Føroya Banki

Continued solid performance in Q3 and announcement of updated strategy and financial targets for 2030

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"The Group's stable and positive performance continued in Q3 2026. We saw healthy growth in lending, deposits and assets under management, which, together with interest rate developments, contributed to higher net interest income as well as higher fee and commission income. Moreover, the cost level was more or less flat. We noted with satisfaction that our customers remain financially robust with strong credit quality, which was, among other things, reflected in another net reversal of impairment for the quarter. The insurance service result was affected by higher claims, and the return on the investment portfolio was lower than in the preceding quarter. Overall, we reported a satisfactory net profit of DKK 62m for Q3 with continued growth in our core business," says CEO Turið F. Arge.

Highlights of Føroya Banki's interim report for Q3 2026

DKKm	Q1-Q3 2026	Q1-Q3 2025	Index	Q3 2026	Q2 2026	Index	Q1 2026	Q4 2025	Q3 2025
Net interest income	241	237	102	82	81	101	78	79	77
Net fee and commission income	69	60	115	24	23	104	23	24	21
Net insurance income	34	56	61	7	11	60	16	20	14
Other operating income (less reclassification)	38	48	79	13	13	104	11	10	11
Operating income	382	402	95	126	128	98	128	132	123
Operating costs	218	210	104	73	73	99	72	70	73
Profit before impairment charges	164	192	85	53	55	97	56	63	50
Impairment charges, net	-3	-2	153	-5	3	-159	-1	-2	-9
Operating profit	167	194	86	58	52	112	57	65	58
Investment portfolio earnings	65	77	84	18	34	55	13	20	22
Profit before tax	231	271	85	76	85	90	70	85	80
Tax	44	53	83	15	16	93	14	15	17
Net profit	187	218	86	62	69	89	56	71	64
Loans and advances	9.931	9.598	103	9.931	9.788	101	9.774	9.670	9.598
Deposits and other debt	11.628	10.803	108	11.628	11.393	102	11.096	10.948	10.803
Mortgage credit	2.958	2.789	106	2.958	3.015	98	3.095	2.824	2.789
Equity	2.001	1.945	103	2.001	1.939	103	1.870	2.015	1.945
Total capital ratio, incl. MREL capital, %	39,5	36,6		39,5	40,2		40,2	36,3	36,6
CET 1 capital, %	25,1	23,1		25,1	25,6		25,5	23,3	23,1
ROE, %	12,4	14,4		12,5	14,6		11,5	14,3	13,3
Liquidity Coverage Ratio (LCR), %	259,0	294,5		259,0	273,5		322,4	306,4	294,5

Operating cost/income, %	57	52		58	57		56	53	59
Number of FTE, end of period	209	202	104	209	201	104	207	201	202

Business developments
Generally, Q3 2026 was characterised by a stable and positive business performance with progress in several areas. Lending and deposits grew by 1% and 2%, respectively, whereas mortgage broking services were down 2% on Q2 2026. Assets under management grew by 3% in Q3. Net interest income was up 1%, while net fee and commission income was up 4%. Net insurance income amounted to DKK 7m in Q3 compared to DKK 11m in Q2 as a result of higher claims during the period. The cost level was more or less flat, and the Group recorded a net reversal of impairment of DKK 5m in Q3.

Capital ratios
At 30 September 2026, the Group's CET 1 capital ratio was 25.1% against 23.3% at 31 December 2025. The total capital ratio including MREL was 39.5% at 30 September 2026 against 36.3% at 31 December 2025. The net profit of DKK 187.2m for Q1-Q3 2026 is not included in the calculation of capital ratios.

Guidance for 2026
On 15 October 2026, the Group raised its net profit guidance for 2026 from DKK 190-235m to DKK 225-255m based on a better-than-expected performance in the first nine months of the year. This was primarily driven by lower-than-expected impairment, reflecting the generally robust credit quality of the Bank's customer portfolio. Furthermore, interest, fee and commission income developed more favourably than expected, whereas the insurance service result was below the expected level.

The Group's revised full-year guidance is maintained. The guidance remains subject to uncertainty related to developments in market rates, portfolio returns, impairment, insurance service result and geopolitical factors.

Updated strategy and financial targets for 2027-2030

The Board of Directors has adopted an updated strategy for the period 2027-2030 building on the Group's strong foundation and financial performance. The financial targets of a return on shareholders' equity in excess of 12%, a CET 1 capital ratio of around 23% and a pay-out ratio of 70% are maintained and continue to guide the Group's business development. This reflects both confidence in the Group's future performance and a recognition that achieving the targets will require a sustained effort. In future, Cost/Income will be an internal target rather than an external one. The purpose is to support more long-term management of cost-effectiveness and does not reflect a lower level of ambition.

The strategy focuses on unlocking the Group's growth potential in the Faroe Islands and in Greenland through a more targeted customer approach, segmented customer service and with technology as a key enabler.

The aim is to build strong customer relationships at an early stage and to make customer onboarding quicker and easier. For example, during the strategy period, we intend to make it possible for personal customers to join the Bank in ten minutes and for a loan enquiry to be processed in under an hour.

Finally, the strategy comprises specific plans to integrate artificial intelligence where appropriate in order to streamline workflows, free up resources and enhance the customer experience and the Bank's competitiveness.

"The strategy is ambitious and sets out a number of specific growth targets, and it is crucial that we maintain our focus on costs and work purposefully to implement the strategy within the existing cost limits. We need to be able to scale our processes and systems to match our growth without a proportionate rise in costs," says Turið F. Arge, Chief Executive Officer.

Føroya Banki has banking activities in Greenland and the Faroe Islands and insurance activities in the Faroe Islands. Founded in the Faroe Islands 120 years ago, the Group has total assets of DKK 15.7bn and 209 employees. The Bank is subject to the supervision of the Danish Financial Supervisory Authority and is listed on Nasdaq Copenhagen.

Further details are available in the Q3 2026 interim report.

For further information, please call:
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Attachments

- Interim Report Q3 2026.pdf
- Q3_2026 IR Presentation.pdf