's continued business development. Constant monitoring and valuation of the Group solvency ratio forms an integral part of the Group's capital management.

#### 3.1 Framework of the Group's capital management

The basis of the Føroya Banki Group's capital management is the CRD IV requirements and the Internal Capital Adequacy Assessment Process (ICAAP), which consists of three pillars.

- Pillar I contains a set of rules for a mathematical calculation of the Total capital and the risk weighted assets (RWA).
- Pillar II describes the supervisory review and evaluation process and contains the framework for the internal capital adequacy assessment process.
- Pillar III deals with market discipline and sets forth disclosure requirements for risk and capital management.

#### 3.2 Pillar I

In accordance with the CRD IV requirements stipulated in the regulation (EU) No 575/2013 of the European parliament and of the Council of 26 June 2013, total RWA is calculated as the sum of RWA for credit, market, and operational risk. Total capital is calculated as the sum of common equity tier 1 (CET1) and additional tier 1 and tier 2 instruments.

Table 4 sets out the Bank's Solvency statement as of 31 December 2025, including the basis for calculating risk-weighted items, CET 1 capital, Core capital and Total capital.

#### 3.3 Pillar II

While Pillar I contains uniform rules for capturing a financial institution's risk and calculating the capital requirements in accordance with the CRD IV requirements, it does not necessarily capture all risk affecting individual institutions. Pillar II contains a framework for an Own Risk Solvency Assessment process based on the situation and characteristics of the individual institution. The underlying aim of the Pillar II process is to enhance the link between an institution's risk profile, its risk management systems and its capital. Institutions are expected to develop sound risk management processes that properly identify, measure, aggregate and monitor their risk.

Pillar II is underpinned by four principles:

- Assessment of capital adequacy in relation to the institution's risk profile and capital strategy
- Review and evaluation of the assessment and its ability to monitor and ensure compliance with its own requirement.
- The expectation that the institution will operate above the Minimum Capital Requirement (MCR) and the ability of the Danish FSA to require a financial institution to maintain a capital buffer relative to the MCR.
- FSA intervention at an early stage to prevent capital from falling below the minimum level required to support the risk profile or to require rapid remedial action if capital is not maintained or restored.

Table 4 – Capital and Solvency

**Capital and Solvency - P/F Føroya Banki**

Solvency	Dec. 31	Dec. 31
<b>DKK 1,000</b>	<b>2025</b>	<b>2024</b>
Tier 1 capital	1,799,971	1,712,027
Total capital	1,899,901	1,811,817
Risk-weighted items not included in the trading portfolio	6,423,717	5,835,110
Risk-weighted items with market risk etc.	237,353	391,442
Risk-weighted items with operational risk	1,071,319	953,926
<b>Total risk-weighted items</b>	<b>7,732,389</b>	<b>7,180,478</b>
<b>CET 1 capital ratio</b>	<b>23.3%</b>	<b>23.8%</b>
<b>Tier 1 capital ratio</b>	<b>23.3%</b>	<b>23.8%</b>
<b>Total capital ratio</b>	<b>24.6%</b>	<b>25.2%</b>
<b>Total capital, incl. MREL capital, ratio</b>	<b>36.3%</b>	<b>36.3%</b>
<b>Shareholders' equity</b>		
Share capital	192,000	192,000
Reserves	6,718	6,718
Net profit	288,317	310,427
Retained earnings, previous years	1,535,796	1,571,152
<b>Shareholders' equity, before deduction of holdings of own shares</b>	<b>2,022,831</b>	<b>2,080,296</b>
Deduction of ordinary dividend	202,000	217,000
Deduction of extraordinary dividend	0	133,000
Deduction of holdings of own shares	7,519	4,259
Deduction of MLC regarding Non Performing Exposures	242	0
Deduction of intangible assets	466	1,084
Deduction of deferred tax assets	11,557	11,172
Deduction regarding prudent valuation of financial instruments	1,077	1,754
<b>CET 1 capital</b>	<b>1,799,971</b>	<b>1,712,027</b>
<b>Tier 1 capital</b>	<b>1,799,971</b>	<b>1,712,027</b>
Subordinated loan capital	99,930	99,790
<b>Total capital</b>	<b>1,899,901</b>	<b>1,811,817</b>
MREL capital	903,790	791,227
<b>Total capital, incl. MREL capital</b>	<b>2,803,691</b>	<b>2,603,044</b>

To measure and identify all risk exposure to the Group, the Group applies a Danish FSA approved capital adequacy assessment process.

The method is based on an 8+ approach. An 8+ approach means that a review takes, as its baseline, the minimum requirement of 8 per cent of the risk-weighted items (pillar 1) plus a margin for risks and matters that are not fully reflected in the statement of risk-weighted items. In other words, ordinary risks are assumed to be covered by the 8 per cent requirement, and the question to consider is whether a bank is exposed to other risks that necessitate an increase in the solvency requirement (pillar II).

**3.3.1 Solvency requirement**

The Group's Executive Board and Board of Directors are responsible for maintaining a sufficient capital base and lay down requirements for individual solvency. The Group's Risk Committee is responsible for monitoring and making sure on an ongoing basis that the solvency requirements (methodological) determined by the Executive Board and the Board of Directors are always complied with. The overall responsibility for reporting to the Executive Board and the Board of Directors regarding solvency requirements lies with the Finance Department.

### 3.3.2 The methodology

The Group has implemented a methodology approved by the Danish FSA to ensure that Føroya Banki can expose/identify any potential risk and meet the requirements set by the Executive Board and the Board of Directors. The methodology forms an integral part of the Group's organization, and the Finance Department prepares a quarterly report. The report is then submitted to the Executive Board. The Board of Directors receives a condensed quarterly report and a full annual solvency requirement report that is submitted to the Board for approval.

The method can be split into two main parts. The first part involves the calculation of the minimal capital requirement (please refer to the 8+ approach). The second part consists of eight underlying risk factors:

- Earnings
- Growth in lending
- Credit risk
- Market risk
- Liquidity risk
- Operational risk
- Leverage risk
- Statutory requirements

In addition to these eight risk factors, the Bank calculates potential premiums for special risks believed not to be covered by the calculation of minimal risk. See the calculation of the 8+ capital requirement below in table 5.

**Table 5**

Capital and solvency adequacy assessment DKK 1,000	31.12.2025		31.12.2024	
	Capital requirement	Solvency need ratio	Capital requirement	Solvency need ratio
1) Basic Capital requirement, 8 % of RWA	618,591	8.0%	574,438	8.0%
+ 2) Earnings (capital for risk coverage due to weak earnings)	-	0.0%	-	0.0%
+ 3) Growth in lending (capital to cover organic growth in business volume)	-	0.0%	-	0.0%
+ 4) <i>Credit risk, of which:</i>	91,612	1.2%	35,510	0.5%
4 a) Credit risk on major customers in financial distress	32,439	0.4%	1,175	0.0%
4 b) Other credit risk	5,443	0.1%	4,187	0.1%
4 c) Concentration risk on individual exposures	25,942	0.3%	20,362	0.3%
4 d) Concentration risk on industries	24,328	0.3%	9,342	0.1%
4 e) NPE-backstop	3,459	0.0%	445	0.0%
+ 5) <i>Market risk, of which:</i>	21,225	0.3%	50,666	0.7%
5 a) Interest risk	11,225	0.1%	30,666	0.4%
5 b) Credit spread risk	10,000	0.1%	20,000	0.3%
5 c) Equity risk	-	0.0%	-	0.0%
5 d) Foreign exchange risk	-	0.0%	-	0.0%
+ 6) Liquidity risk (capital to cover more expensive liquidity)	-	0.0%	-	0.0%
+ 7) Operational risk (capital to cover operational risk in excess of pillar I)	61,859	0.8%	57,444	0.8%
+ 8) Gearing (capital to cover risk due to gearing)	-	0.0%	-	0.0%
+ 9) Margins due to statutory requirements	-	0.0%	-	0.0%
<b>Capital requirement and solvency requirement ratio</b>	<b>793,287</b>	<b>10.3%</b>	<b>718,058</b>	<b>10.0%</b>

If any other areas of special risk are identified that are not listed in the model set out above, the Bank calculates an extra capital requirement for such risk. In addition to stress testing different risk parameters, the second part of the model involves additional capital requirements for specific additional individual risk exposures, where every potential material risk specific to Føroya Banki is considered and any potential risk is included to determine a possible additional capital requirement. The summary of the minimal 8+ capital requirement and any possible individual additional capital requirement constitute Føroya Banki's total individual capital requirement.

### 3.3.3 Group solvency requirement

The Group's solvency requirement has been calculated using the method illustrated above. At the end of December 2025, the solvency requirement was 10.3%, the risk-weighted items were DKK 7.7bn and the capital requirement was DKK 793m.

Excess capital relative to adequacy requirements			Table 6
DKK 1,000	31-12-2025	31-12-2024	Change
Total risk-weighted items	7,732,389	7,180,478	551,910
Total capital, incl. MREL capital	2,803,691	2,603,044	200,647
<b>Total capital</b>	<b>1,899,901</b>	<b>1,811,817</b>	<b>88,084</b>
Tier 1 capital	1,799,971	1,712,027	87,944
CET 1 capital	1,799,971	1,712,027	87,944
Total capital ratio, incl. MREL capital	36.3%	36.3%	0.0%
Total capital ratio	24.6%	25.2%	-0.7%
Tier 1 capital ratio	23.3%	23.8%	-0.6%
CET 1 capital ratio	23.3%	23.8%	-0.6%
<b>Own funds requirement</b>	<b>793,287</b>	<b>718,058</b>	<b>75,229</b>
Solvency requirement	10.3%	10.0%	0.3%
<b>Excess capital, DKK 1,000</b>	<b>1,106,614</b>	<b>1,093,758</b>	<b>12,856</b>
<b>Excess capital ratio</b>	<b>14.3%</b>	<b>15.2%</b>	<b>-0.9%</b>

### 3.4 Combined buffer requirement

Danish and Faroese financial institutions are obligated to comply with several capital buffer requirements in addition to their individual solvency needs.

Common to all capital buffer requirements is that only the CET 1 capital can be used to meet the requirements. In cases where a financial institution does not meet the capital requirement for the buffers, it will result in limitations on the institution's ability to make dividend payments and other distributions.

The capital buffer requirement consists of the following elements, determined based on the total risk exposure. The sum of these is referred to as the combined capital buffer requirement:

- Capital conservation buffer
- Countercyclical buffer
- SIFI buffer
- Systemic risk buffer

The purpose of the capital conservation buffer is to ensure a financially robust sector by strengthening the CET 1 capital. This buffer requirement is set at 2.5% of the total risk exposure.

The countercyclical buffer aims to build capital during periods of economic upturn. Its purpose is to release capital during periods of financial stress. The goal is to build up the buffer before risks materialize. The countercyclical capital buffer is specific to each country. For Danish and Faroese exposures, the institution-specific countercyclical capital buffer has been rebuilt to the target of 2.5% and 1.0%, respectively. Of total exposures this adds up to 0.8%. Regarding Greenlandic exposures an institution-specific countercyclical buffer of 0.5% will come to effect at 1 January 2026 and the buffer will increase further to 1% at 1 July 2026. Of total exposures the Greenlandic buffer adds up to 0.2% at 1. July 2026.

As a Systemically Important Financial Institution (SIFI), the Group is also required to meet the SIFI buffer requirement, which amounts to 2% of the total risk exposure.

The systemic risk buffer is set to 3% of the Faroese risk-weighted exposures, i.e. 2,3% of total risk-weighted exposures.

As of the end of 2025, the combined capital buffer requirement consists of the capital conservation buffer, the countercyclical buffer, the SIFI buffer, and the systemic risk buffer. The calculated combined capital buffer requirement is shown in table 7 below.

<b>Combined buffer requirement</b>	<b>Table 7</b>	
	<b>31-12-2025</b>	<b>31-12-2024</b>
<b>Total risk-weighted items (DKK 1,000)</b>	<b>7,732,389</b>	<b>7,180,478</b>
Capital conservation buffer (%)	2.5%	2.5%
Institution specific countercyclical capital buffer (%)	0.8%	0.9%
Systemic risk buffer (%)	2.3%	1.5%
Other Systemically Important Institution buffer (%)	2.0%	2.0%
<b>Combined buffer requirement (%)</b>	<b>7.6%</b>	<b>6.9%</b>
<b>Combined buffer requirement (DKK 1,000)</b>	<b>590,154</b>	<b>494,748</b>

### 3.5 Excess capital

The excess capital refers to the amount of capital that the Group has in excess relative to the calculated capital requirements.

At the end of 2025, the total CET 1 capital requirement consists of the CET 1 requirement of 4.5%, the addition to individual solvency requirement of 1.3%, and the combined buffer requirement of 7.6%. The total requirement adds up to 13.4% corresponding to DKK 1,036m. The Group has a CET 1 capital of DKK 1,800m with an excess capital of DKK 764m or 9.9% as shown in table 8 below. Regarding the excess capital, the decrease is 1.5 percentage points compared to 2024.

<b>Excess capital relative to CET 1 capital requirements</b>	<b>Table 8</b>	
	<b>31-12-2025</b>	<b>31-12-2024</b>
Total risk-weighted items (DKK 1,000)	7,732,389	7,180,478
CET 1 requirements	4.5%	4.5%
Addition to individual solvency requirement	1.3%	1.1%
Combined buffer requirement	7.6%	6.9%
Total requirements	13.4%	12.5%
<b>Total requirements (DKK 1,000)</b>	<b>1,036,378</b>	<b>898,656</b>
CET 1 capital	23.3%	23.8%
<b>CET 1 capital (DKK 1,000)</b>	<b>1,799,971</b>	<b>1,712,027</b>
Excess capital	9.9%	11.3%
<b>Excess capital (DKK 1,000)</b>	<b>763,593</b>	<b>813,371</b>

The total capital requirements consist of the total individual solvency requirement of 10.3% and the combined buffer requirement of 7.6% which makes up a total requirement of 17.9% corresponding to DKK 1,383m. The Group has a total capital of DKK 1,900m with an excess capital of DKK 516m or 6.7% as illustrated in table 9. Regarding the excess capital, the decrease is 1.7 percentage points compared to 2024.

<b>Excess capital relative to total capital requirements</b>		<b>Table 9</b>	
DKK 1,000	<b>31-12-2025</b>	<b>31-12-2024</b>	
Total risk-weighted items	7,732,389	7,180,478	
Total individual solvency requirement	10.3%	10.0%	
Combined buffer requirement	7.6%	6.9%	
Total requirements	17.9%	16.9%	
<b>Total requirements</b>	<b>1,383,441</b>	<b>1,212,806</b>	
Total capital ratio	24.6%	25.2%	
<b>Total capital</b>	<b>1,899,901</b>	<b>1,811,817</b>	
Excess capital	6.7%	8.3%	
<b>Excess capital</b>	<b>516,460</b>	<b>599,010</b>	

The total MREL capital requirement has been set to 31.0% at the end of 2025 of total risk-weighted items corresponding to DKK 2,400m. The Group has a total capital including MREL capital of DKK 2,804m at the end of 2025 with an excess capital of DKK 404m or 5.2% as shown in table 10. Regarding the excess capital, the decrease is 2.5 percentage points compared to 2024.

<b>Excess capital relative to total MREL capital requirements</b>		<b>Table 10</b>	
DKK 1,000	<b>31-12-2025</b>	<b>31-12-2024</b>	
Total risk-weighted items	7,732,389	7,180,478	
Total MREL requirements	31.0%	28.6%	
<b>Total MREL requirements</b>	<b>2,399,533</b>	<b>2,051,132</b>	
Total capital ratio, incl. MREL capital	36.3%	36.3%	
<b>Total capital, incl. MREL capital</b>	<b>2,803,691</b>	<b>2,603,044</b>	
Excess capital	5.2%	7.7%	
<b>Excess capital</b>	<b>404,158</b>	<b>551,912</b>	

### 3.6 Leverage ratio

The leverage ratio is calculated as the core capital relative to the total exposure. The Group has established procedures with the aim of mitigating the risk of excessive leverage and ensuring the identification, management, and monitoring of leverage risk. Additionally, methods have been developed to measure risks related to excessive leverage and to assess significant changes in the leverage ratio.

The minimum requirement to the leverage ratio is 3% according to CRR. Furthermore, the Group has set its own minimum requirement goal to 8%. At the end of December 2025, the leverage ratio is calculated to 11.5%. This is an increase of 0.2 percentage point compared to 2024 and is 3.5 percentage points higher than the Group's own minimum goal, which is shown in table 11.

<b>Leverage ratio</b>		<b>Table 11</b>	
	<b>31-12-2025</b>	<b>31-12-2024</b>	
Minimum requirements	3.0%	3.0%	
<b>Own minimum limit</b>	<b>8.0%</b>	<b>8.0%</b>	
Exposures (mill. DKK)	15,638	15,181	
Core capital (mill. DKK)	1,800	1,712	
<b>Leverage ratio</b>	<b>11.5%</b>	<b>11.3%</b>	

## 4. Credit Risk

Credit risk is the most crucial risk facing the Group. Føroya Banki has loans and guarantees (exposures) of DKK 12,915m, the vast majority of which has been provided to customers in the Faroe Islands and Greenland. The Group pursues an overall credit policy calling for a balanced distribution of loans and advances, however, with an overweight of exposures towards personal customers.

Set out below is a presentation of the Group's credit policy, credit risk classification process, credit exposure and credit management. The Group's procedures for writing off bad and doubtful debts form an integral part of this presentation.

### 4.1 Definition

The Group defines credit risk as the risk of losses arising because counterparties fail to meet all or part of their payment obligations to the Group. Credit risk also includes country, settlement, and counterparty credit risks, among other things.

Føroya Banki manages its overall credit risk by way of its general credit policy. One of the purposes of the credit policy is to ensure a balanced relationship between earnings and risk taking.

### 4.2 Policy

The Board of Directors sets the overall policies for the Group's credit risk exposure. The Group's risk appetite framework is determined in accordance with these policies. The key components of the credit risk policies are described below.

The Group's aim is to build long-term relationships with its customers. For most products, credit is granted on the basis of the customer's financial circumstances and specific individual assessments. Ongoing follow-up on developments in the customer's financial situation enables the Group to assess whether the basis for the credit facility has changed. The credit facilities should match the customer's creditworthiness, capital position and assets. Further and in order to increase the mitigation of credit risk, the Group as a general rule requires collateral.

The Group aims to assume risks only within the limits of applicable legislation and other rules, including rules on best practices for financial undertakings.

### 4.3 Credit process

In order to ensure a consistent, coordinated credit granting process of a high quality all credit applications are handled according to a pre-defined procedure that provides a consistent, high credit processing quality:

**Bank branches:** All branch managers can process and approve credit applications within branch manager credit lines. Credit applications exceeding branch manager's credit lines are submitted to the Credit Department along with a credit recommendation.

**Corporate Department:** The central corporate departments in the Faroe Islands and Greenland handle all of the Group's major corporate accounts. Credit applications exceeding the Corporate Department's credit lines are submitted to the Credit Department for approval.

**The Credit Department:** Applications that exceed a branch / Corporate Department credit line are submitted to the Credit Department for approval. The Credit Department also processes staff loan applications exceeding the limit of the branch credit lines. In addition to processing credit applications, the Credit Department coordinates and prepares credit recommendations to the Group's Credit Committee and recommendations submitted to the Board of Directors.

**The Credit Committee:** The Credit Committee reviews all applications beyond the Credit Department's credit line. Credit Committee conducts credit meetings as necessary, typically on a twice-weekly basis. The purpose of the Credit Committee is to:

- Process credit applications exceeding the credit line of the Credit Department.
- Process and provide recommendations for all credit applications to be submitted to the Group's Board of Directors.
- Implement the guidelines for the credit area as approved by the Board of Directors; and
- To supervise the overall credit granting procedure.

**Board of Directors:** The Board of Directors reviews all applications that are beyond the Credit Committee's credit line.

Credit processing must be conducted based on extensive knowledge of the risks inherent to each individual exposure for the purpose of striking a balance between risk and earnings opportunities and in compliance with the overall goals defined by the Board of Directors.

#### 4.4 Credit risk classification

Føroya Banki's lending exposure is subject to very careful management as part of the day-to-day follow-up conducted by the branches or departments with day-to-day responsibility for the individual portfolios. The follow-up and management process are split into the following categories:

- Day-to-day management is conducted by the relevant relationship manager.
- Exposures that meet specific criteria are tested individually for impairment four times per year in connection with the Group's quarterly financial statements.
- Reports on exposures due for review by the Credit Department in cooperation with the relevant branch or department.
- The largest exposures are reviewed annually by the Credit Committee.
- The exposures that fall outside the Credit Committee's credit line are reviewed annually by the Board of Directors with analysis and recommendations by the Credit Committee.
- Constant monitoring of the largest exposures is a key priority.

The Group applies an automatic rating model and methodology that provides all customers, personal and corporate, with a probability of default for the coming 12 months. This probability of default is mainly used in the Group's IFRS 9 impairment model but is to some extent also a part of the daily credit monitoring process. The Group still classifies its customers in accordance with the methodology used by the Danish FSA, see table 12. Currently, more than 99% of the overall exposure is individually classified, see table 12 for more details.

#### 4.5 Credit exposure

The following section provides a presentation and review of the Group's loan portfolio. The review deals with the overall loan portfolio, followed by a report on the individual sub-portfolios. The figures include impairments in all stages, which are itemized in part 4.8.

The Group's total loan exposures portfolio listed by category is set out in table 12. Table 15 shows the distribution of the Group's credit facilities between the personal, corporate and public customers, i.e. 40.7%, 50.2% and 9.0% respectively. Funds placed with credit institutions and central banks are money market placements and not committed lines.

In the annual report 2025, figures for loans and guarantees are adjusted in accordance with the applicable accounting terms and are therefore not directly comparable to the exposure listed in this Risk Management Report.

<b>Quality of loan portfolio excl. financial institutions 2025</b>		<b>Table 12</b>
		<b>Total</b>
Portfolio without weakness (3, 2a)	Exposure in DKKm	8,534
Portfolio with some weakness (2b)	Exposure in DKKm	3,685
Portfolio with significant weakness (2c)	Exposure in DKKm	414
	Unsecured	58
Portfolio with OEI	Exposure in DKKm	206
	Unsecured	57
	Impairments/provisions	32
Portfolio without individual classification	Exposure in DKKm	76
<b>Total</b>	<b>Exposure in DKKm</b>	<b>12,915</b>
<b>Quality of loan portfolio excl. financial institutions 2024</b>		
		<b>Total</b>
Portfolio without weakness (3, 2a)	Exposure in DKKm	7,588
Portfolio with some weakness (2b)	Exposure in DKKm	3,436
Portfolio with significant weakness (2c)	Exposure in DKKm	323
	Unsecured	10
Portfolio with OEI	Exposure in DKKm	419
	Unsecured	90
	Impairments/provisions	59
Portfolio without individual classification	Exposure in DKKm	207
<b>Total</b>	<b>Exposure in DKKm</b>	<b>11,973</b>

#### 4.5.1 Credit exposure, quality, and concentration

In connection with the quarterly review and the on-going follow-up on the Group's loan portfolio is classified in the following categories:

- Portfolio without weakness (3, 2a5)
- Portfolio with some weakness (2b15, 2b30)
- Portfolio with weakness (2c50)
- Portfolio with impairment/provision (1)
- Portfolio without individual classification

Table 12 shows the Group's portfolio based on the review. The classification is based on the methodology used by the Danish FSA.

In their regular inspections, FSA classifies all larger exposures based on the same methodology as the Group does. If there is any difference in classification, the Group adjusts its classification according to the views of FSA. Thus, the classification of the larger exposures will be in line with FSA's classification, adjusted for developments since their last inspection.

One advantage of using the FSA classification is transparency and that it gives a frame of reference, since all exposures in Danish banks are classified by FSA. As such the FSA classification constitutes a market standard. As shown in table 12, more than 99% of total exposures are individually classified. The unclassified part of the portfolio has been steadily decreasing.

The classification gives some important insights to the credit quality of the portfolio. 95% of all exposures are labelled without weakness or only with some weakness. This is of importance bearing in mind that banks with high-risk portfolios normally fail in their larger loans.

There is a relatively low unsecured exposure in weak exposures (2c50). For exposures above DKK 7.5m, DKK 39m is unsecured exposures and in exposures less than 7.5m, DKK 18m is unsecured.

Large Exposures (DKKm)	Table 13	
	2025	2024
20 Largest Exposures (%) of CET1	134.8%	144.3%
20 Largest Exposures	2,427	2,471
CET1	1,801	1,712

Credit exposure by geographical area										Table 14
(DKKm)	2025					2024				
	Exposures	in%	Loans / Credits	Guarantees	Unused credits	Exposures	in%	Loans / Credits	Guarantees	Unused credits
Faroe Islands	10,843	84%	8,793	484	1,566	9,469	79%	7,749	393	1,326
Greenland	2,072	16%	1,051	362	659	2,504	21%	1,514	349	641
<b>Total</b>	<b>12,915</b>	<b>100%</b>	<b>9,844</b>	<b>846</b>	<b>2,225</b>	<b>11,973</b>	<b>100%</b>	<b>9,263</b>	<b>743</b>	<b>1,967</b>

The Group's overall target is for no industry to make up more than 10% of the Group's total exposure, see table 15, except for the industry group "Trade" and "Property Administration", for which the limit is 15%.

In special cases, exposures may be above 10% of the capital base, but only for customers of a high credit quality, and where the Group has accepted collateral. At the end of 2025 the Group has no customer with an exposure exceeding 10% of the Total capital.

As can be seen from table 15 no single industry exceeds 10% of total exposures, except for Property administration, etc. which amounts to 14.9%, which is in line with the Group's credit policy.

Personal loans account for about 40.7% of the Group's total loans and advances. Most of the personal loans in the Faroe Islands involve loans for the purchase of real estate in which the Group holds a first mortgage secured against the property.

Risk exposure concentrations					Table 15
	2025		2024		
	DKKm	In %	DKKm	In %	
Public authorities	1,166	9.0%	1,221	10.2%	
Corporate sector:					
Agriculture and farming, others	74	0.6%	22	0.2%	
Aquaculture	225	1.7%	163	1.4%	
Fisheries	620	4.8%	527	4.4%	
Manufacturing industries, etc.	844	6.5%	569	4.8%	
Energy and utilities	273	2.1%	431	3.6%	
Building and construction, etc	561	4.3%	575	4.8%	
Trade	522	4.0%	498	4.2%	
Transport, mail and telecommunications	895	6.9%	794	6.6%	
Hotels and restaurants	194	1.5%	112	0.9%	
Information and communication	24	0.2%	10	0.1%	
Property administration, etc.	1,926	14.9%	1,635	13.7%	
Financing and insurance	72	0.6%	104	0.9%	
Other industries	260	2.0%	330	2.8%	
<b>Total corporate sector</b>	<b>6,488</b>	<b>50.2%</b>	<b>5,769</b>	<b>48.2%</b>	
Personal customers	5,261	40.7%	4,983	41.6%	
<b>Total</b>	<b>12,915</b>	<b>100.0%</b>	<b>11,973</b>	<b>100.0%</b>	
Credit institutions and central banks	3,584		3,169		
<b>Total incl. credit institutions and central banks</b>	<b>16,499</b>		<b>15,142</b>		

#### 4.6 Risk mitigation

As provided in the Group's overall credit policy, the Group seeks to minimize actual risk taking. Accordingly, the Group generally requires collateral for any credit facility granted. What kind of collateral the Group may require when granting a loan depends on the account / customer involved and is subject to an individual assessment of each credit application.

The types of collateral most frequently provided are real estate, aircrafts & ships, and motor vehicles 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, haircuts reflect the expected costs of a forced sale and a margin of safety. This haircut is 20% of the estimated market value for housing, 30% for Faroese commercial real estate and 35% for Greenlandic commercial real estate. For unlisted securities, guarantees by third party (exclusive of guarantees from public authorities and banks), collateral in movables and floating charges, the haircut is 100%. For further information on housing prices, please refer to the illustrations on housing prices in the Faroe Islands and in Greenland further below.

Collateral	Table 16	
	2025	2024
Cars	2%	2%
Real Estate	86%	87%
Aircrafts & Ships	11%	10%
Other	2%	2%
<b>Total</b>	<b>100%</b>	<b>100%</b>

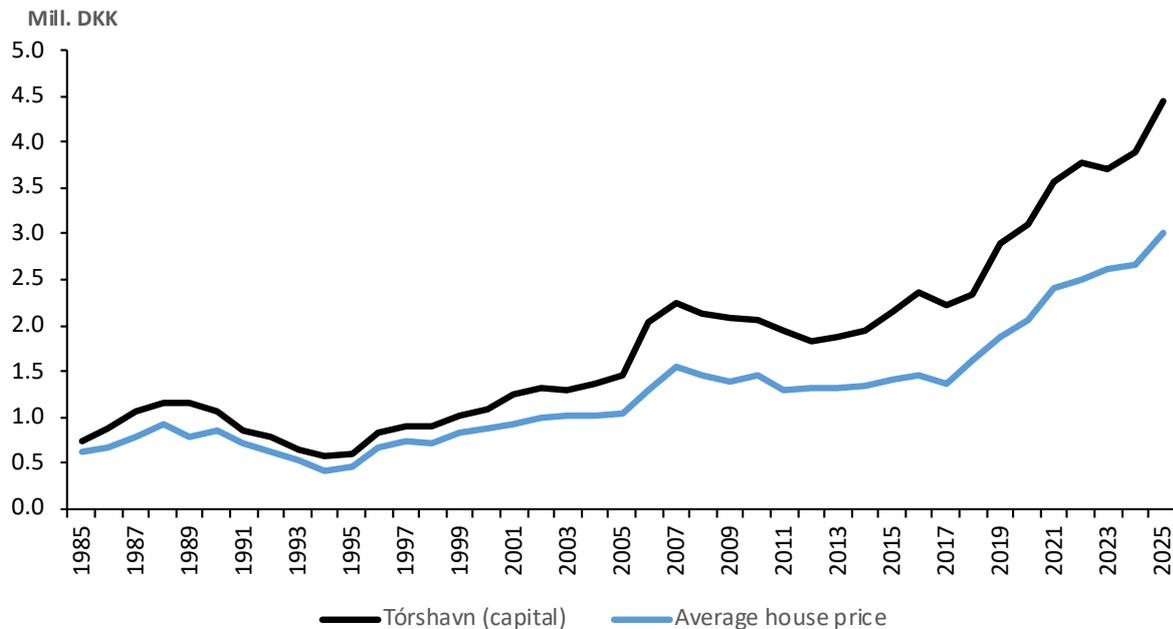
Credit exposure and collateral 2025					Table 17
(DKKm)	Personal customers	Corporate sector	Personal & corporate	Public	Total
Exposure	5,261	6,488	11,749	1,166	12,915
Loans, advances & guarantees	5,056	4,796	9,853	837	10,690
Collateral	4,604	4,432	9,036	21	9,058
<i>*Hereof collateral for exposures with OEI</i>	61	89	150	0	150
Impairments	48	128	177	1	177
Unsecured (of exposures)	695	2,079	2,774	1,145	3,918
Unsecured (loans, advances and guarantees)	604	1,145	1,749	816	2,565
Unsecured ratio	13%	32%	24%	98%	30%
Unsecured ratio, loans and advances	12%	24%	18%	97%	24%

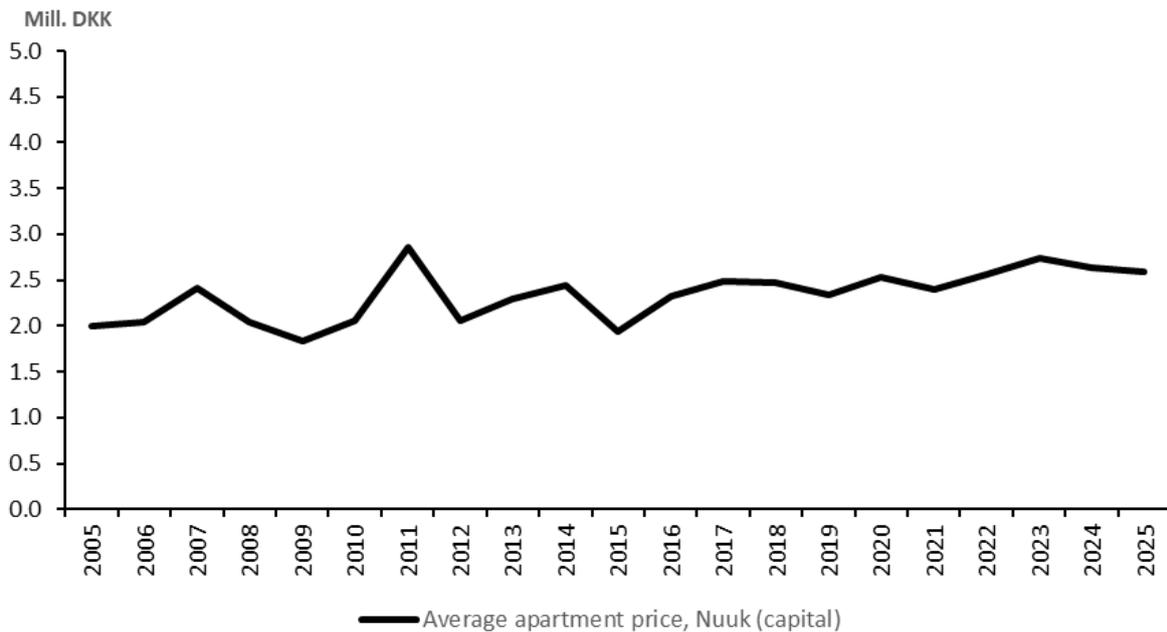
Credit exposure and collateral 2024					
(DKKm)	Personal customers	Corporate sector	Personal & corporate	Public	Total
Exposure	4,983	5,769	10,752	1,221	11,973
Loans, advances & guarantees	4,767	4,223	8,990	1,016	10,005
Collateral	4,408	3,959	8,367	169	8,536
<i>*Hereof collateral for exposures with OEI</i>	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%

Table 17 shows the Group's total credit exposure and the collateral for the loans granted divided into personal, corporate and public sector. The Group's collateral is mainly in real estate.

### House Price Development - Faroe Islands



## House Price Development - Greenland (Nuuk)



Above there is an illustration of the developments of the housing prices in Faroe Islands and in Greenland. The source regarding the Faroese and Greenland housing and prices is Føroya Banki.

The Group offers fixed-rate and floating rate mortgage loans to personal, corporate and public customers in the Faroese market in cooperation with Danish mortgage provider DLR Kredit. In the Greenlandic markets, mortgage loans are distributed in cooperation with Danish mortgage providers Nykredit and DLR Kredit.

### 4.7 Monitoring and portfolio management

Føroya Banki monitors credit facilities centrally through its credit systems. Customers showing a weak financial performance are transferred to a watch list enabling the Group to monitor them more closely and thereby reduce the risk of losses. At least once a year, a review of all exposures above a certain amount is performed.

Distribution of past due amount					Table 18			
2025					2024			
(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)	8,534	11	0	1,190	7,588	179	0	1,319
Portfolio with some weakness (2b, 2b)	3,685	14	0	948	3,436	12	0	1,011
Portfolio with significant weakness (2c)	414	2	0	162	323	1	0	79
Portfolio with OEI	206	4	2	54	419	5	2	230
Portfolio without individual classification	76	0	0	3	207	1	0	8
<b>Total</b>	<b>12,915</b>	<b>30</b>	<b>2</b>	<b>2,357</b>	<b>11,973</b>	<b>198</b>	<b>2</b>	<b>2,646</b>
<b>Past due in % of exposure</b>		<b>0.2%</b>	<b>0.0%</b>			<b>1.7%</b>	<b>0.0%</b>	

As a rule, the Bank does not accept unauthorized overdrafts. Unauthorized overdrafts are automatically referred to the customer's adviser, and a combination of automated and manual reminder procedures are initiated immediately. The bank has formal written procedures in place to ensure that overdrawn amounts are kept at a minimum. As shown in table 18, DKK 2m is more than 90 days past due.

#### 4.7.1 Credit risk management

The Group monitors which segments should be given extra attention on a continuing basis and reviews at least once a year.

Credit audits are conducted on a continuing basis. In addition, based on monthly credit risk reports, the business units and the Credit Department monitor and review credit quality. The Credit Department prepares a quarterly credit risk report to the Credit Committee and the Board of Directors.

#### 4.8 Impairment/Losses

The Group tests the entire loan portfolio for impairment four times per year. Table 19 shows the Group's total losses by industry sector from 2012 to 2025. As the table shows, the average loss ratio during the overall period was 0.5% of the Group's total loans and guarantees. As can be seen from the data, there are relatively large variations from year to year and from industry to industry.

Sector:	Weighted	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Retail	0.3%	0.0%	0.0%	-0.1%	0.0%	0.0%	0.1%	0.1%	0.0%	0.6%	1.3%	0.7%	0.6%	0.4%	0.2%
Agriculture	0.4%	0.0%	0.0%	0.0%	3.7%	0.0%	0.0%	0.0%	0.8%	0.0%	1.6%	0.0%	0.1%	0.1%	0.0%
Aquaculture	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Fishing industry	1.5%	0.0%	0.0%	0.1%	0.0%	0.0%	0.3%	0.9%	0.5%	1.7%	0.5%	1.1%	3.1%	1.5%	11.9%
Manufacturing industries etc.	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	12.1%	3.2%	0.0%	0.0%	0.2%	0.2%
Building and construction etc.	0.8%	0.0%	0.0%	0.0%	0.0%	1.7%	1.1%	2.9%	0.0%	3.3%	0.2%	0.4%	0.6%	0.2%	0.9%
Trade, hotels and restaurants	0.6%	0.0%	0.0%	0.0%	0.0%	0.4%	0.1%	0.1%	0.3%	0.5%	0.6%	0.1%	0.6%	1.3%	4.0%
Transport, mail and telephone	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%	0.2%	0.0%	0.1%	0.1%	2.6%
Service	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%	0.0%	0.1%	0.4%	2.0%
Property adm., purchase and sale and business services	1.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	9.4%	0.8%	1.8%	7.0%	2.5%	0.4%
Other services	0.2%	0.0%	1.4%	-0.1%	0.0%	0.3%	0.1%	1.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Public Authorities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>0.5%</b>	<b>0.0%</b>	<b>0.1%</b>	<b>0.0%</b>	<b>0.3%</b>	<b>0.2%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.2%</b>	<b>1.5%</b>	<b>1.1%</b>	<b>0.6%</b>	<b>1.0%</b>	<b>0.7%</b>	<b>1.1%</b>

From 1 January 2020, 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 impairment in creditworthiness, the Group determines the expected credit losses individually. For these loans, 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. For loans and advances not subject to impairment in creditworthiness, the expected credit loss is calculated in accordance with the function described above and then impaired. Table 20 provides a breakdown of individual impairments, mainly stage 3, and statistical based impairments, mainly stage 1 and 2.

DKKm	<u>2025</u>		<u>2024</u>	
	Loans gross	Impairments	Loans gross	Impairments
<b>Individual impairments:</b>			<b>Individual impairments:</b>	
Faroe Islands	70	19	Faroe Islands	200
Greenland	21	10	Greenland	190
<b>Total</b>	<b>91</b>	<b>29</b>	<b>Total</b>	<b>390</b>
<b>Statistic impairments:</b>			<b>Statistic impairments:</b>	
Faroe Islands	8,723	84	Faroe Islands	7,549
Greenland	1,030	61	Greenland	1,324
<b>Total</b>	<b>9,753</b>	<b>146</b>	<b>Total</b>	<b>8,873</b>

Table 21 shows a breakdown of the mentioned DKK 116.5m impaired. The impairment at the Executive Management's discretion is applied to the unsecured parts of stage 1 and stage 2 exposures, as exposures in stage 2w and 3 are estimated either individually or by setting the impairment equal to the unsecured part of the exposure.

Distribution of impairments at the Executive Management's discretion					Table 21
<b>2025</b>					
(DKKm)					
Country / Stage	1	2	2w	3	Total
Faroe Islands	57.4	11.7	0.0	0.0	69.1
Greenland	38.8	8.5	0.0	0.0	47.4
<b>Total</b>	<b>96.2</b>	<b>20.3</b>	<b>0.0</b>	<b>0.0</b>	<b>116.5</b>
<b>2024</b>					
(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
<b>Total</b>	<b>74.4</b>	<b>27.0</b>	<b>0.0</b>	<b>0.0</b>	<b>101.5</b>

#### 4.9 The Supervisory Diamond

The Danish FSA applies a model for measuring whether a bank has a high-risk profile — the Supervisory Diamond. The model identifies four areas considered to be indicators of increased risk if not within certain limits. The Group meets by a wide margin the limits for large exposures, loan growth, exposures towards property, and the liquidity indicator.

The Supervisory Diamond			
	<b>2025</b>	<b>2024</b>	<b>FSA limit</b>
Sum of large exposures	131.9%	144.3%	< 175%
Liquidity indicator	233.0%	260.9%	>100 %
Loan growth	6.4%	2.3%	< 20 %
Property exposure	13.1%	12.0%	< 25 %

## 5. Market Risk

### 5.1 Organisation

The Bank has established a Market committee to monitor the financial markets and continuously update its view on the financial markets. The Market committee meets quarterly to discuss the outlook for the financial markets and make an update containing a recommendation on prices and possible changes in investment products to the management. Participants in the Market committee are the CEO, the CFO, the CIO, the Financial Manager, the Risk Manager and Treasury. The management decisions are communicated throughout the organization and form the basis for all advice provided to customers.

### 5.2 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 an 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

### 5.3 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. The Finance Department/Treasury is responsible for monitoring and handling the Bank's market risks and positions. Markets have been granted small market risk lines for its daily operations. The Finance Department reports market risks to the Executive Board monthly.

Reporting of Market risk	Table 23 Board of Directors
<b>Monthly</b>	Overview of - Interest risk - Exchange risk - Equity market risk - Liquidity risk - Deposits <b>Executive Board</b>
<b>Monthly</b>	Overview of - Interest risk - Exchange risk - Equity market risk - Liquidity risk - Deposits
<b>Daily</b>	Overview of - Funding risk - Deposits - Liquidity risk

#### 5.4 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 and reports market risk to the Board of Directors and the Executive Board monthly.

Market Risk Management						Table 24
Level	Board of Directors	Executive Board	CFO	Financial manager	Markets	Treasury
<b>Strategic</b>	Defines the overall market risk					
<b>Tactical</b>		Delegating risk authorities to relevant divisions		Managing the Bank's market risk		Implementing
<b>Operational</b>			Controlling & Reporting	Monitoring	Trading	

#### 5.5 Market risk

Table 25 shows the likely after-tax effects on the Bank's share capital from likely market changes.

Likely after tax effects from changes in markets value						Table 25
	Change	2025	% of Core Capital	2024	% of Core Capital	
Equity risk DKKm (+/-)	10%	22	1.2%	23	1.3%	
Exchange risk DKKm (+/-) EUR	2.25%	0	0.0%	0	0.0%	
Exchange risk DKKm (+/-) Other currencies	10%	1	0.0%	1	0.0%	
Exchange risk, Total		1	0.0%	1	0.0%	
Interest rate risk DKKm (parallel shift)	100 bp	8	0.4%	16	0.9%	

- 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.

#### 5.6 Interest rate risk

The Group's policy is to invest some of its excess liquidity in LCR compliant bonds. Therefore, Føroya Banki holds a 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 public customers. The interest rate risk from these loans is hedged with interest rate swaps on a one-to-one basis. Table 26 shows the Group's overall interest rate risk measured as the expected loss on interest rate positions that would result from a parallel upward shift of the yield curve.

Interest rate risk before tax broken down by currency			Table 26
(DKKm)	2025	2024	
DKK	10	20	
SEK	0	0	
EUR	0	0	
<b>Total</b>	<b>10</b>	<b>20</b>	

### 5.7 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 is effectively hedged using a matching cross currency swap.

<b>Foreign exchange position</b>	<b>Table 27</b>	
(DKKm)		
	<b><u>2025</u></b>	<b><u>2024</u></b>
Assets in foreign currency	18	14
Liabilities and equity in foreign currency	0	0
Exchange rate indicator 1	18	14
Exchange rate indicator 2	0	0

### 5.8 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.

<b>Equity risk</b>	<b>Table 28</b>	
(DKKm)		
	<b><u>2025</u></b>	<b><u>2024</u></b>
Share/unit trust certificates listed on the Copenhagen Stock Exchange	110	98
Other shares at fair value based on the fair-value option	170	188
<b>Total</b>	<b>280</b>	<b>286</b>

## 6. Liquidity Risk

### 6.1 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 306.4% and a Net Stable Funding Ratio (NSFR) of 160.6% on 31 December 2025 Føroya Banki's liquidity position remains robust.

<b>LCR and NSFR ratio</b>			<b>Table 29</b>
<b>LCR ratio</b>	<b>31-12-2025</b>	<b>NSFR ratio</b>	<b>31-12-2025</b>
Liquid assets (mill. DKK)	4,137	Available stable funding (mill. DKK)	12,151
Outflows (mill. DKK)	1,757	Required stable funding (mill. DKK)	7,566
Inflows (mill. DKK)	407		
<b>LCR ratio</b>	<b>306.4%</b>	<b>NSFR ratio</b>	<b>160.6%</b>

### 6.2 Control and management

Liquidity management is fundamental in the Group's ambition to its business strategy. The Group's liquidity is monitored and managed by the Finance Department/Treasury daily in accordance with the limits set by the Board of Directors and reported to the Executive Board by the Finance Department. Furthermore, liquidity issues are monitored by the Groups Risk, Solvency and Liquidity Committee. 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 liquidity, while Finance Department is responsible for reporting and monitoring liquidity. The Group has implemented contingency plans to ensure that it is ready to respond to unfavourable liquidity conditions.

#### 6.2.1 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 compliant bonds.

<b>Liquidity Management</b>					<b>Table 30</b>
	<b>Board of Directors</b>	<b>Executive Board</b>	<b>CFO</b>	<b>Financial manager</b>	<b>Treasury</b>
<b>Objective</b>	Defines the objectives for liquidity policies				
<b>Tactical</b>		Sufficient and well diversified funding		Planning	Providing background materials
<b>Operational</b>			Controlling & Reporting	Monitoring	Establish contact

#### 6.2.2 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. Furthermore, the Group reports internally on a daily basis the development of the LCR-ratio.

#### 6.2.3 Twelve-month liquidity

The Bank's 12-month funding requirements are based on projections for 2026 and takes the market outlook into account.

#### 6.2.4 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 31 shows assets and liabilities by a maturity structure. To minimize liquidity risk, Føroya Banki's policy is to have strong liquidity from different funding sources.

### 6.2.5 Funding sources

The Group monitors its funding mix to make sure that there is a satisfactory diversification between deposits, equity, tier 1 capital, issued bonds and loans from the financial markets.

Remaining maturity, incl. interests (DKK 1,000)						Table 31
2025	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	3,253,825					3,253,825
Due from Credit institution	239,498					239,498
Loans and advances	155,872	274,457	1,049,190	11,186,739		12,666,259
Bonds			400,254	726,065		1,126,319
Shares					280,011	280,011
Derivatives	20,733					20,733
Other Assets	26,903	33,524	61,341	11,665		133,433
<b>Total assets</b>	<b>3,696,831</b>	<b>307,981</b>	<b>1,510,786</b>	<b>11,924,469</b>	<b>280,011</b>	<b>17,720,078</b>
<b>2025</b>						
Due to credit institutions and central banks	35,544		10,292	496,157		541,993
Deposits	7,345,928	1,520,854	1,478,425	639,085		10,984,291
Issued bonds		8,012		1,017,820		1,025,832
Other liabilities	15,253	50,549	90,065			155,868
Lease liabilities	457	914	4,111	71,239		76,720
Provisions for liabilities				2,624		2,624
Subordinated debt				104,427		104,427
<b>Total</b>	<b>7,397,182</b>	<b>1,580,328</b>	<b>1,582,893</b>	<b>2,331,352</b>		<b>12,891,754</b>
<b>Off-balance sheet items</b>						
Financial Guarantees	177,076					177,076
Other commitments	428,665					428,665
<b>Total</b>	<b>605,741</b>					<b>605,741</b>
<b>Remaining maturity, incl. interests (DKK 1,000)</b>						
<b>2024</b>	<b>0-1 months</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>More than 1 year</b>	<b>Without fixed maturity</b>	<b>Total</b>
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		1,588,789
Shares					285,845	285,845
Derivatives	23,248					23,248
Other Assets	65,160	34,561	21,818	11,253		132,792
<b>Total assets</b>	<b>3,637,731</b>	<b>295,326</b>	<b>1,522,454</b>	<b>11,554,524</b>	<b>285,845</b>	<b>17,295,880</b>
<b>2024</b>						
Due to credit institutions and central banks	45,732		256,360	606,306		908,399
Deposits	6,747,297	1,051,489	1,686,995	568,302		10,054,082
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
<b>Total</b>	<b>6,859,150</b>	<b>1,317,040</b>	<b>2,044,152</b>	<b>2,301,789</b>		<b>12,522,132</b>
<b>Off-balance sheet items</b>						
Financial Guarantees	177,076					177,076
Other commitments	428,665					428,665
<b>Total</b>	<b>605,741</b>					<b>605,741</b>

### 6.3 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 2025 had pledged cash deposits valued at DKK 12.0m 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 2025, this collateral amounted to DKK 30.9m.

## 7. Operational Risk

The capital adequacy regulation stipulates that banks must disclose all operational risks.

### 7.1 Definition

Operational risk is defined as follows:

“Risk of loss resulting from inadequate or faulty internal procedures, human errors and system errors, or because of external events, including legal risks.”

Operational risk is thus often associated with specific and non-recurring events, such as clerical or record-keeping errors, defects or breakdowns of the technical infrastructure, fraud by employees or third-parties, failure to comply with regulatory requirements, fire and storm damage, litigation or codes of conduct or adverse effects of external events that may affect the operations and reputation of the Bank.

### 7.2 Policy

The Bank seeks to minimise its operational risks throughout the organisation by means of an extensive system of policies and control arrangements, which are designed to optimise procedures.

### 7.3 Measurement and control

At the organisational level, banking activities are kept separate from the controlling functions. Independent auditors perform the internal auditing to ensure that principles and procedures are always complied with.

Although the Bank has implemented risk controls and taken loss-mitigating actions, and substantial resources have been devoted to developing efficient procedures and training staff, it is not possible to implement procedures that are fully effective in controlling all operational risks. The Bank has therefore taken out insurance in respect of property, office equipment, vehicles, and employee compensation as well as general liability and directors' and officers' liability. In addition, the Bank has taken out insurance against theft, robbery, amounts lost in cash transports between branches or in the post up to a reasonable figure. The Bank believes that the type and relative amounts of insurance that it holds are in accordance with customary practice in its business area.

Assessing the Bank's operational risks in the IT field is considered an important area. The Bank's IT department and management regularly review IT security, including contingency plans for IT breakdowns etc., that are designed to ensure that operations can continue at a satisfactory level in case of extraordinary events. All IT systems running at Føroya Banki and from the bank's service providers must adhere to documented running schedules and guidelines. IT operations must be safe and stable, a requirement complied with through the greatest possible degree of automation and capacity adjustments. IT services run by service providers must be based on written agreements. Issues regarding the Groups IT-risks is reviewed by the Groups IT-Committee.

The Bank is currently involved in an ongoing tax dispute with the Danish tax authorities regarding the sale of the Bank's Danish activities in 2021. At present, the contingent liability associated with this matter may have a negative effect on the Group's equity of up to approximately DKK 30 million. Other than this matter, the Bank is not aware of any governmental, legal or arbitration proceedings during the preceding 12 months that may have, or have had in the recent past, a material adverse impact on the Bank's financial position or profitability.

Pursuant to the Executive Order for the Faroe Islands on the governance and management of banks, etc. (Bekendtgørelse for Færøerne om ledelse og styring af pengeinstitutter m.fl.) and the Danish FSA's guidelines, the Bank is required to perform a qualitative assessment of its control environment. Control environment is a collective term for the resources the bank applies to minimise the risks involved in carrying on the financial business. Such resources would include an assessment of the scope of internal business procedures, the degree of functional segregation, and whether the necessary management and control tools are in place in all relevant business areas.

### 7.4 Long-term goals in operational risk management

In addition to monitoring the level of risk for assessing the capital requirement for operational risk, the Bank's monitoring system is designed to gather new statistics on operational risk. The long-term objective is for the monitoring system to monitor the level of operational risk in the Bank's branches on a regular basis to have a preventive effect and to help to minimise the Bank's operational risk.

## 8. 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, NordikLív. As of 1 September 2025, all NordikLív's life insurance products are transferred to the life insurance company LÍV. Thus, at the end of 2025 no insurance risk remains within NordikLív

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.

The Group has defined internal procedures to minimise the possible loss regarding insurance liabilities. The insurance companies evaluate their insurance risk on a regular basis for the purpose of optimising 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 32).

<b>Distribution of Trygd's portfolio</b>	<b>Table 32</b>	
	<b>2025</b>	<b>2024</b>
Commercial lines	35.0%	35.2%
Personal lines	65.0%	64.8%

The insurance companies cover the insurance liabilities through a portfolio of securities and investment assets exposed to market risk. The total interest rate risk from changes in markets value is illustrated in table 33 below.

<b>Likely effects from changes in markets value</b>	<b>Table 33</b>		
	<b>Change</b>	<b>2025</b>	<b>2024</b>
(DKK)m			
Equity risk (+/-)	10%	10.9	6.7
Exchange risk (+/-) in euro	2.25%	0	0
Exchange risk (+/-) other currency	10%	0	0
Interest rate risk (parallel shift) - Trygd	100 bp	5.9	5.3
<b>Interest rate risk (parallel shift) Total</b>	<b>100 bp</b>	<b>6.0</b>	<b>6.5</b>

### 8.1 Capital requirements

The effects on Føroya Banki's solvency, due to the ownership of the insurance company's Trygd and NordikLív, are considered low. According to CRR the risk weighted assets has increased DKK 432m. The negative effect on the solvency is 1.5% points.

### 8.2 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 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 organized 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 2026 would amount to a maximum of DKK 10m 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 34 below.

Sensitivity analysis DKK 1,000	Table 34	
	2025	2024
<b>Effect of change in:</b>		
Combined ratio (1 percentage point)	+/- 1,819	+/- 1,760
- Commercial	637	620
- Private	1,182	1,140

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 (see table 35).

Financial assets linked to insurance risk in Trygd (DKK 1,000)	Table 35	
	2025	2024
Listed securities on stock exchange	284,557	250,788
Accounts receivable (total technical provisions)	4,375	6,622
Cash and cash equivalents	13,129	4,243
<b>Total</b>	<b>302,060</b>	<b>261,652</b>

Run-off gains/losses in Trygd					Table 36
(DKK m)					
Sector	2025	2024	2023	2022	2021
Industry	2.24	1.44	-1.15	3.31	-0.01
Private	2.49	2.56	0.19	-0.42	-0.06
Accidents	0.68	-1.05	3.17	-3.55	-10.62
Automobile	2.02	-2.79	-4.49	-2.79	1.45
<b>Total</b>	<b>7.43</b>	<b>0.17</b>	<b>-2.27</b>	<b>-3.46</b>	<b>-9.24</b>

Contractual maturity for the insurance segment							Table 37
(DKK 1,000)							
2025	On demand	0-12 months	1-5 years	Over 5 years	No stated maturity	Total	
<b>Assets</b>							
Securities	284,557					284,557	
Reinsurance assets		4,375				4,375	
Accounts receivables		4,029				4,029	
Restricted cash							
Cash and cash equivalents	13,129					13,129	
<b>Total financial assets</b>	<b>297,685</b>	<b>8,404</b>				<b>306,089</b>	
<b>Liabilities</b>							
Technical provision		155,497				155,497	
Account payable		19,237				19,237	
<b>Total financial liabilities</b>		<b>174,734</b>				<b>174,734</b>	
<b>Assets - liabilities</b>	<b>297,685</b>	<b>-166,330</b>				<b>131,355</b>	
<b>Contractual maturity for the insurance segment</b>							
(DKK 1,000)							
2024	On demand	0-12 months	1-5 years	Over 5 years	No stated maturity	Total	
<b>Assets</b>							
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	
<b>Total financial assets</b>	<b>255,030</b>	<b>10,095</b>				<b>265,125</b>	
<b>Liabilities</b>							
Technical provision		159,268				159,268	
Account payable		15,020				15,020	
<b>Total financial liabilities</b>		<b>174,288</b>				<b>174,288</b>	
<b>Assets - liabilities</b>	<b>255,030</b>	<b>-164,193</b>				<b>90,837</b>	

### **8.3 NordikLív — Life insurance**

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.

As of 1 September 2025, all NordikLív's life insurance products are transferred to the life insurance company LÍV. Thus, at the end of 2025 no insurance risk remains within NordikLív