

Føroya Banki

Annual Report

2025

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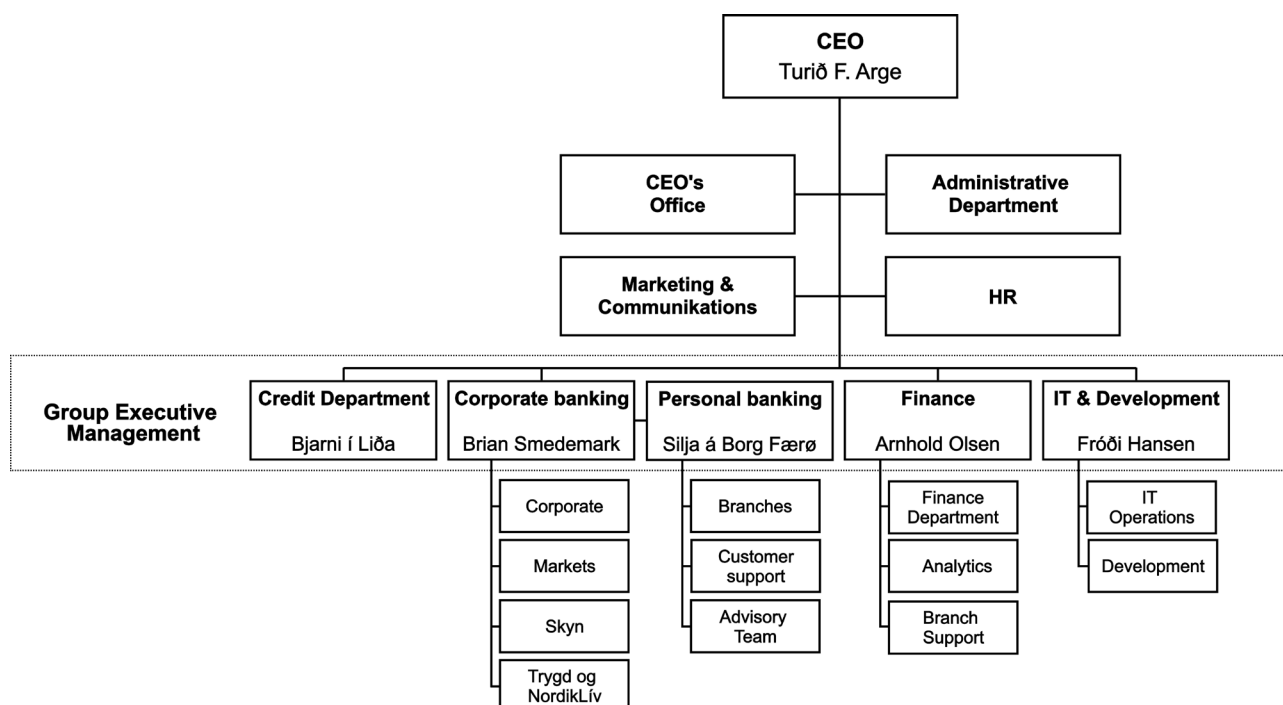
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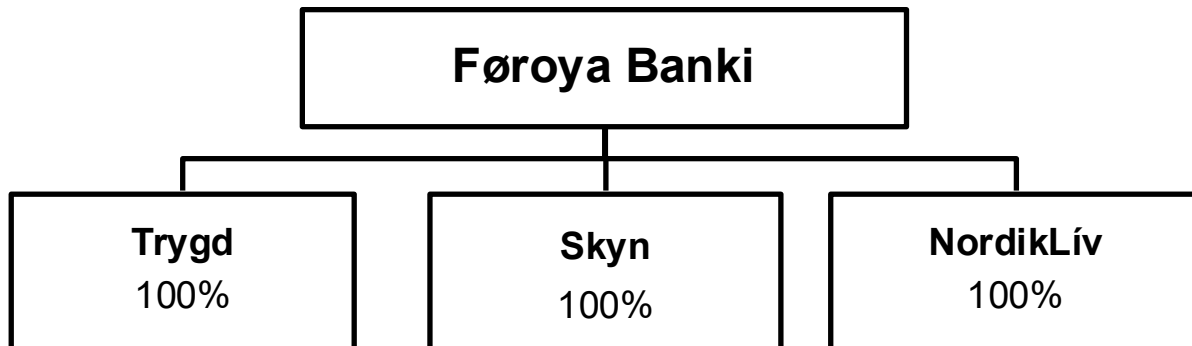
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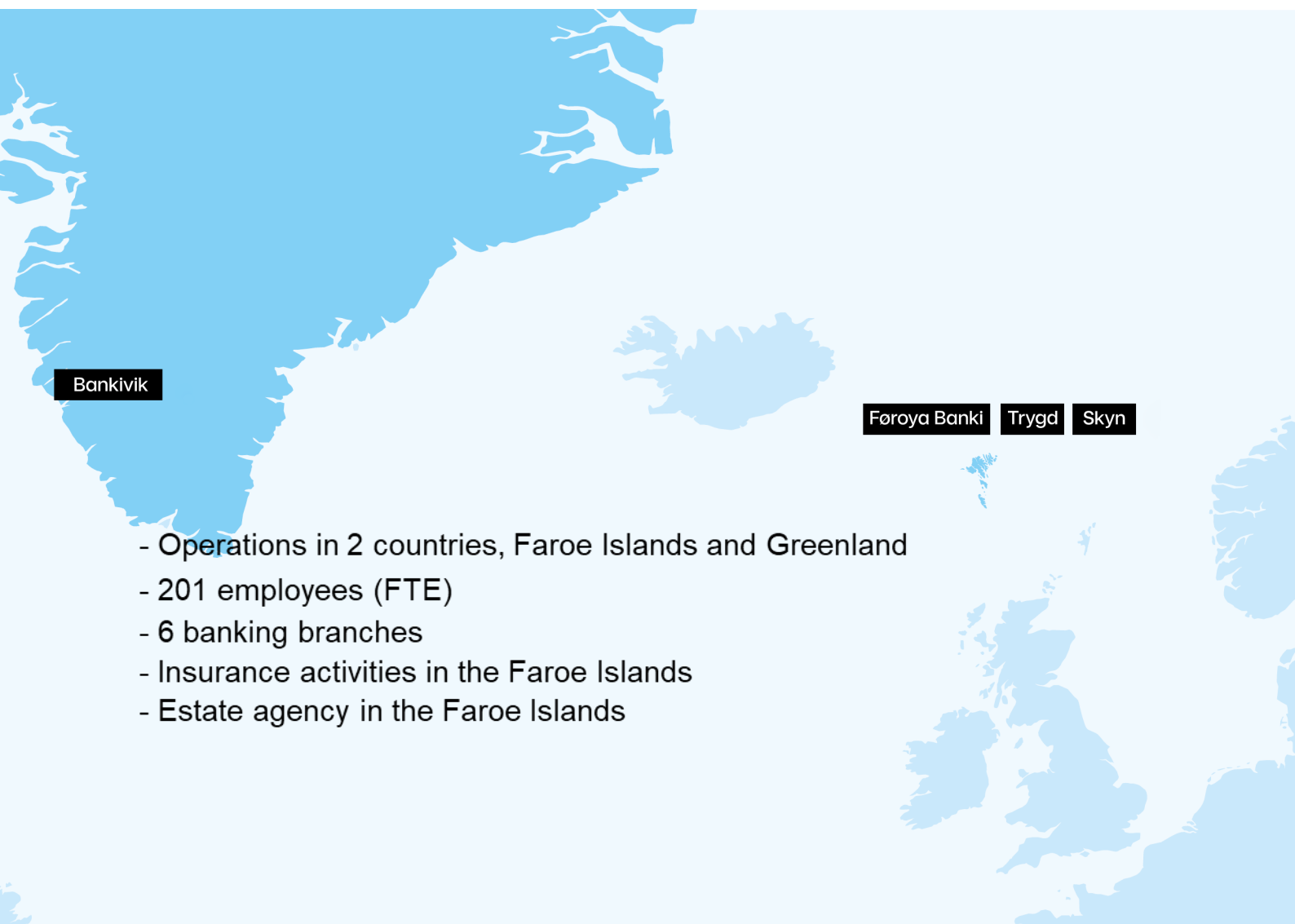
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Overview of the Group



Banking is the primary business activity under the Føroya Banki brand in the Faroe Islands and the Bankivik brand in Greenland. The Group has non-life and life insurance operations in the Faroe Islands under the Trygd and NordikLív brands. NordikLív will be dissolved in 2026. Other activities include Skyn, a Faroese estate agency.



- Operations in 2 countries, Faroe Islands and Greenland
- 201 employees (FTE)
- 6 banking branches
- Insurance activities in the Faroe Islands
- Estate agency in the Faroe Islands

Financial highlights and ratios - Føroya Banki Group

Highlights	Full year	Full year	Index	Q4	Q3	Q2	Q1	Q4
	2025	2024		25 / 24	2025	2025	2025	2025
DKK 1,000								
Net interest income	388,103	442,251	88	94,358	94,386	101,149	98,209	103,019
Dividends from shares and other investments	21,077	11,997	176	6,669	0	14,259	148	0
Net fee and commission income	87,884	78,752	112	23,958	22,125	20,639	21,162	20,515
Net interest and fee income	497,064	533,000	93	124,985	116,511	136,047	119,520	123,534
Net insurance result	66,055	47,747	138	18,591	13,447	23,297	10,720	7,463
Interest and fee income and income from insurance activities, net	563,119	580,747	97	143,576	129,958	159,344	130,240	130,997
Market value adjustments	34,785	45,343	77	3,492	8,139	10,090	13,064	12,056
Other operating income	14,836	9,694	153	2,259	2,990	6,682	2,905	1,889
Staff costs and administrative expenses	256,533	248,369	103	64,165	67,027	62,462	62,880	65,929
Impairment charges on loans and advances etc.	-3,982	-1,072	371	-2,346	-8,507	1,761	5,110	-11,400
Net profit	288,317	310,427	93	70,642	63,679	93,067	60,930	72,342
Loans and advances	9,669,773	9,086,392	106	9,669,773	9,598,042	9,694,764	9,270,369	9,086,392
Bonds at fair value	1,106,209	1,757,200	63	1,106,209	1,492,287	1,496,232	1,741,261	1,757,200
Intangible assets	4,415	5,084	87	4,415	4,591	4,834	4,679	5,084
Assets held for sale	2,207	2,207	100	2,207	2,207	2,207	2,207	2,207
Total assets	14,934,717	14,511,644	103	14,934,717	15,170,186	14,636,771	14,800,460	14,511,644
Amounts due to credit institutions and central banks	505,739	823,455	61	505,739	837,987	815,064	801,355	823,455
Issued bonds at amortised cost	903,790	981,190	92	903,790	901,052	898,966	803,231	981,190
Deposits and other debt	10,948,209	10,003,348	109	10,948,209	10,803,028	10,382,526	10,298,759	10,003,348
Total shareholders' equity	2,015,313	2,076,037	97	2,015,313	1,944,670	1,880,992	1,787,925	2,076,037
	Dec. 31	Dec. 31		Dec. 31	Sept. 30	June 30	March 31	Dec. 31
	2025	2024		2025	2025	2025	2025	2024
Ratios and key figures								
Solvency								
Total capital, incl. MREL capital, ratio, %	36.3	36.3		36.3	36.6	35.9	36.0	36.3
Total capital ratio, %	24.6	25.2		24.6	24.5	24.0	24.9	25.2
Tier 1 capital ratio, %	23.3	23.8		23.3	23.1	22.7	23.5	23.8
CET 1 capital	23.3	23.8		23.3	23.1	22.7	23.5	23.8
RWA, DKK mill	7,732	7,180		7,732	7,412	7,545	7,271	7,180
Profitability								
Return on shareholders' equity after tax, %	14.1	15.8		3.6	3.3	5.1	3.2	3.5
Cost / income, %	42.3	40.3		42.9	43.0	36.6	48.3	39.6
Cost / income, % (excl. value adjustm. and impairments)	45.5	43.5		45.5	52.1	37.7	49.2	51.8
Return on assets	1.9	2.1		0.5	0.4	0.6	0.4	0.5
Market risk								
Interest rate risk, %	0.6	1.2		0.6	0.8	0.9	1.2	1.2
Foreign exchange position, %	1.0	0.8		1.0	0.3	0.9	0.6	0.8
Foreign exchange risk, %	0.0	0.0		0.0	0.0	0.0	0.0	0.0
Liquidity								
Liquidity Coverage Ratio (LCR), %	306.4	337.4		306.4	294.5	259.7	261.1	337.4
Net Stable Funding Ratio. (NSFR), %	160.6	154.5		160.6	163.4	158.3	151.0	154.5
Credit risk								
Change in loans and advances, %	6.4	2.3		0.7	-1.0	4.6	2.0	0.2
Gearing of loans and advances	4.8	4.4		4.8	4.9	5.2	5.2	4.4
Impairment and provisioning ratio, end of period, %	1.7	1.8		1.7	1.7	1.8	1.8	1.8
Write-off and provisioning ratio, %	0.0	0.0		0.0	-0.1	0.0	0.0	-0.1
Shares								
Earnings per share after tax (nom. DKK 20), DKK	30.1	32.4		7.4	6.7	9.7	6.4	7.6
Market price per share (nom. DKK 20), DKK	286.0	162.0		286.0	195.0	188.0	171.0	162.0
Book value per share (nom. DKK 20), DKK	210.5	216.8		210.5	203.1	196.5	186.8	216.8
Other								
Number of full-time employees, end of period	201	207		201	202	199	204	207

Letter to our stakeholders

Overall, 2025 was a year characterised by positive trends for the Føroya Banki Group. Our business momentum made up for the low interest rate environment, and the profit for the year exceeded our expectations at the beginning of the year.

A strong year financially

On the global political scene, the year was marked by geopolitical turmoil and a changing risk landscape, putting our ability to navigate in an unpredictable environment to the test. From a business perspective, we were challenged by a low interest rate environment and rising expenses, offset by significant extraordinary income and a solid performance in our core business, which reported a 7% increase in business volume compared to 2024. Impairment charges were also lower than expected, which is a testament to our customers' robust financial position.

We delivered a profit after tax of DKK 288m, and at the upcoming Annual General Meeting on 26 March, we intend to propose dividend payments of DKK 202m (DKK 21.04 per share), representing 70% of the net profit for 2025.

The Faroese and Greenlandic economies

As a North Atlantic financial group, our performance is linked to developments in the communities we are a part of. The Faroese and Greenlandic economies are small, and therefore vulnerable. Greenland has seen moderate economic growth in recent years. The unemployment rate is relatively low, whereas inflation has been rising – albeit from a low level. The demand for housing in Nuuk is high, and the new airport has led to a record number of travellers. The Faroese economy is showing solid momentum and growth, and unemployment and inflation rates are low. Population growth continues, housing demand is high in the large towns, and house prices have been rising for several years. Moreover, 2025 was a record year for the Faroese tourism industry.

A milestone on our digital journey

Enhancing our customers' user experience was a key strategic focus for us in 2025. In the spring, our efforts to develop efficient digital solutions for our customers reached another milestone with the launch of our new chatbot, Vita, which makes banking easier. Also, it is the first chatbot that is able to understand and answer customers' questions in Faroese. The solution is a step on the journey towards digitalising the bank's services with the aim of further enhancing the digital customer experience.

Customer and employee satisfaction on the rise

During the year, we hosted a number of events for our personal and corporate customers, which gave rise to many constructive dialogues and strengthened our relationship with our customers. Our annual customer satisfaction survey also showed progress. We are very pleased to have seen customer satisfaction increase by 11 index points over a four-year period. There is no doubt that our employees' engagement and skills have a strong impact on customer experience and loyalty – the two go hand in hand. This made us extra proud of the results of this year's employee survey, which once again documented a very high level of well-being and commitment to the Group – with a ranking in the top-in-class category, which comprises the top 25% of companies of our size.

Sustainability and new recommendations

In 2025, sustainability remained central to our corporate social responsibility, and during the year we focused on integrating sustainability throughout the Group, for example by providing training for all personal and corporate customer advisors. At the same time, we focused intently on reducing the carbon footprint of our own operations and on supporting the green transition through collaboration with customers and partners.

We updated our ESG targets towards 2030 and maintain our focus on responsible leadership, employee development, inclusion and transparent reporting. As a consequence of the adoption of the EU omnibus package on CSRD, we are adapting our approach in line with the updated reporting framework.

Thank you to all employees

Since the start of our journey as a bank 120 years ago, we have provided solid advisory services and developed solutions to promote security and growth for people and businesses alike. 2025 was a reminder that advising customers in turbulent and complex times requires professional strength and experience. I would like to extend a sincere thank you to all our employees for their dedicated efforts. On the threshold of a new and exciting year, we remain committed to continuing our work on generating customer-centric, sustainable growth.

Turið F. Arge

Chief Executive Officer

Execution of our strategy

In 2024, we launched a new strategy period to 2026. Embedded in the strategy is an ambition to maintain our strong market position in the Faroe Islands, to consolidate our position in the Faroese insurance market and to become an even more important financial partner for our customers in Greenland. We aim to achieve sustainable growth by strategically prioritising a positive customer experience while maintaining a continuous focus on profitability.

Digital milestones

Enhancing the digital customer experience was a key strategic focus for us in 2025. It was therefore a milestone for us to be able to offer our customers the option to set up accounts directly via our online banking solution – a function that was refined and enhanced during the year.

A highlight of the year for us was the launch in the spring of our chatbot, Vita, which helps customers get quick answers to questions about finance and banking-related topics. Vita is the first chatbot of its kind in the Faroe Islands that writes and understands Faroese. The technology behind it was developed by the bank's employees with the support of language technology experts in the Faroe Islands and Iceland. This marked an important strategic step on our digital journey, and in the new year we will continue our efforts to improve this and other digital services to further enhance the customer experience on our digital platforms.

Financial targets met

2025 was a year of progress and strong results for us, and we delivered on all our financial targets – return on equity, cost/income and CET1 ratios – which we consider satisfactory. It is a fact, however, that the current expected interest rate level for 2026 is lower than the level on which we based our financial targets in 2024. Assumptions for 2026 have therefore changed compared to the original assumptions. Our current strategy period expires in 2026. During the year, the Board of Directors will therefore be considering a new strategy period and thus also new financial targets.

Enhanced customer focus in 2026

Since our establishment 120 years ago, we have had a clear focus on delivering competent advice and high-quality services – both in periods of growth and in more challenging times. After having dedicated much of our strategic focus to strengthening our digital foundation in 2025, in 2026 we will give more priority to solutions that create direct value for our customers. Our ambition is to give our customers in the Faroe Islands and Greenland the best possible experience within the Group. We will execute on this ambition through a combination of targeted digital initiatives and a strong physical presence, meeting our customers on a day-to-day basis and at our many customer events.



ESG – targets set for 2030

Our sustainability commitments remain strong and clearly anchored in the UN Global Compact, the Faroese and Danish requirements applicable to Føroya Banki Group, and alignment with the Paris Agreement. We are on track to eliminate Scope 1 emissions by the end of 2025, progressing toward Scope 2 reductions by 2030, while strengthening Scope 3 data quality through closer collaboration with partners. Our impact on the green transition is mainly found in Scope 3 and we are improving data quality necessary for our reduction plans. However, we work firmly on reducing our impact located in our own operations. More generally and by building on lessons learned since 2020, we have refreshed our ESG targets toward 2030 in 2025, continuing to prioritise responsible governance, employee development, inclusion, and transparent reporting amid evolving regulatory and global conditions.

Sustainability – adapting to new requirements

Operating a responsible and sustainable business remains central to our role in supporting long-term stability and positive community impact. In 2025, we continued to strengthen sustainability integration across the organisation, including training all person customer advisors and corporate customer advisors to engage customers on sustainability matters. Following the EU Omnibus decision, which has altered the scope and timing of CSRD reporting requirements, we have

adjusted our approach and will continue to prepare future sustainability reporting in line with the updated framework and, where appropriate, the VSME standard as a pragmatic and recommended basis for transparent and consistent reporting going forward.

Embedding sustainability across the Group

To support our strategic approach, we adopted a sustainability policy in 2022, approved by the Board of Directors. The policy provides a clear framework for managing sustainability across the Group by defining roles, processes, and guidelines that ensure integration into our core business and transparency for stakeholders. It also underpins the work of the sustainability committee and working group.

The policy is based on Finance Denmark's five key recommendations: embedding sustainability in the business model, developing sustainable products, integrating sustainability into operations, ensuring transparent communication, and publishing CO₂ footprints with clear reduction targets. To ensure accountability and continued relevance, the policy is reviewed annually by the CEO and the Board of Directors.

Further details are available in the 2025 Corporate Responsibility Report.

Financial Review

The following figures and comments are generally stated relative to 2024 and relate to the adjusted figures, see the section “Applied calculation methods and alternative performance measures” on p. 15 for more information on the adjustments made.

Adjusted Income statement, Group

DKKm	2025	2024	Index	Q4 2025	Q3 2025	Index	Q2 2025	Q1 2025	Q4 2024
Net interest income	316	347	91	79	77	102	84	76	78
Net fee and commission income	84	74	114	24	21	113	19	20	19
Net insurance income	76	57	135	20	14	141	27	16	10
Other operating income (less reclassification)	58	41	140	10	11	94	24	13	9
Total operating income	534	519	103	132	123	108	154	125	117
Operating costs ¹	280	273	102	70	73	95	68	69	72
Profit before impairment charges	255	245	104	63	50	126	86	56	46
Impairment charges, net	-4	-1	373	-2	-9	28	2	5	-11
Operating profit	259	246	105	65	58	111	84	51	57
Investment portfolio earnings ²	97	136	71	20	22	92	30	25	31
Profit before tax	356	382	93	85	80	106	115	76	88
Operating costs/income, %	52	53		53	59		44	55	61
Number of FTE, end of period	201	207	97	201	202	100	199	204	207

1 Comprises staff costs, administrative expenses and amortisation, sector costs, depreciation and impairment charges (less reclassification to non-recurring items).

2 Incl. net income from investments accounted for under the equity method (excl. sector shares).

Income statement

Operating income

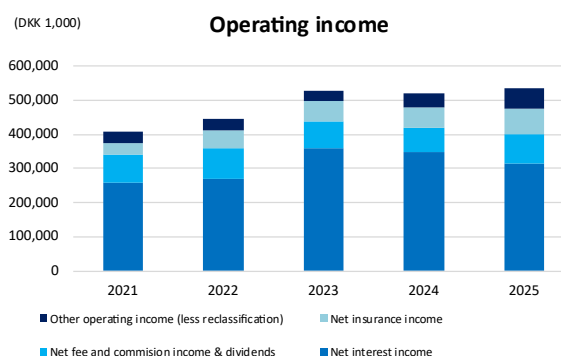
Net interest income amounted to DKK 316m in 2025 compared to DKK 347m in 2024, due to reduced interest rate margins in 2025, and a relatively higher deposits portfolio, partly compensated by lower funding costs.

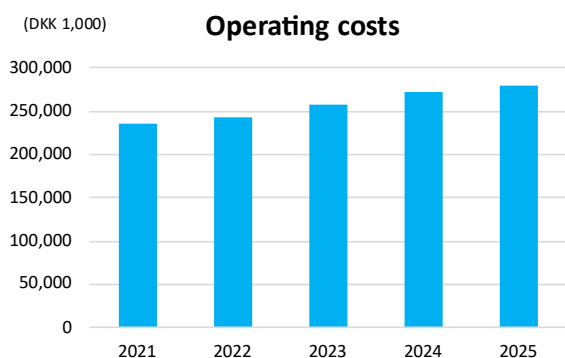
Net fee and commission income increased by DKK 10m year on year to DKK 84m in 2025 due to higher fees from securities trading and brokerage commission related to the transfer of the Group’s life insurance products from the subsidiary NordikLív to LÍV.

Net insurance income was DKK 76m in 2025 compared to DKK 57m in 2024 due to increased premium income and lower claims in particular. Net insurance income comprises income from the subsidiaries Trygd and NordikLív. Due to the agreement with the life-insurance company LÍV regarding the transfer of the company’s insurance contracts, NordikLív contributes to net insurance income until the end of August.

Other operating income came in at DKK 58m in 2025 compared to DKK 41m in 2024. The increase was mainly due to higher value adjustments and dividends from the Bank’s sector shares, the sale of the Bank’s IT-platform provider, SDC, and from the sale of one of the Bank’s domicile properties.

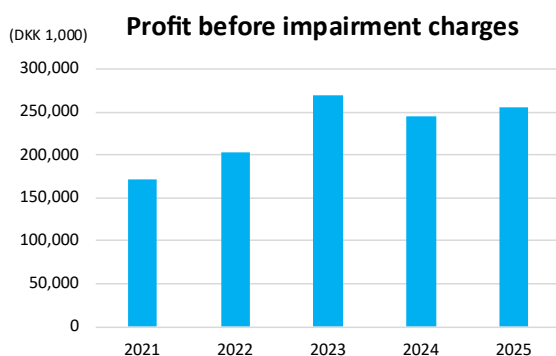
The Group therefore recognised total operating income of DKK 534m in 2025, a 3% increase from 2024.





Operating costs

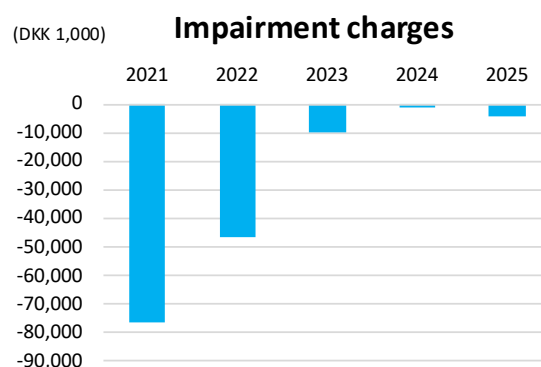
Overall operating costs increased by DKK 6m in 2025, to DKK 280m. The increase was driven by increased staff costs as well as IT-related costs. Cost discipline remains a focus area for the Group, and the drive to improve operational efficiency and automation will continue in the years ahead.



Net impairment charges

The Føroya Banki Group's low-risk credit approach meant that in 2025, for the ninth year in a row, net impairment charges were a reversal - in 2025 a reversal of DKK 4m against a reversal of DKK 1m in 2024. The management provision was at DKK 116.5m at year-end 2025, up DKK 15m from DKK 101.5m at the end of 2024. The Group's management has taken the provision due to continuing geopolitical and macroeconomic risk factors as well as uncertainties related to the modelling of future losses and possible errors in calculating the Bank's impairment charges.

The Group remains confident about its through-the-cycle credit policy and its sound lending portfolio. Strong loan-to-value private sector exposure makes up about half of the Group's loans and advances, and on the corporate side, the Group is not overexposed to historically risky industries. As a result, Føroya Banki still expects to be able to keep impairment charges on a relatively low level.



Operating profit

The Group's operating profit in 2025 came in at DKK 259m, DKK 13m higher than in 2024.

Investment portfolio earnings

The Bank's investment portfolio earnings in 2025 amounted to DKK 97m, reflecting lower income from the Bank's bond portfolio and lower interest income from the Bank's liquidity holdings. The figure in 2024 was DKK 136m.

Profit before tax

The Føroya Banki Group achieved a profit before tax for 2025 of DKK 356m, a DKK 27m decrease on the DKK 382m reported in 2024.

Financial results for Q4 2025

Net interest income in Q4 2025 was DKK 79m, up from DKK 77m in Q3 2025. Net fee and commission income was DKK 24m in Q4, an increase of DKK 3m relative to Q3, while net insurance income was DKK 20m in Q4 compared to DKK 14m in the previous quarter.

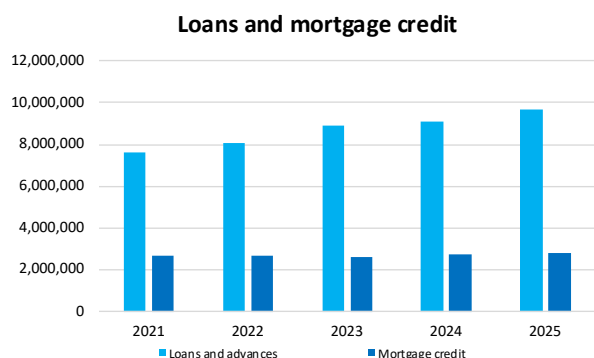
Operating costs amounted to DKK 70m in Q4, a DKK 3m decrease compared to Q3. Impairment charges amounted to a reversal of DKK 2m in Q4 2025 compared to a reversal of DKK 9m in Q3. Profit before tax amounted to DKK 85m in Q4 2025 compared to DKK 80m in Q3 2025.

Balance sheet

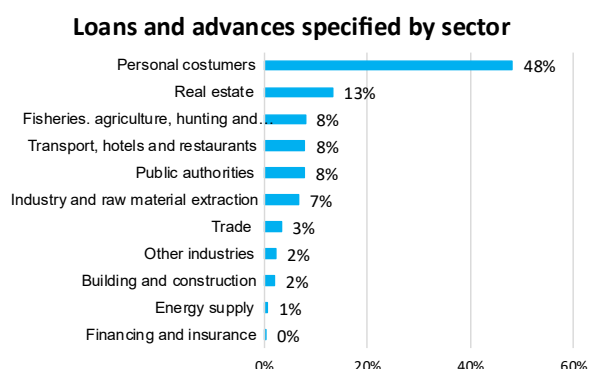
Lending

Loans and advances amounted to DKK 9,670m in 2025, an increase of DKK 583m, or 6%, compared to DKK 9,086m in 2024. The increase was driven by a DKK 274m increase in the Personal Banking segment and by a DKK 310m increase in the Corporate Banking segment. The bank's brokered mortgage credit saw growth of 3%, or DKK 83m, during 2025, to DKK 2,824m.

Føroya Banki expects the long-term trend of Faroese household preferences shifting towards the traditional Danish financing model of 80% mortgage funding and the residual in 2nd lien bank lending to continue. In 2025, the bank saw an increase of 2% in mortgage credit to personal customers and an increase of 7% from corporate customers.



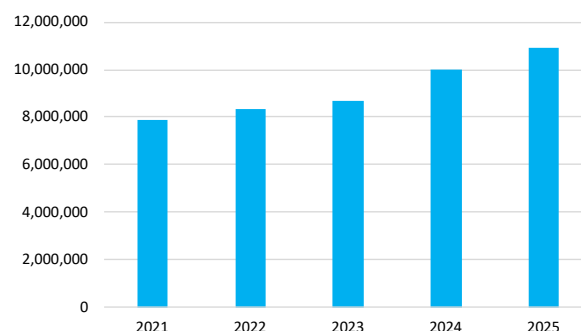
Føroya Banki places great emphasis on maintaining sound credit policy guidelines to ensure that lending growth does not come at the expense of the Group's financial sustainability. About half of the loan portfolio is allocated to personal lending and half to a well-diversified corporate sector, as shown in the figure below.



Deposits

Total deposits amounted to DKK 10,948m at 31 December 2025, an increase of DKK 945m, or 9%, from a year earlier. The increase is reflecting the Groups focus on having a healthy balance between loans and deposits. Deposits decreased by 2%, or DKK 107m, in the personal banking segment, while corporate deposits grew by 28%, or DKK 1,056m, during the year.

Deposits



Solvency and liquidity

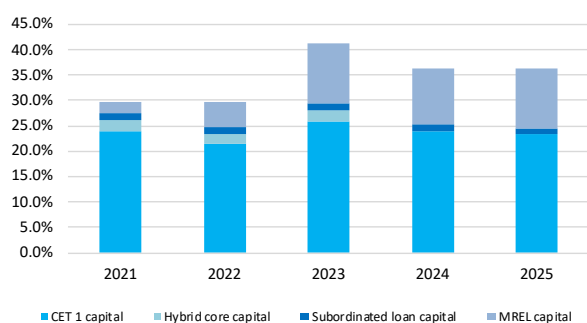
Føroya Banki held total capital of DKK 2,804m, incl. Minimum Requirement for Own Funds and Eligible Liabilities (MREL capital), at 31 December 2025 compared to DKK 2,603m at 31 December 2024. The Bank maintains its target of having a CET 1 capital of 23% relative to REA. MREL capital and Senior Preferred capital amounted to DKK 904m at 31 December 2025 compared to DKK 791m a year earlier. Subordinated capital amounted to DKK 100m at 31 December 2025, flat compared to 31 December 2024. Core capital amounted to DKK 1,800m at 31 December 2025, which was an increase of DKK 88m from DKK 1,712m at 31 December 2024. CET 1 capital amounted to DKK 1,800m at 31 December 2025, DKK 88m higher than the CET 1 capital of DKK 1,712m at 31 December 2024. The planned payment of dividends regarding the financial year 2025, amounting DKK 202m, is deducted from the CET 1 capital etc. mentioned above.

The Group's MREL capital ratio was flat at 36.3% at 31 December 2025 compared to 2024. The total capital ratio decreased to 24.6% at the end of 2025 from 25.2% at the end of 2024. The core capital ratio decreased to 23.3% at the end of 2025 from 23.8% at the end of 2024, while the Group's CET 1 ratio decreased to 23.3% at the end of 2025 from 23.8% the previous year. The reduction in the capital ratio's originates from higher risk-weighted assets, mainly higher credit risk, reflecting the Group's increased lending compared to 2024. The Group's solvency requirement at the end of 2025 increased to 10.3% from 10.0% at year-end 2024. Consequently, the solvency surplus at 31 December 2025 was 14.3% compared to 15.2% in 2024. Relative to the external capital requirements, incl. MREL requirements, totalling 31.0% at the end of 2025, Føroya Banki had a solvency surplus of 5.2 percentage points.

As of 1. January 2026 capital requirements according CRR 3 will be implemented in the Faroe Islands. The Group has recalculated the risk-weighted assets according to this new regulation and has seen a slight

decrease compared to year-end 2025. Thus, the overall effect of CRR 3 on the capital ratios will be positive going forward.

Solvency



The Group's liquidity coverage ratio (LCR) was 306.4% at year-end 2025, well above the requirement of 100%. At year-end 2024 the ratio was 337.4%. The Group's NSFR ratio was 160.6% at the end of 2025, also well above the requirement of 100%. At year-end 2024 the NSFR ratio was 154.5%.

Other

Supervisory Diamond

The Supervisory Diamond is used to measure a bank's risk profile. The model identifies four areas that if not within certain limits are considered to indicate increased risk. As shown in the figure, the Bank met all criteria by a comfortable margin.

The Supervisory Diamond			
	2025	2024	FSA limit
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 %

Dividends proposed

At the upcoming Annual General Meeting, to be held on 26 March 2026, the Board intends to propose dividend payments of DKK 202m for 2025 (70% of the net profit reflecting the Groups dividend policy). The dividend is thus DKK 21.04 per share.

More information on the dividend policy is available on our website at www.foroyabanki.com/dp

Debt issuance

Due to the continuous focus on optimising its CET 1 capital, Føroya Banki plans to continue issuing capital instruments in 2026. More specific, the Bank intends to

replace one non-secured loan and the subordinated loan capital (Tier 2) due to their call-date in 2026.

Rating

Føroya Banki obtained its initial rating from Moody's on 21 March 2022, when both the long-term deposit and issuer rating were set at A2, outlook positive. The Group was very pleased that Moody's, in continued recognition of the Bank's "very strong capitalisation and sound recurring profitability" on 20 November 2023 upgraded the Bank's long-term deposit and issuer rating to A1.

On 19 September 2025 the issuer rating was downgraded from A1 to A2 and the deposit rating was affirmed. The outlook was negative. On 11 November 2025, due to a change in Moody's methodology, the rating was adjusted to the following, and the outlook is stable:

Category	Moody's rating
Counterparty risk rating	A2/P-1
Bank deposits	A2/P-1
Baseline credit assessment	baa2
Counterparty risk assessment	A2(cr)/P-1(cr)
Issuer rating	A3
Outlook	Stable

Events after the balance sheet date

Other than what is mentioned in the Annual Report, no events of significance for the reporting period have occurred after 31 December 2025.

Follow up on Outlook 2025

Throughout the year 2025, the bank twice revised its profit guidance for the year upward, once in July and again in November. The third and latest revision was in January 2026. These revisions were based on strong insurance results, growth in business activity, low impairment charges and extraordinary income originated from the bank's ownership in sector companies and from the sale of a branch office.

Outlook 2025	Net result	Return on Equity
Initial outlook 2025	210-240m DKK	10.4% - 11.9%
Revised outlook 2025	235-265m DKK	
Revised outlook 2025	260-280m DKK	
Latest outlook 2025	280-290m DKK	
Final results 2025	288m DKK	14.1%

Outlook 2026

Føroya Banki expects to continue growing its overall lending and mortgage volumes in 2026 to both personal and corporate customers.

In the personal banking segment, the Group will continue to build on the progress of previous years by establishing stronger relationships and continuing to enhance the user experience to attract new customers. In Greenland, Føroya Banki expects to grow lending to existing customers as well as attracting new customers, and thereby growing its market share. Uncertainty related to geopolitical factors may have an influence on the expected results.

On the corporate side, the Group sees an opportunity to increase volumes in 2026 due to continued investment activity in both the Faroe Islands and Greenland, despite the uncertain global economic outlook and in Greenland in particular.

The Bank expects no changes in the Danish central bank's deposit rate in 2026. The Bank's net interest income is expected to decrease slightly in the coming year due to the full effect of the interest rate decreases in 2025. However, future interest rate movements are of course subject to central bank policy.

Insurance premiums are expected to continue to grow due to both customer acquisition and general price increases. In 2025, claims were lower than expected due to favourable conditions in general. Even though it is difficult to predict the level of net insurance income due to significant variations in claims levels from one year to the next, Føroya Banki expects net insurance income to decrease in 2026 compared to 2025.

The Group's operating costs rose slightly in 2025, as staff and IT costs continued to increase for the financial

sector in general. The Group expects operating costs in 2026 to be marginally higher than in 2025, driven by staff and IT cost increases. Consequently, the cost/income ratio is expected to be higher than the target of <53% (2025: 52%).

The Føroya Banki Group is fully focused on serving the Faroese and Greenlandic markets. It remains one of the larger players in the Faroe Islands and a strong challenger in Greenland. Focus will remain on increasing efficiency and limiting growth in operating costs while consistently offering market-leading services and strong asset quality.

The guidance is based on impairment charges amounting to 0.3% of the bank's lending portfolio in 2026.

Earnings on the Group's investment portfolio were strong in 2025 and are expected to remain so in 2026, albeit not quite at the level seen in 2025.

In 2026, Føroya Banki expects to achieve a net profit in the range of DKK 195-235m (2025: DKK 288m).

	Outlook 2026
Net results	195-235m DKK
Return on Equity	10% - 12%

The expectations for 2026 are subject to uncertainty related to developments in interest rates, returns on the investment portfolio, impairment charges, insurance performance and geopolitical factors.



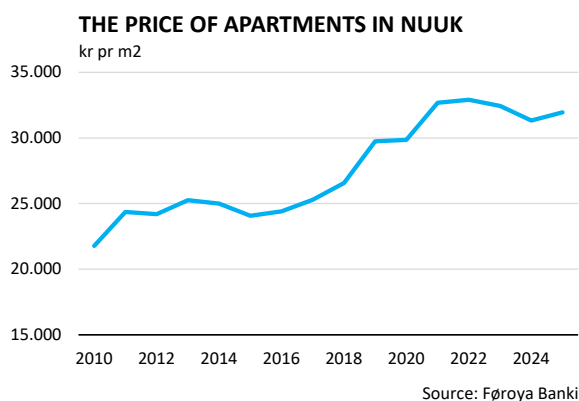
Our external environment

2025 was the year when established, long-held beliefs were shaken to their core.

Firstly, questions were raised regarding long-term viability of NATO, given a series of statements by President Trump and other senior US officials. In addition, has President Trump stated his wish for Greenland to become part of the USA, although both Denmark and Greenland have unequivocally stated that Greenland is not for 'sale'. Secondly, international commerce was dealt a significant blow when USA introduced a wide range of new tariffs on imported goods. These tariffs signal the end of the era of sustained trade liberation and declining import tariffs that commenced with the General Agreement on Tariffs and Trade (GATT) in 1947.

Both of Føroya Banki's main geographical markets, Faroe Islands and Greenland, are small open economies that are heavily dependent on international trade. The increased global uncertainty is particularly noticeable in Greenland. Føroya Banki's customers in Greenland are financially resilient, and the bank is in regular contact with them. The bank does not register any significant increase in credit risk in Greenland as a result of the heightened uncertainty.

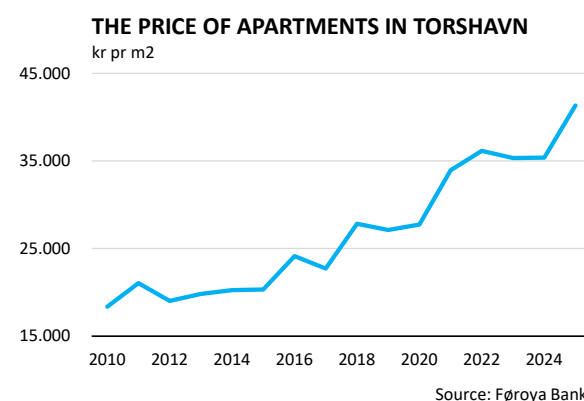
On a macro level, the Greenlandic economy is experiencing a slowdown with modest growth. The slowdown is due to reduced infrastructure investments and a decrease in the value of total exports, mainly due to lower volumes of shrimp being caught. In the medium- to long-term perspective, the forecasted population decline and aging population will put further pressure on the economy. The impact of Greenland's economic stagnation is reflected in the property prices in Greenland, which have remained relatively stable over the past five years, as illustrated by the chart below.



On the positive side, the tourism industry is showing a strong performance, especially after the opening of the new airport in Nuuk and the cod fishery is exhibiting a positive trend and the marine scientists consider the cod stock to be in a healthy condition. The activity level within mineral extraction is record high, with over 100 active licences, of which 8 are exploitation licences.

In Føroya Banki's main geographical market, the Faroe Islands, the economic environment was strong during 2025, with the economy running on all cylinders, with all time high exports, a record trade surplus, equivalent to 8% of GDP, and a sustained unemployment rate below 1%. The strong economic activity has attracted foreign labourers to the Faroe Islands, and at year-end 2025, foreigners made up approximately 8% of the total labour force in the Faroe Islands. The inflation rate has stayed at a modest level during this period and stood at 0.7% (p.a.) in November 2025.

The strong economy, growing population and lower interest rates have resulted in a very strong property market in the Faroe Islands and Føroya Banki monitors the situation very closely.



Despite the favourable economic tailwind, the Faroese public finances have been running significant deficits in recent years and going forward, demographic headwinds will put additional strain on the public finances.

In general, Føroya Banki's customers are financially resilient and weathered the increased geopolitical and trade uncertainties in 2025 well. Føroya Banki monitors the situation closely, and should any customer or customers be adversely impacted by the uncertainties outlined above, the bank is in a strong financial position to manage such a scenario.

Applied calculation methods and alternative performance measures

Alternative performance measures

The Bank applies a number of alternative performance measures. These measures are applied where they provide greater informational value about, e.g. the Bank's earnings, or as a common denominator for multiple items. The Bank is aware of the need to apply calculations consistently and with comparative figures. The alternative performance measures applied are defined below:

Operating income

Sum of Net interest income (less interest income from the Groups bond portfolio), Net fee income, Net insurance income and Other operating income.

Profit before impairment charges

Profit before Investment portfolio earnings, Impairment charges and Non-recurring costs.

Operating profit

Profit before non-recurring costs and before Investment portfolio earnings.

Other operating income

Other operating income, Dividends related to sector shares, Value adjustments related to sector shares, and Profit or loss from currency transactions.

Operating costs

Sum of Staff costs and administrative expenses, Sector costs, Other operating expenses and Amortisation, depreciation and impairment charges on intangible assets and property, plant and equipment.

Impairments

Sum of Impairment charges on loans and reversed impairment charges on loans taken over.

Non-recurring items

Non-recurring staff costs, administrative expenses and extraordinary impairment charges on tangible assets.

Investment portfolio earnings

Interest income from the bond portfolio, value adjustments, less value adjustments of sector shares and less of profit or loss from currency transactions. Dividends less dividends related to sector shares, Income from holdings in associates.

Adjusted results

Note	Adjusted income statement 2025, Group, (DKK 1,000)	Income statement	Restatement	Restated income statement
1, 4	Net interest income	388,103	-72,170	315,933
2	Net fee and commission income	108,961	-24,710	84,251
4, 5, 6	Net insurance income	66,055	10,251	76,306
2, 3	Other operating income	14,836	43,071	57,907
	Operating income	577,954	-43,558	534,396
5	Operating costs	265,249	14,373	279,622
	Profit before impairment charges	312,705	-57,931	254,774
	Impairment charges	-3,982	0	-3,982
	Operating profit	316,686	-57,931	258,755
1, 3, 6	Investment portfolio earnings	39,189	57,931	97,120
	Profit before tax	355,875	0	355,875
Note Adjusted income statement 2024, Group, (DKK 1,000)				
1, 4	Net interest income	442,251	-95,367	346,884
2	Net fee and commission income	90,748	-16,986	73,762
4, 5, 6	Net insurance income	47,747	8,875	56,622
2, 3	Other operating income	9,694	31,543	41,237
	Operating income	590,441	-71,935	518,506
5	Operating costs	258,990	14,322	273,312
	Profit before impairment charges	331,451	-86,257	245,194
	Impairment charges	-1,072	0	-1,072
	Operating profit	332,524	-86,257	246,267
1, 3, 6	Investment portfolio earnings	49,952	86,257	136,209
	Profit before tax	382,475	0	382,475
Note Restatements made to the income statement (DKK 1,000)				
			2025	2024
1	Reclassification of interest income related to bonds from the item Interest income to Investment portfolio earnings.		61,919	86,492
2	Dividends and fees reclassified from Net fee and commission income to Other operating income.		24,710	16,986
3	Reclassification of value adjustments related to sector shares and of profit or loss from currency transactions to Other operating income.		18,361	14,557
4	Reclassification of interest income to Net insurance income due to IFRS 17		10,251	8,875
5	Reclassification of operating costs from Net insurance income to Operating costs due to IFRS 17		14,373	14,322
6	Reclassification of market value adjustments from net insurance income to Investment portfolio earnings due to FRS 17		14,373	14,322

Management and directorships

The current members of the Board of Directors and Executive Management of P/F Føroya Banki are the following:

Board of Directors

Birgir Durhuus (Chair)

Elected by the General Meeting

Year of birth	1963
Gender	Male
Nationality	Faroese
First time elected to the Board:	2023
Most recently re-elected:	2024
Term expires:	2026
Independent	Independent
Educational background:	Master of Finance, Copenhagen Business School
Competencies:	Several years of working experiences from the Danish financial sector. Primarily Danske Bank, Nordea and Nykredit where he was analyst and headed different departments within investments and Risk Management. Former CEO of Asgard Asset Management Partner at Absolute Return Partners, London
Principal occupation:	
Directorships and other offices:	Chairman of the Board at ELM Capital; Former chairman of Atlantic Petroleum

Annfinn Vitalis Hansen (vice chair)

Elected by the General Meeting

Year of birth	1963
Gender	Male
Nationality	Faroese
First time elected to the Board:	2024
Most recently re-elected:	
Term expires:	2026
Independent	Non-independent
Educational background:	Master of law, University of Copenhagen. Lawyer and Partner at LEKS lawfirm.
Competencies:	In-depth knowledge and several years of practical working experiences within various legal issues. Broad and extensive knowledge of the Faroese business community and its structures.
Principal occupation:	Partner at LEKS lawfirm
Directorships and other offices:	Board member of Ruth Holding ApS, GTM Familie Holding ApS and Sp/f RMV Holding.

Árni Tór Rasmussen

Elected by the General Meeting

Year of birth	1975
Gender	Male
Nationality	Faroese
First time elected to the Board:	2024
Most recently re-elected:	
Term expires:	2026
Independent	Non-independent
Educational background:	Educated within finance, accounting and investments.
Competencies:	In-depth knowledge of the faroese business community and practical experiences within various commercial projects and investment activities.
Principal occupation:	Self-employed - CEO at different companies with investment activities
Directorships and other offices:	CEO of Sp/f RMV Holding. Chairman at Sp/f Navigare shipping and P/F Reyni Service

Marjun Hanusardóttir

Elected by the General Meeting

Year of birth	1954
Gender	Female
Nationality	Faroese
First time elected to the Board:	2024
Most recently re-elected:	2025
Term expires:	2027
Independent	Independent
Educational background:	MSc. in Food Science, Royal Veterinary- and Agricultural University, Copenhagen. Diploma in Public Administration, Danish High School of Public Administration. MSc. Distinction in Management, Robert Gordon University, Aberdeen.
Competencies:	Several years of practical experiences and in-depth knowledge of management and public administration, being head of the National Administration and counsellor regarding political and public affairs.
Principal occupation:	Self-employed
Directorships and other offices:	Former Permanent Secretary at the Prime Minister's Office (1996-2021). Former Executive Director at Heilsufrøðiliga Starvsstovan - The Faroese Food and Environmental Agency (1987-1996).

Kristian Reinert Davidsen

Elected by the General Meeting

Year of birth	1966
Gender	Male
Nationality	Faroese
First time elected to the Board:	2022
Most recently re-elected:	2025
Term expires:	2027
Independent	Independent
Educational background:	HD (Graduate Diploma in Organisation and Strategy), Copenhagen Business School; MSc Electrical Engineering & Telecommunications, DTU Denmark.
Competencies:	Working experiences and in-depth knowledge of management, strategy processes and project managing. In-depth knowledge of digital transformation and security related to personal data and cyber security.
Principal occupation:	CEO at Faroese Telecom, Former CEO at Tusass (TELE Greenland).
Directorships and other offices:	Chair of LBF (Engineering Consultancy)

Tom Ahrenst**Elected by the General Meeting**

Year of birth	1960
Gender	Male
Nationality	Danish
First time elected to the Board:	2023
Most recently re-elected:	2025
Term expires:	2027
Independent	Independent
Educational background:	Executive Management program from Columbia Business School as well as Wharton Business School, and Graduate Diploma in Business Administration (Financial and Management Accounting) from CBS.
Competencies:	More than three decades of practical credit-related experiences from Danske Bank and Nykredit, developing extensive knowledge in the Credit and Corporate sectors. Expertise spans within financing relating to Mergers and Acquisitions, Capital Market transactions, structuring company financing, and comprehensive management of overall credit-related risks.
Principal occupation:	Independent Advisor and Board member
Directorships and other offices:	Board member of Core Property Management P/S. Former chair of Nykredit Leasing A/S and Nykredit Finance plc. Former board member of Frankfurter Bodenkredit GmbH.

Alexandur Johansen**Elected by the employees**

Year of birth	1979
Gender	Male
Nationality	Faroese
First time elected to the Board:	2018
Most recently re-elected:	2022
Term expires:	2026
Educational background:	Financial education and subsequent continuing education within financial and insurance aspects.
Competencies:	In-depth understanding of insurance aspects. All-round advisory services.
Principal occupation:	P/F Trygd - Commercial and Private Insurance - Head of Sales.
Directorships and other offices:	None

Kenneth Samuelsen**Elected by the employees**

Year of birth	1966
Gender	Male
Nationality	Faroese
First time elected to the Board:	2010
Most recently re-elected:	2022
Term expires:	2026
Educational background:	Financial education
Competencies:	Broad knowledge of the financial sector and labour market relationships.
Principal occupation:	Føroya Banki - IT-department - unit Faroe Islands.
Directorships and other offices:	Union president and union board member.

Rúna Hentze**Elected by the employees**

Year of birth	1966
Gender	Female
Nationality	Faroese
First time elected to the Board:	2021
Most recently re-elected:	2023
Term expires:	2026
Educational background:	Financial education supplemented with different banking related courses.
Competencies:	Broad knowledge and experience within different aspects of Banking services. In-depth knowledge and experiences within Retail Banking and funds
Principal occupation:	Føroya Banki - Backoffice
Directorships and other offices:	None

Executive board**Turið F. Arge (CEO)**

Year of birth	1982
Gender	Female
Nationality	Faroese
Year of joining the Executive Management:	2022
Educational background:	Cand.merc.Aud, Aarhus Business School; Executive MBA, Henley Business School.
Principal occupation:	CEO at P/F Føroya Banki
Board positions held that are relevant to banking and insurance:	Board member of P/F Trygd, P/F NordikLív, P/F Skyn. Board member of BI Holding A/S, NFIT A/S and the Faroese Banking organisation.

Segments

Bankivik

Føroya Banki Skyn Trygd



Segments

Reference is made to the preceding Financial Review, which provides an overview of the Group, including the Bank at an overall level.

The Bank's activities are divided into two main segments, Personal Banking and Corporate Banking. Details about these two segments are provided on the following pages. The last page of the segment section sets out performance of the Bank's subsidiary Trygd.

Banking

Adjusted Income statement, Banking

DKKm	2025	2024	Index	Q4 2025	Q3 2025	Index	Q2 2025	Q1 2025	Q4 2024
Net interest income	316	347	91	79	77	102	84	76	78
Net fee and commission income	99	90	111	27	25	107	24	24	23
Other operating income	49	37	133	8	8	99	22	11	9
Total operating income	464	473	98	114	110	103	129	111	110
Operating costs	256	250	102	64	67	96	62	63	67
Profit before impairment charges	208	223	93	50	43	114	67	48	44
Impairment charges, net	-4	-1	371	-2	-9	28	2	5	-11
Operating profit	212	225	94	52	52	100	66	43	55
Investment portfolio earnings	89	123	73	18	18	103	28	25	29
Profit before tax	301	348	87	70	70	101	94	68	84
Loans and advances	9,670	9,086	106	9,670	9,600	101	9,697	9,272	9,086
Deposits and other debt	10,957	10,007	109	10,957	10,835	101	10,407	10,306	10,007
Mortgage credit	2,824	2,741	103	2,824	2,789	101	2,909	2,906	2,741
Operating costs/income, %	55	53		56	61		48	57	60
Number of FTE, end of period	173	177	98	173	173	100	171	174	177

The Bank's net interest income was DKK 316m in 2025 compared to DKK 347m 2024, reflecting lower interest margins during 2025 compared to 2024. Net fee and commission income increased by DKK 10m to DKK 99m in 2025 compared to DKK 90m in 2024, due to higher income from securities trading and from brokerage commission related to the transfer of the Group's life insurance products from the subsidiary NordikLív to LÍV. Other operating income increased by 33% or DKK 12m relative to 2024 to DKK 49m, mainly due to higher value adjustments and dividends from the Bank's sector shares, the sale of the Bank's IT-platform provider, SDC, and from the sale of one of the Bank's domicile properties. As a result, the Bank's operating income as a whole fell slightly by DKK 9m year on year in 2025 to DKK 464m. Operating costs increased by DKK 6m in 2025 compared to 2024, which was as expected and mainly due to staff and IT costs. The cost/income ratio was thus 55% for the year compared to 53% for the previous year. The resulting profit before impairment charges was DKK 208m in 2025 compared to DKK 223m in 2024.

Føroya Banki maintains its through-the-cycle credit policy. Due to the continued sound financial health of its

customers despite uncertain global economic conditions, the Bank saw a net reversal of impairments of DKK 4m in 2025 – a net reversal for the ninth year in a row. In 2024, the Bank reversed DKK 1m of previously impaired loans. The resulting operating profit for the banking segment in 2025 was DKK 212m, DKK 13m lower than in 2024.

Investment portfolio earnings were DKK 89m in 2025, down from DKK 123m in 2024 mainly due to lower income from the Bank's bonds portfolio and lower interest income from the Bank's liquidity holdings. As a result, the Bank's profit before tax was DKK 301m in 2025, down DKK 46m compared to 2024.

Loans and advances to customers grew by DKK 583m in 2025 or 6% to DKK 9,670m, and the portfolio of the Bank's brokered mortgage credit grew by DKK 83m or 3% to DKK 2,824m. In total, loans and mortgage credit grew by 6% in 2025. Customer deposits were up by 9% or DKK 949m to DKK 10,957m. The funds that the bank manages on behalf of customers grew by 1.5% in 2025. In total, the business volume grew by 7% in 2025 compared to 2024.

Personal Banking

Adjusted Income statement, Personal banking

DKKm	2025	2024	Index	Q4 2025	Q3 2025	Index	Q2 2025	Q1 2025	Q4 2024
Net interest income	153	183	84	37	37	98	41	37	40
Net fee and commission income	75	69	109	20	19	107	18	18	18
Other operating income	29	29	100	4	5	76	13	6	6
Total operating income	256	280	92	61	62	99	72	61	64
Operating costs	211	206	103	52	57	92	51	52	55
Profit before impairment charges	45	73	61	9	5	175	22	10	9
Impairment charges, net	6	-11	-	4	0	1004	-1	3	-2
Operating profit	39	85	46	4	4	99	23	7	10
Investment portfolio earnings	47	65	72	9	9	99	15	13	15
Profit before tax	86	150	57	14	14	99	38	20	26
Loans and advances	4,647	4,373	106	4,647	4,532	103	4,487	4,418	4,373
Deposits and other debt	6,121	6,228	98	6,121	6,108	100	6,720	6,505	6,228
Mortgage credit	2,217	2,175	102	2,217	2,203	101	2,181	2,169	2,175
Number of FTE, end of period	77	79	98	77	77	99	76	76	79

Føroya Banki's operating income from personal banking customers fell by 8% in 2025. Net interest income was down by DKK 29m to DKK 153m. Net fee and commission income increased by DKK 6m to DKK 75m. Other operating income was flat at DKK 29m. The resulting operating income totalled DKK 256m compared to DKK 280m in 2024.

Operating costs increased to DKK 211m in 2025 from DKK 206m in 2024. As a result, profit before impairment charges came in at DKK 45m compared to DKK 73m in 2024. Impairment charges were DKK 6m in 2025 compared to a reversal of DKK 11m in 2024. Investment portfolio earnings amounted to DKK 47m compared to DKK 65m in 2024. Profit before tax was thus DKK 86m in 2025 compared to DKK 150m in 2024.

Direct lending to personal customers rose by DKK 274m, i.e. 6%, to DKK 4,647m at year-end 2025. Brokered mortgage credit increased by DKK 42m to DKK 2,217m at year-end 2025 compared to DKK 2,175m at year-end 2024. Deposits from personal customers were down by DKK 107m, i.e. 2%, over year-end 2024 to DKK 6,121m at year-end 2025. In total, the segment's business volume grew by 2% in 2025 compared to 2024.

Corporate Banking

Adjusted Income statement, Corporate Banking

DKKm	2025	2024	Index	Q4 2025	Q3 2025	Index	Q2 2025	Q1 2025	Q4 2024
Net interest income	163	164	99	42	39	106	43	39	38
Net fee and commission income	25	21	117	7	6	110	6	6	6
Other operating income	20	8	249	4	3	138	8	4	2
Total operating income	208	194	107	53	49	108	57	49	46
Operating costs	44	44	102	12	10	115	11	11	11
Profit before impairment charges	163	150	109	41	38	106	46	38	35
Impairment charges, net	-10	10	-106	-6	-9	73	3	2	-10
Operating profit	173	67	259	47	47	100	43	36	45
Investment portfolio earnings	42	58	73	9	8	107	13	12	14
Profit before tax	216	198	109	56	56	101	56	47	58
Loans and advances	5,023	4,713	107	5,023	5,068	99	5,210	4,855	4,713
Deposits and other debt	4,835	3,779	128	4,835	4,726	102	3,687	3,802	3,779
Mortgage credit	606	565	107	606	585	104	728	736	565
Number of FTE, end of period	13	15	91	13	13	100	13	15	15

The Group's Corporate Banking segment saw net interest income decrease to DKK 163m in 2025 from DKK 164m in 2024 – i.e. the lower interest margins during the year were offset by higher lending and by decreased funding costs due to corporate deposits being higher in 2025 than in 2024. Net fee and commission income increased by DKK 4m to DKK 25m. Other operating income more than doubled from DKK 8m in 2024 to DKK 20m in 2025, mainly due to higher value adjustments and dividends from the Bank's sector shares, the sale of the Bank's IT-platform provider, SDC, and from the sale of one of the Bank's domicile properties. Total operating income was thus up 7% or DKK 14m to DKK 208m in 2025 relative to 2024.

Operating costs increased by DKK 1m in 2025 to DKK 44m, resulting in profit before impairment charges of DKK 163m, up DKK 13m compared to 2024.

Impairment charges were a reversal of DKK 10m in 2025, compared to charges of DKK 10m in 2024.

Investment portfolio earnings amounted to DKK 42m in 2025 compared to DKK 58m in 2024. The resulting profit before tax was thus DKK 216m in 2025, DKK 18m higher than in 2024.

The corporate lending portfolio increased by 7% during the year and amounted to DKK 5,023m at 31 December 2025. The portfolio remains well diversified and is not overly exposed to historically risky sectors. Corporate deposits were up by DKK 1,056m, i.e. 28%, over year-end 2024 to DKK 4,835m at year-end 2025. Brokered mortgage credit rose by DKK 41m, i.e. 7%, to DKK 606m at year-end 2025. In total, the segment's business volume grew by 13% in 2025 compared to 2024.

Insurance

Adjusted Income statement, Trygd

DKKm	2025	2024	Index	Q4 2025	Q3 2025	Index	Q2 2025	Q1 2025	Q4 2024
Premium income, net of reinsurance	165	156	106	42	42	100	42	40	38
Claims, net of reinsurance	93	114	81	22	25	87	20	27	32
Net insurance income	73	42	175	20	17	119	22	14	6
Net income from investment activities	7	11	64	2	4	49	2	0	2
Operating income	80	52	152	22	20	107	23	14	7
Operating costs	28	29	97	7	7	103	7	7	6
Profit before tax	51	23	221	15	14	109	17	7	1
Combined ratio	76	89		72	78		67	87	102
Claims ratio	56	73		52	59		48	66	85
Number of FTE, end of period	21	23	93	21	21	99	21	23	23

The Group's insurance company, Trygd, reported another year of growth in insurance premiums. Net premiums grew by 6% in 2025 to DKK 165m due to price increases and a continued inflow of new customers.

Claims can vary significantly from year to year, e.g. due to Faroese weather conditions or an unusual number of large claims. In 2025, claims were unusually low, amounting to DKK 93m, a decrease of DKK 23m compared to 2024.

Income from investment activities amounted to DKK 7m in 2025 compared to DKK 11m in 2024. Operating costs totalled DKK 28m in 2025, down DKK 1m compared to 2024. As a result, Trygd posted an all-time high profit

before tax of DKK 51m in 2025 compared to a profit before tax of DKK 23m in 2024.

Trygd's combined ratio decreased from 89 in 2024 to 76 in 2025.

Trygd is expected to pay a dividend of DKK 29.0m to Føroya Banki for the 2025 financial year.

Trygd continues to grow its market share by offering competitive prices and delivering superior customer experience. Trygd expects to continue to attract new customers and to grow premium income in 2026, as it has done for the past several years whilst remaining profitable.

Other activities

Skyn

The market has been relatively strong in 2025 compared to the relatively subdued market in the previous three years (2022-2024). House prices in the Faroe Islands increased approx. 13% in 2025, and the number of properties sold, with Skyn as broker, was up 23% compared to 2024.

The Group's estate agency, Skyn, performed well and was involved in a total of 190 transactions in 2025 compared to 155 in 2024. Skyn recorded a net profit of DKK 2.4m in 2025, considerably higher than the DKK 0.6m recorded in 2024.

Skyn is expected to pay a dividend of DKK 2.5m to Føroya Banki for the 2025 financial year.

NordikLív

NordikLív is a life insurance company established in 2015 and wholly owned by Føroya Banki. The company began operations in 2016 by providing regular life, disability and critical illness insurance cover in the Faroese market.

In 2025, premium income was DKK 14.7m compared to DKK 21.8m in 2024, while net profit amounted to DKK 0.0m in 2025 compared to DKK 8.7m in 2024. The decline in premium income originates from the transfer of NordikLív's life insurance products, as of 1 September 2025, to LÍV. Furthermore, compared to 2024, the claims were relatively higher in 2025 resulting in a reduced net profit.

In alignment with 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, under which 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 were transferred to the life insurance company LÍV. Thus, at the end of 2025 no insurance risk remains within NordikLív.

Investor relations

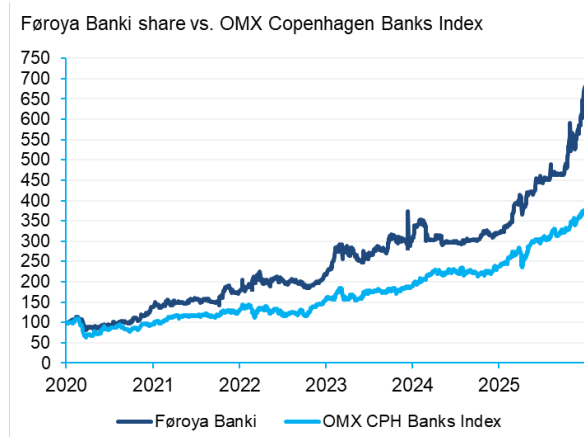
Føroya Banki share performance

The closing price of Føroya Banki's shares on Nasdaq Copenhagen at 31 December 2025 was DKK 286.0 compared to a closing price of DKK 162.0 at 31 December 2024. This was an increase of 76.5%. Note that Føroya Banki's total return (including dividends) in 2025 was 113.5% compared to a total return of 60.6% for the Copenhagen Bank Index. The turnover in Føroya Banki's shares on Nasdaq Copenhagen was DKK 256m in 2025 compared to DKK 233m in 2024. Føroya Banki's stock chart can be found on the Bank's website www.foroyabanki.com/sc.

Key metrics - Føroya Banki stock

	2024	2025
Share price per share	162	286
Total market cap. in mDKK	1,555	2,746
Earnings per share	32.4	29.9
Dividend per share	8.3	36.5
Price/Book value per share	0.8	1.4
Price/Earnings per share	4.7	9.3

Performance of Føroya Banki shares vs. the OMX Copenhagen Banks Index in 2020-2025. Both lines in the graph illustrate price development including dividends (total return):



Shareholder structure

At the time of publication of the Annual Report 2025, the following shareholders had notified the relevant authorities that they held 5% or more of the Bank's shares:

Largest shareholders:

Føroya Landsstýri (Faroese Government), Tórshavn	34.8%
Ruth Holding ApS, Hirtshals, Denmark	14.6%
GTM Familie Holding ApS, Hirtshals, Denmark	10.4%
Sp/f RMV Holding, Hoyvík, Faroe Islands	5.1%

At 31 December 2025, Føroya Banki had approximately 9,500 shareholders. The Faroese government held 34.8% of the share capital, institutional and other corporate investors held 49%, private investors held 16%, while the Bank held 0.22% as treasury shares. The majority of shareholders are based in the Faroe Islands.

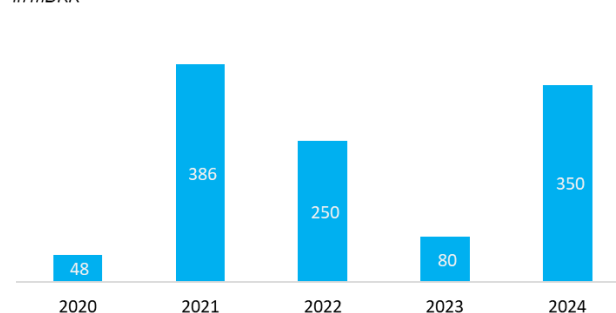
Country	Nominal shareholdings
Faroe Islands	54%
Denmark	39%
Ireland	1%
Great Britain	1%
Other nationalities	5%

Dividends

Føroya Banki targets an ordinary dividend of 70% of net profit and conducts share buy-backs to optimise its capital structure.

The Board of Directors has been authorised to allow the Bank to acquire up to 10% of the Bank's nominal share capital in the period until 1 March 2029. Føroya Banki's investor relations policy can be found on the Bank's website www.foroyabanki.com/lr

Føroya Banki dividends
in mDKK



Financial calendar for 2026

26 February 2026	Year-end Results 2025
26 March 2026	Annual General Meeting 2026
30 April 2026	First Quarter Results 2026
5 August 2026	Half-Year Results 2026
4 November 2026	Third Quarter Results 2026

Organisation and management

Corporate governance at Føroya Banki

The overall purpose of Føroya Banki's corporate governance policy is to ensure responsible corporate management and to safeguard the interests of the Bank's shareholders, customers, and employees. Strong corporate governance is about having clear and systematic decision-making processes, thus providing clarity about responsibilities, avoiding conflicts of interest, and ensuring satisfactory internal control, risk management and transparency. Commitment to Føroya Banki's mission and vision requires the integration of sound corporate governance with the framework under which the Bank is governed and managed.

Føroya Banki is a Faroese public limited company listed on NASDAQ Copenhagen A/S. Corporate governance at Føroya Banki follows generally adopted principles of corporate governance. The external framework that governs the Bank's corporate governance approach includes the rules of NASDAQ Copenhagen A/S, relevant legislation and instructions and guidance issued by the Danish Financial Supervisory Authority or other legislative authorities, and the rules and principles of the recommendations on Corporate Governance. For further information about the Bank's compliance with the recommendations on Corporate Governance, see the Bank's Corporate Governance Report, which is available at www.foroyabanki.com/cg.

General meetings

The general meeting is the Bank's ultimate decision-making authority. An annual general meeting must be held within three months of the end of a financial year. In 2026, the meeting will be held on 26 March in Tórshavn, Faroe Islands. The minutes of the meeting will be available at www.foroyabanki.com.

Voting rights

All shareholders have equal voting rights, and each share carries one vote. However, no shareholder may, neither in respect of his own shares nor when acting as proxy for other shareholders, cast votes representing more than 10% (ten per cent) of the total share capital, regardless of the shareholding. Proxy votes given to the Board of Directors are not subject to these restrictions.

Any resolution to amend the Articles of Association or to wind up the Bank by voluntary liquidation or to adopt a merger is subject to no less than two-thirds of the share capital being represented at the general meeting and the proposed resolution being adopted by two-thirds of the

votes cast and of the voting share capital represented at the general meeting.

Any proposal to amend or revoke the quorum requirement may be adopted by two-thirds of both the votes cast and of the share capital represented at the general meeting. For the purpose of voting on such proposals, restrictions on voting rights and voting by proxy do not apply.

The Bank's Articles of Association are available at www.foroyabanki.com/aa

Board of Directors

The Board currently comprises nine members, six of whom were elected at the general meeting and three by and among the employees. Board members elected at the general meeting hold office for a period of two years. Thus, half of the directors elected by the general meeting are up for election every year. Directors are eligible for re-election. As prescribed by statutory provisions on employee representation in Faroese legislation, members elected by and among the employees serve on the Board of Directors for four-year terms, with the next election to be held in 2026.

The Nomination Committee operates as a preparatory committee for the Board of Directors with respect to the nomination and appointment of candidates for the Board of Directors and the Executive Board. Candidates for the Board of Directors are nominated by the Board of Directors or the shareholders and are elected by the shareholders.

The primary duty of the Bank's Board of Directors is to determine the strategic framework for the Bank and its activities. The Bank places emphasis on ensuring that the Board of Directors possesses the necessary and relevant experience and qualifications to adequately perform its duties as a board of directors. Members of the Board are subject to a performance evaluation, which includes questionnaire, a personal dialogue with the Chair and a plenary debate on the Board. The aim of the evaluation is to ensure, among other things, that the composition of the Board of Directors as well as the special competencies of each Board member enable the Board of Directors to perform its duties. As the Board of Directors operates as a collegial body, its overall competencies and experience are the sum of the individual board members' competencies and experience. The composition of the Board of Directors is

intended to ensure a stable and satisfactory development of Føroya Banki for the benefit of its shareholders, customers, employees, and other stakeholders. The competencies of the Board of Directors are described collectively in the competency profile.

Diversity on the Board of Directors

The Bank has a policy for diversity on the Board of Directors. The Board of Directors and its Nomination Committee assessed the policy in June 2025 and found no need for changes.

The intention of this policy is that the Board's composition should embrace diverse competences and backgrounds, including diversity in professional identity, work experience, gender, age etc.

The policy further lays down that recruitment of candidates to serve as board members must focus on ensuring that the candidates possess competences, background, knowledge, and resources that are different from those of the existing board members and collectively match the competences required by the Bank's business model etc.

Compliance with the adopted policy on diversity on the Board of Directors is a significant element of the annual evaluation process.

The under-represented gender

The Bank has implemented a policy aimed at prompting equal gender representation at Board level and in the Bank's other management levels. The Bank's ambition is to ensure a balanced gender representation. The Board has adopted initiatives aimed at supporting equal opportunities in recruitment, leadership development and succession planning. As part of this policy, the Bank on a regular basis monitors the actual gender division at relevant management levels and on annual basis reports on progresses and actions taken to support equal gender representation. The Bank considers diversity an essential element of sound governance and long-term value creation and will continue to strengthen the initiatives and frameworks supporting equal gender representation across the group.

Relevant figures in accordance with Section 156 of the Executive Order on Financial Reports for Credit Institutions and Investment Firms etc are available on the Bank's website www.foroyabanki.com/gf

Board of Directors

In 2025, the Board of Directors and its Nomination Committee set a target figure of at least 40% for the under-represented gender on the Board of Directors to be met by 2028.

At the end of 2025 the under-represented gender on the Board of Directors presented 16.67% (2024: 16.67%).

The Board of Directors will focus on various initiatives aimed at meeting the target figure by 2028. These comprise recruitment initiatives and initiatives aimed at motivating candidates of the under-represented gender to stand as candidates for the Board of Directors.

Other management levels

Under the statutory definition of "other management levels", the Bank's other management levels are members of the general management (reported to the Danish Business Authority), employees placed at the same management level, in organisational terms, as the general management, and employees with staff responsibilities reporting directly to the general management or to employees placed at the same level, in organisational terms, as the general management.

It is a goal of the policy that the Bank's employees should feel that equal career and management opportunities are open to them, irrespective of gender. The policy is adopted with the aim to increase the percentage of the under-represented gender at the Bank's other management levels and also aims at creating a basis for a more equal gender distribution at these management levels. It is the Bank's overall and long-term aim to maintain an equal gender distribution at the bank's other management levels. The bank's management follows up on a regular basis on the developments with respect to gender distribution at other management levels.

In 2022, the Board of Directors and its Nomination Committee set a target figure of at least 40% for the under-represented gender at the Bank's other management levels to be met by 2025.

At the end of 2025. the gender distribution at the Bank's other management levels was 49.0% women and 51.0% men (2024: 50.0% women and 50.0% men). Hence, equal gender distribution has been achieved at other management levels.

Sound corporate culture

The Bank's Board of Directors has adopted a policy for a sound corporate culture containing a set of principles for

the Bank's and the employees' actions, which supplements the framework of the Bank's code of conduct.

The policy was most recently updated in April 2025 and is available on the Bank's website www.foroyabanki.com/scc

The Bank's general management reports to the Board of Directors on the Bank's compliance with the policy and the code of conduct. Through this reporting and otherwise, the Board of Directors' gains insight into matters relating to the policy and the code of conduct.

The report of the chair of the Bank's Board of Directors to the annual general meeting on behalf of the Board must cover the implementation of the corporate culture policy and compliance with the policy.

Anti-money laundering, anti-terrorist financing, and sanctions

Combating money laundering and terrorist financing is basically a task for all employees in Føroya Banki, one reason being that the Bank has a statutory obligation to know all its customers, including to collect proper documentation of identity and details of ownership structures of legal persons.

The Bank must also have details of the individual customer's purpose of being a customer in the Bank, the scope of the customer relationship and the origin of the customer's funds. This task is carried out by collecting data, including by the individual customer advisers and/or via customers' self service solutions.

However, the Bank's central anti-money laundering department carries out the general work of combating money-laundering and financing of terrorism and continuously checks that the necessary information on the individual customers' identity and ownership is registered. It also checks that the purpose and intended scope of the customers' relations with the Bank are registered and updated.

In addition, the Bank must monitor customer transactions on an ongoing basis. All of the Bank's employees are both entitled and required to report unusual/suspicious transactions or activities to the anti-money laundering department. The anti-money laundering department thus supports the efforts of customer advisers and other employees and is also responsible for digital/automated monitoring of unusual/suspicious transactions or activities and for manual follow-up on them.

The department works continuously to set up and adjust the criteria for identifying transactions that are picked out for further investigation by the department.

The anti-money laundering department also reports to the Money Laundering Secretariat at the National Special Crime Unit.

The Bank's monitoring of customers includes a risk assessment in which the Bank has divided the customers into different risk categories. The risk assessment is based, among other things, on the EU's supranational risk assessment.

In addition, the Bank's employees regularly receive training and are tested in combating money laundering and financing of terrorism. Training is provided in the following ways:

- Basic modules must be completed by all employees every two years. Training based on case studies and bank-specific learning - targeted at the employee's job functions - is also provided on a regular basis.
- New employees must complete training in basic modules within one month of their appointment.

Data ethics

The Bank's Board of Directors has adopted a data ethics policy which provides the framework for the Bank's ethical principles and conduct in relation to data. The Board of Directors adopted the policy in December 2024, and the policy was most recently reviewed in January 2026.

Section 154 of the Executive Order on Financial Reports for Credit Institutions and Investment Firms etc. requires undertakings which have a data ethics policy to supplement the management's review with a statement on data ethics. The statement must contain information on the undertaking's work and policy on matters of data ethics.

The Bank's Board of Directors has prepared a statement, which is available on the Bank's website at www.foroyabanki.com/de

Tax policy

The Bank's Board of Directors has adopted a tax policy for the Group which provides the framework for the group's behaviour in relation to taxation matters. The policy states the Group's obligation to promote transparency and compliance with tax legislation.

Furthermore, the policy states that the Group only engages in responsible and legitimate tax assessments based on an open and honest dialogue with customers and the authorities. In collaboration with the relevant authorities the Group also participates in activities related to prevention of tax evasion. The Board of Directors adopted the policy in September 2024, and the policy was most recently reviewed in September 2025.

The tax policy is available on the Bank's website at www.foroyabanki.com/tp

Product approval and product management

The Bank has a policy for product approval and product management to ensure that customers are offered suitable products, including investment products and investment services etc. If new products and services are introduced which may result in significant risks, the Bank's Board of Directors has overall responsibility for approving them.

The product approval and management of products and services are structured so that the Bank's other management levels handle these matters on an ongoing basis.

The other management levels recommend products and services for review by the Bank's compliance function. New products and services are subject to approval by the bank's compliance function, risk management function, and general management. The compliance and risk management functions can always request that risks be submitted to the board of directors for consideration.

At least annually, the compliance function reports to the Board of Directors on the Bank's investment products and services based on reporting from the other management level and the compliance function's own examinations during the year.

Complaints handling

In the event of disagreements between a customer and the Bank, the Bank's fundamental view is that they are always best resolved through dialogue between the customer and the adviser, possibly with the involvement of the adviser's line manager.

If agreement is not reached, the customer always has the possibility of complaining to the Bank's complaint's function. The complaints' function is independent of the departments serving customers and handles complaints received and sends answers to the customer.

Remuneration

The Remuneration Committee operates as a preparatory committee for the Board of Directors with respect to remuneration issues. This duty includes proposals regarding the Bank's Remuneration Policy and underlying instructions to be approved and adopted at the general meeting.

The Bank's remuneration policy reflects the Bank's objectives of good governance and supports the Bank's ability to recruit, develop and retain competent, high-performing, and highly motivated employees in a competitive market.

Remuneration for the Board of Directors is approved and adopted at each year's annual general meeting. Members of the Board of Directors receive a fixed salary only. They are not covered by incentive programmes and do not receive variable or performance-based remuneration or pension contributions.

The remuneration of the Executive Management is determined by the Board of Directors. Remuneration in line with market levels constitutes the overriding principle for the remuneration of the Executive Management. Remuneration for the Executive Management must be consistent with and promote sound and effective risk management and not encourage excessive risk-taking or counteract the Bank's long-term interests. Remuneration of the Executive Management consists of a fixed salary only and does not comprise any incentive programmes or variable or performance-based remuneration.

Additional information on the remuneration of the Board of Directors, the Executive Management and the executive officers can be found in note 10. For further information regarding the Bank's remuneration policy, see www.foroyabanki.com/rp

Risk management

The Board of Directors always gives full attention to the Bank's various risks as well as the aggregated risk profile and follows up on risks on a regular basis. Risk appetite within the Bank is defined as the level and nature of risk that the Bank is willing to take in order to pursue the approved strategy on behalf of the shareholders and is defined by constraints reflecting the views of shareholders, debt holders, regulators and other stakeholders. The Board of Directors is ultimately responsible for the Group's overall risk appetite and for setting principles for how risk appetite is managed.

The Group's Risk Manager is responsible for the risk management framework and processes, including identifying, controlling and monitoring the Bank's various risks for the purpose of making risk assessments at both individual and aggregated levels. For further information on the Bank's risk management, see the Group's Risk Management Report 2025 at www.foroyabanki.com/rmr

Corporate responsibility

Complying with the law and adhering to international principles for responsible business conduct is a fundamental and integral part of Føroya Banki's strategy. We are driven by an ambition to create value for all our stakeholders, to use our expertise to drive sustainable progress and to have a positive impact on the societies we are a part of. At Føroya Banki, we strive to build a relationship-centric bank that places the customer at the centre of the business, provides tailored financial advice and makes the banking experience less complex. Our commitment to conducting responsible business revolves around a set of values consisting of "Teamwork, Customer commitment and Enthusiasm", which form the backbone of our efforts to create sustainable and shared value for the Group's stakeholders. In addition to creating economic value through responsible business conduct, through the benefits that our products bring to our customers, and through banking expertise, the Group

aims to create social value through community involvement. As such, Føroya Banki's approach is centred on its customers, employees, and the local community. It is our assertion that corporate responsibility initiatives will yield the best results if there is a natural connection between such activities and our business strategy and core competences. Therefore, our initiatives are strategically rooted in the Group's vision, strategy, and values.

Føroya Banki reports on corporate responsibility in the 2025 Corporate Responsibility Report, CRR, which has been prepared in compliance with the Group's [Sustainability Policy](#) and the Danish FSA's requirements on corporate responsibility reporting. In response to the upcoming stricter sustainability data management and reporting requirements, the Group has made the necessary preparations in 2025 for reporting.

The report is available at www.foroyabanki.com/crr

Statement by the Management

The Board of Directors and the Executive Board (the management) have today considered and approved the annual report of P/F Føroya Banki for the financial year 2025.

The consolidated financial statements have been prepared in accordance with the IFRS Accounting Standards as adopted by the EU, and the Parent Company's financial statements have been prepared in accordance with the Faroese Financial Business Act.

In our opinion, the consolidated financial statements and the Parent Company's financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities, equity and financial position at 31 December 2025 and of the results of the Group's and the Parent Company's operations and the consolidated cash

flows for the financial year starting on 1 January and ending on 31 December 2025. Moreover, in our opinion, the management's report includes a fair review of developments in the Group's and the Parent Company's operations and financial position and describes the significant risks and uncertainty factors that may affect the Group and the Parent Company.

In our opinion, the annual report of P/F Føroya Banki for the financial year 1 January to 31 December 2025 identified as with the file name FB-2025-12-31-en.zip has been prepared, in all material respects, in compliance with the ESEF Regulation.

The management will submit the annual report to the general meeting for approval.

Tórshavn, 26 February 2026

Executive Board

Turið F. Arge
CEO

Board of Directors

Birgir Durhuus
Chair

Annfinn Vitalis Hansen
Vice Chair

Kristian Reinert Davidsen

Marjun Hanusardóttir

Tom Ahrenst

Árni Tór Rasmussen

Rúna Hentze

Kenneth M. Samuelsen

Alexandur Johansen

Adopted at the General Meeting held on 26 March 2026

Óla Jákup Kristoffersen
Chair of the meeting

Internal Auditors' Report

Audit opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2025 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2025 in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Faroese Financial Business Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2025 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2025 in accordance with the Faroese Financial Business Act and the executive order on financial reports of credit institutions etc. of the Danish FSA.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

Basis for opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of P/F Føroya Banki for the financial year 1 January — 31 December 2025 comprising income statement and statement of comprehensive income, balance sheet, statement of changes in equity and notes, including material accounting policy information and cash flow statement.

We conducted our audit in accordance with the Danish Financial Supervisory Authority's executive order on auditing financial enterprises etc. as well as financial groups as applied in the Faroe Islands and in accordance with international auditing standards on planning and performing the audit work.

We planned and performed our audit to obtain reasonable assurance as to whether the Consolidated Financial Statements and the Parent Company's Financial Statements are free from material misstatement. We participated in the audit of all material and critical audit areas.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Statement on Management's Review

Management is responsible for the Management's Review.

Our opinion on the Consolidated Financial Statements and the Parent Company's Financial Statements does not cover the Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements and the Parent Company's Financial Statements, our responsibility is to read the Management's Review and, in doing so, consider whether the Management's Review is materially inconsistent with the Consolidated Financial Statements or the Parent Company's Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Furthermore, it is our responsibility to consider whether the Management's Review provides the information required under the Faroese Financial Business Act and the executive order on financial reports of credit institutions etc. of the Danish FSA.

Based on the work we have performed, in our view the Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company's Financial Statements and has been prepared in accordance with the requirements of the Faroese Financial Business Act and the executive order on financial reports of credit institutions etc. of the Danish FSA. We did not identify any material misstatements of the Management's Review.

Tórshavn, 26 February 2026

Arndis Poulsen
Chief Audit Executive, Føroya Banki

Independent auditors' reports

To the shareholders of P/F Føroya Banki

Report on the audit of the Financial Statements

Our opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2025 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2025 in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Faroese Financial Business Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2025 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2025 in accordance with the Faroese Financial Business Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited

The Consolidated Financial Statements and the Parent Company Financial Statements of P/F Føroya Banki for the financial year 1 January to 31 December 2025 comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity and notes, including material accounting policy information for the Group as well as for the Parent Company and cash flow statement for the Group. Collectively referred to as the "Financial Statements".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Faroe Islands. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) as applicable to audits of financial statements of public interest entities, and the additional ethical requirements applicable in Denmark and Faroe Islands. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab were first appointed auditors of P/F Føroya Banki on 29 March 2010 for the financial year 2010. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of sixteen years including the financial year 2025. We were reappointed, following a tending procedure, at the General Meeting on 17 August 2022.

Januar P/F Løggilt grannskoðanarvirki were first appointed auditors of P/F Føroya Banki on 26 March 2013 for the financial year 2013. We have been reappointed annually by shareholder resolution and have acted as auditors for the period except for the year 2022, for a total period of engagement of twelve years including the financial year 2025.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2025. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Loan Impairment charges</p> <p>Loans are measured at amortised cost, according to the effective interest method, less impairment charges.</p> <p>Loan impairment charges represent Management's best estimate of expected losses on loans at the balance sheet date. Reference is made to the detailed description of accounting policies in note 1.</p> <p>The Group makes provisions for expected credit losses both on an individual basis in terms of individual provisions and on a model-based basis.</p> <p>As a result of the geopolitical and macroeconomic situation with the risk of economic slowdown, Management has made a significant addition to loan impairment charges by way of an additional accounting estimate ("management overlays"). The consequences of the geopolitical and macroeconomic situation for the bank's customers are largely undetermined and as a result hereof there is an increased estimation uncertainty related to the size of the provisions for expected losses on loan.</p> <p>We focused on loan impairment charges, as the accounting estimate is by nature complex and influenced by subjectivity and thus to a large extent associated with estimation uncertainty.</p> <p>The following areas are central to the calculation of loan impairment charges:</p> <ul style="list-style-type: none"> ■ Determination of credit classification. ■ Model-based impairment charges in stages 1 and 2, including Management's determination of model variables adapted to the Group's loan portfolio. ■ The Group's procedures to ensure completeness of the registration of credit-impaired loans (stage 3) or loans with significant increase in credit risk (stage 2, underperforming). ■ Most significant assumptions and estimates applied by Management in the calculations of impairment charges, including principles for the assessment of various outcomes of the customer's financial position (scenarios) and for the assessment of collateral values of e.g. ships and real estate included in the calculations of impairment. ■ Management's assessment of expected credit losses at the balance sheet date as a result of possible changes in market conditions and which are not included in the model-based calculations or individually assessed impairment charges ("management overlays") including in particular the consequences for the Groups customers of the current geopolitical and macroeconomic situation. <p>Reference is made to note 1 of the Parent Company Financial statements and the Consolidated Financial Statements, "Estimates and assumptions", "IFRS 9,</p>	<p>We performed risk assessment procedures with the purpose of achieving an understanding of it-systems, business procedures and relevant controls regarding the calculation of provisions for expected credit losses on loans.</p> <p>In respect of controls, we assessed whether they were designed and implemented effectively to address the risk of material misstatement.</p> <p>We reviewed and assessed the impairment charges recognised in the income statement in 2025 and the accumulated impairment charges recognised in the balance sheet at 31 December 2025.</p> <p>We assessed the applied impairment model prepared by the data centre Netcompany Banking Service, including division of responsibilities between the data centre and the Group.</p> <p>We assessed and tested the Group's calculation of impairment charges in stages 1 and 2, including assessment of Management's determination and adaptation of model variables to the Group's own circumstances.</p> <p>Our procedures included an assessment of the Group's methods applied for the calculation of expected credit losses as well as the procedures designed, including the involvement of the credit department and Management, and internal controls established to ensure that credit-impaired loans in stage 3 and in stage 2, underperforming, are identified and recorded on a timely basis.</p> <p>We assessed and tested the principles applied by the Group for the determination of impairment scenarios and for the measurement of collateral values of e.g. ships and real estate included in the calculations of impairment of credit-impaired loans in stage 3 and in stage 2, underperforming.</p> <p>We tested a sample of credit-impaired loans in stage 3 and in stage 2, underperforming, by testing the calculations of impairment charges and applied data to underlying documentation.</p> <p>We tested a sample of other loans by making our own assessment of stage and credit classification. This included a sample focusing on major loans, loans within industries with generally increased risks within certain industries particularly affected by the actual macroeconomic situation.</p> <p>We reviewed and challenged Management's estimates of expected credit losses not included in the modelbased calculations or individually assessed impairment charges based on our knowledge of the portfolio, industry knowledge and knowledge of current market conditions. Among other things, we had a special focus on the Group's calculation of the management overlays to cover expected credit losses</p>

<p>Financial Instruments” and “Impairment charges”, note 13, “Credit risk management”, “Changes to credit risks” and “Calculation of the expected credit loss” and “Management applied judgements” as well as note 48, “Risk Management”, addressing matters that may affect loan impairment charges.</p>	<p>as a result of the current geopolitical and macroeconomic situation.</p> <p>We also assessed whether the factors that may have an influence on provisions for expected losses on loans have been appropriately disclosed.</p>
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Statement on Management’s Review

Management is responsible for Management’s Review.

Our opinion on the Financial Statements does not cover Management’s Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management’s Review and, in doing so, consider whether Management’s Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management’s Review includes the disclosures required by the Faroese Financial Business Act.

Based on the work we have performed, in our view, Management’s Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Faroese Financial Business Act. We did not identify any material misstatement in Management’s Review.

Management’s responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Faroese and the Danish Financial Business Act and for the preparation of parent company financial statements that give a true and fair view in accordance with the Faroese Financial Business Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group’s and the Parent Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in the Faroe Islands will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in the Faroe Islands, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s and the Parent Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant

doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on compliance with the ESEF Regulation

As part of our audit of the Financial Statements we performed procedures to express an opinion on whether the annual report of P/F Føroya Banki for the financial year 1 January to 31 December 2025 with the filename FB-2025-12-31-en.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements including notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human-readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements including notes;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;

- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of P/F Føroya Banki for the financial year 1 January to 31 December 2025 with the file name FB-2025-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Hellerup, 26 February 2026

Tórshavn, 26 February 2026

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Januar P/F
Løggilt grannskoðanarvirki

Business registration no 33 77 12 31

Business registration no. 5821

Benny Voss
State Authorised Public Accountant
mne15009

Fróði Sivertsen
State Authorised Public Accountant
mne32257



Financial statement Føroya Banki

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Income statement

Note	DKK 1,000	Group		Føroya Banki	
		2025	2024	2025	2024
3, 4	Interest income calculated using the effective interest method	511,975	588,141	543,536	628,559
3, 4	Other interest income	31,561	40,417		
3, 5	Interest expenses	155,434	186,307	155,434	186,307
	Net interest income	388,103	442,251	388,103	442,251
3	Dividends from shares and other investments	21,077	11,997	21,077	11,997
6	Fee and commission income	94,487	85,627	106,001	96,649
6	Fee and commissions paid	6,602	6,875	6,602	6,875
	Net dividend, fee and commission income	108,961	90,748	120,475	101,770
	Net interest and fee income	497,064	533,000	508,578	544,022
7	Insurance revenue	195,414	196,690		
7, 10	Insurance service expenses	131,376	156,017		
7	Net return on investments backing insurance liabilities	6,793	12,701		
7	Net finance income or expense from insurance	846	322		
7	Other expenses	5,622	5,948		
7	Net insurance result	66,055	47,747	0	0
	Interest and fee income and income from insurance activities, net	563,119	580,747	508,578	544,022
3, 8	Market value adjustments	34,785	45,343	34,785	45,343
9	Other operating income	14,836	9,694	5,644	2,614
10, 11	Staff costs and administrative expenses	256,533	248,369	247,441	239,470
26, 27, 28	Amortisation, depreciation and impairment charges	8,674	9,090	8,417	8,748
12	Other operating expenses	42	1,531	42	1,531
13	Impairment charges on loans and advances etc.	-3,982	-1,072	-3,982	-1,072
23, 24	Income from investments accounted for under the equity method	4,404	4,609	48,990	33,016
	Profit before tax	355,875	382,475	346,078	376,317
14	Tax	67,558	72,049	57,761	65,891
	Net profit	288,317	310,427	288,317	310,427
	Portion attributable to				
	Shareholders of Føroya Banki P/F	288,317	305,208	288,317	305,208
	Owners of additional Tier 1 capital	0	5,218	0	5,218
	Net profit	288,317	310,427	288,317	310,427
	EPS Basic for the period, DKK*	30.12	32.42	30.12	32.42
	EPS Diluted for the period, DKK*	30.12	32.42	30.12	32.42

*Based on average number of shares outstanding, see the specification in note 40.

Statement of comprehensive income - Føroya Banki

DKK 1,000	Group		Føroya Banki	
	2025	2024	2025	2024
Net profit	288,317	310,427	288,317	310,427
Other comprehensive income				
Items which will not subsequently be recycled to the income statement:				
Revaluation of domicile property	0	0	0	0
Revaluation of assets, subsidiaries	0	0	0	0
Total other comprehensive income	0	0	0	0
Total comprehensive income	288,317	310,427	288,317	310,427

Balance Sheet

Note	DKK 1,000	Group		Føroya Banki	
		Dec. 31	Dec. 31	Dec. 31	Dec. 31
		2025	2024	2025	2024
	Assets				
15	Cash in hand and demand deposits with central banks	3,249,492	2,696,305	3,236,393	2,695,918
16, 17	Amounts due from credit institutions and central banks	239,179	310,797	239,179	310,797
13, 18, 19	Loans and advances at fair value	285,267	319,297	285,267	319,297
13, 18, 19	Loans and advances at amortised cost	9,384,505	8,767,094	9,384,505	8,767,094
20	Bonds at fair value	1,106,209	1,757,200	900,434	1,559,697
21	Shares, etc.	280,011	285,845	170,731	188,358
22, 47	Assets under insurance contracts	3,320	4,786	0	0
23	Holdings in associates	21,216	18,563	21,216	18,563
24	Holdings in subsidiaries	0	0	180,020	145,434
25	Assets under pooled schemes and unit-linked investment contracts	85,154	61,610	85,154	58,055
26	Intangible assets	4,415	5,084	466	1,084
	Total land and buildings	106,139	111,810	106,139	111,810
27	Domicile property	52,961	54,377	52,961	54,377
27	Domicile property (lease asset)	53,177	57,432	53,177	57,432
28	Other property, plant and equipment	13,172	15,008	11,737	13,067
	Current tax assets	61,341	21,818	61,341	21,818
29	Deferred tax assets	11,665	11,253	11,557	11,172
30	Assets held for sale	2,207	2,207	2,207	2,207
31	Other assets	49,445	88,408	47,990	89,312
	Prepayments	31,979	34,561	30,210	32,781
	Total assets	14,934,717	14,511,644	14,774,546	14,346,463

Balance Sheet

Note	DKK 1,000	Group		Føroya Banki	
		Dec. 31 2025	Dec. 31 2024	Dec. 31 2025	Dec. 31 2024
Shareholders' equity and liabilities					
Liabilities other than provisions					
32, 33	Amounts due to credit institutions and central banks	505,739	823,455	505,739	823,455
34, 35	Deposits and other debt	10,948,209	10,003,348	10,956,570	10,014,704
	Deposits under pooled schemes and unit-linked investments contracts	85,154	61,610	85,154	58,055
38	Issued bonds at amortised cost	903,790	981,190	903,790	981,190
36, 47	Liabilities under insurance contracts	151,764	158,485	0	0
	Current tax liabilities	67,942	73,613	58,140	67,770
37	Other liabilities	148,620	226,573	144,028	220,192
	Deferred income	3,488	3,927	1,644	2,162
	Total liabilities other than provisions	12,814,706	12,332,200	12,655,065	12,167,528
Provisions for liabilities					
29	Provisions for deferred tax	530	508	0	0
13	Provisions for losses on guarantees etc	1,614	1,263	1,614	1,263
	Provisions for other liabilities	2,624	1,846	2,624	1,846
	Total provisions for liabilities	4,769	3,617	4,238	3,109
Subordinated debt					
39	Subordinated debt	99,930	99,790	99,930	99,790
	Total liabilities	12,919,405	12,435,607	12,759,234	12,270,426
Equity					
	Share capital	192,000	192,000	192,000	192,000
	Reserve, Equity Method	0	0	16,891	0
	Revaluation reserve	6,718	6,718	6,718	6,718
	Retained earnings	1,614,595	1,527,319	1,597,704	1,527,319
	Proposed dividends	202,000	350,000	202,000	350,000
	Total equity	2,015,313	2,076,037	2,015,313	2,076,037
	Total liabilities and equity	14,934,717	14,511,644	14,774,546	14,346,463

Statement of changes in equity - Føroya Banki Group

Shareholders equity

DKK 1,000	Share capital	Revaluation Reserve	Proposed dividends	Retained earnings	Total	Additional tier 1	
						capital	Total
Shareholders' equity at January 1, 2025	192,000	6,718	350,000	1,527,319	2,076,037	0	2,076,037
Revaluation of assets, subsidiaries		0		0	0		0
Net profit			202,000	86,317	288,317	0	288,317
Total comprehensive income		0	202,000	86,317	288,317	0	288,317
Dividends paid			-350,000	958	-349,042		-349,042
Shareholders' equity at December 31, 2025	192,000	6,718	202,000	1,614,595	2,015,313	0	2,015,313

DKK 1,000	Share capital	Revaluation Reserve	Proposed dividends	Retained earnings	Total	Additional tier 1	
						capital	Total
Shareholders' equity at January 1, 2024	192,000	7,948	80,000	1,570,662	1,850,609	151,532	2,002,141
Revaluation of assets, subsidiaries		-1,230		1,230	0		0
Net profit			350,000	-44,792	305,208	5,218	310,427
Total comprehensive income		-1,230	350,000	-43,562	305,208	5,218	310,427
Paid interest on additional tier 1 capital				0	0	-6,750	-6,750
Redemption of additional tier 1 capital			0	0	0	-150,000	-150,000
Dividends paid			-80,000	219	-79,781		-79,781
Shareholders' equity at December 31, 2024	192,000	6,718	350,000	1,527,319	2,076,037	0	2,076,037

Statement of changes in equity - Føroya Banki P/F

DKK 1,000	Shareholders equity							Total
	Share capital	Revaluation Reserve	Equity method reserve	Proposed dividends	Retained earnings	Total	Additional tier 1 capital	
Shareholders' equity at January 1, 2025	192,000	6,718	0	350,000	1,527,319	2,076,037	0	2,076,037
Revaluation of assets, subsidiaries		0			0	0		0
Net profit			16,891	202,000	69,426	288,317	0	288,317
Total comprehensive income		0	16,891	202,000	69,426	288,317	0	288,317
Dividends paid				-350,000	958	-349,042		-349,042
Shareholders' equity at December 31, 2025	192,000	6,718	16,891	202,000	1,597,704	2,015,313	0	2,015,313

DKK 1,000	Shareholders equity							Total
	Share capital	Revaluation Reserve	Equity method reserve	Proposed dividends	Retained earnings	Total	Additional tier 1 capital	
Shareholders' equity at January 1, 2024	192,000	7,948	0	80,000	1,570,662	1,850,609	151,532	2,002,141
Revaluation of assets, subsidiaries		-1,230			1,230	0		0
Net profit			0	350,000	-44,792	305,208	5,218	310,427
Total comprehensive income		-1,230	0	350,000	-43,562	305,208	5,218	310,427
Paid interest on additional tier 1 capital					0	0	-6,750	-6,750
Redemption of additional tier 1 capital				0	0	0	-150,000	-150,000
Dividends paid				-80,000	219	-79,781		-79,781
Shareholders' equity at December 31, 2024	192,000	6,718	0	350,000	1,527,319	2,076,037	0	2,076,037

Capital and Solvency - P/F Føroya Banki

Solvency DKK 1,000	Dec. 31 2025	Dec. 31 2024
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	6,422,812	5,835,110
Risk-weighted items with market risk etc.	237,353	391,442
Risk-weighted items with operational risk	1,072,224	953,926
Total risk-weighted items	7,732,389	7,180,478
CET 1 capital ratio	23.3%	23.8%
Tier 1 capital ratio	23.3%	23.8%
Total capital ratio	24.6%	25.2%
Total capital, incl. MREL capital, ratio	36.3%	36.3%
Shareholders' equity		
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
Shareholders' equity, before deduction of holdings of own shares	2,022,831	2,080,296
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
CET 1 capital	1,799,971	1,712,027
Tier 1 capital	1,799,971	1,712,027
Subordinated loan capital	99,930	99,790
Total capital	1,899,901	1,811,817
MREL capital	903,790	791,227
Total capital, incl. MREL capital	2,803,691	2,603,044

The Føroya Banki Group holds a license to operate as a bank and is therefore subject to a capital requirement under the Faroese Financial Business Act and to CRR. The Faroese provisions on capital requirements apply to both the Parent Company and the Group. The capital requirement provisions stipulate a minimum capital of 8% of the identified risks. A detailed body of rules determines the calculation of capital as well as risks (risk-weighted items). The capital comprises CET 1 capital and subordinated loan capital. The CET 1 capital corresponds to the carrying amount of equity, after deductions of holdings of own shares, tax assets and other minor deductions.

Cash flow statement - Føroya Banki Group

DKK 1,000	2025	2024
Cash flow from operations		
Profit before tax	355,875	382,475
Amortisation and impairment charges for intangible assets	618	618
Depreciation and impairment charges of tangible assets	9,304	9,741
Impairment of loans and advances/guarantees	-1,833	1,077
Paid tax	-85,771	-78,956
Other non-cash operating items	-59,123	-62,528
Total	219,071	252,427
Changes in operating capital		
Change in loans at fair value	30,289	36,665
Change in loans at amortised cost	-615,578	-233,816
Change in holding of bonds	669,748	-320,115
Change in holding of shares	15,407	7,076
Change in deposits	944,861	1,301,156
Due to credit institutions and central banks	-260,573	-138,507
Change in other assets / liabilities	-70,282	41,599
Assets/liabilities under insurance contracts	-5,255	15,678
Prepayments	2,143	-18,178
Cash flow from operations	929,832	943,985
Cash flow from investing activities		
Divestment of sector institution, net of cash	29,174	0
Dividends received	21,077	11,997
Acquisition of intangible assets	-950	-5,000
Acquisition of tangible assets	-2,154	-7,211
Sale of tangible assets	5,030	6,654
Cash flow from investing activities	52,177	6,439
Cash flow from financing activities		
Change in loans from central banks and credit institutions	-57,143	242,857
Issued bonds at amortised cost	250,000	0
Redemption of issued bonds at amortised cost	-340,000	-150,000
Interest paid on additional tier 1 capital	0	-6,750
Payment of dividends	-350,000	-80,000
Payment of dividends, own shares	958	219
Principal portion of lessee lease payments	-4,255	-5,417
Cash flow from financing activities	-500,439	909
Cash flow	481,570	951,333
Cash in hand and demand deposits with central banks, and due from Credit institutions, etc. at the beginning of the year	3,007,102	2,055,769
Cash flow	481,570	951,333
Cash and due etc.	3,488,671	3,007,102
Cash and due etc.		
Cash in hand and demand deposits with central banks	3,249,492	2,696,305
Due from credit institutions, etc.	239,179	310,797
Total	3,488,671	3,007,102

Notes

Note 1

Accounting policies

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1. Basis of preparation

The Føroya Banki Group presents its consolidated financial statements in accordance with IFRSs as adopted by EU and issued by the International Accounting Standards Board (IASB). Furthermore, the consolidated financial statements comply with the requirements for annual reports in the Faroese Financial Business Act and the executive order regarding the application of IFRS standards in financial institutions which applies for the Faroes issued by the Danish FSA.

The preparation of the consolidated financial statements requires, in some cases, the use of estimates and assumptions by management. The estimates are based on past experience and assumptions that management believes are fair and reasonable but that are inherently uncertain and unpredictable. These estimates and the judgement behind them affect the reported amounts of assets, liabilities and off-balance sheet items, as well as income and expenses in the financial statements presented. Changes and effects from implementation of new standards and amendments are explained in the following under the heading Adoption of new standards in 2025.

1) Estimates and assumptions

Estimates and assumptions of significance to the financial statements include the determination of:

- A. Impairment charges of loans and advances
- B. Fair value of domicile properties
- C. Fair value of financial instruments

The assumptions may be incomplete or inaccurate, and unexpected future events or situations may occur. Such estimates and assessments are therefore difficult to make and will always entail uncertainty, even under stable macroeconomic conditions, when they involve transactions with customers and other counterparties.

A) Impairment charges of loans and advances

The Group makes impairment charges to account for impairment of loans and advances that occur after initial recognition. Impairment charges are based on the expected credit loss model as further described under the section "Loans and advances at amortised cost".

In order to determine impairments on financial instruments as stipulated by IFRS 9, the Bank is required to make use of estimations and assumptions. In particular, Føroya Banki is mandated to estimate future cash flows when assessing significantly increased credit risks and loan-to-value when assessing impairments.

Føroya Banki's expected credit loss model based on a series of variable inputs – requires a loss allowance to be recognised on all credit exposures. Impairments within stage 1 and stage 2 which are not classified as weak engagements are based purely on the output of the model, whereas impairments within the weaker part of stage 2 and stage 3 are recognised based on a combination of individual assessment and model output.

The following components of the model are considered accounting estimations and assessments:

- Føroya Banki's internal credit score system, which assigns PD values on a loan-by-loan basis and classifies exposures into stages.
- Føroya Banki's criteria to determine significant increases in credit risk, which would demand a transfer from one stage of impairment to another.
- Model development, including input parameters and formulas.
- Determining macroeconomic scenarios and economic data input, as well as the effect of these on PD values, EAD values and LGD values.
- Determining forward-looking microeconomic scenarios.

Note 13 provides details on the amounts recognized and note 48 also provides further details on impairment charges on loans and advances.

In addition to model-based impairment charges management applies judgement when determining the need for post-model adjustments in order to reflect uncertainty of the future cash flows not covered by the model.

B) Fair value of domicile properties

The income-based approach is used to measure fair value of properties. For domicile properties the fair value is estimated on the basis of various assumptions and a major parameter is the potential rental income. The potential rental income is based on the Group's best estimate of the future profit on ordinary operations and the required rate of return for each individual property when taking into account such factors as location and maintenance. A number of these assumptions and estimates have a major impact on the calculations and include such parameters as developments in rent, costs and required rate of return. Any changes to these parameters as a result of changed market conditions will affect the expected return, and thus the fair value of the domicile properties.

C) Fair value of financial instruments

The Group measures a number of financial instruments at fair value, including all derivative instruments as well as shares, bonds and certain loans.

Assessments are made in connection with determining the fair value of financial instruments in the following areas:

- Choosing valuation method
- Determining when available listed prices do not reflect the fair value
- Calculating fair-value adjustments to provide for relevant risk factors, such as credit
- Model and liquidity risks
- Assessing which market parameters are to be taken into account
- Making estimates of future cash flows and return requirements for unlisted shares

The Group's loans and advances are not traded in an active market. Therefore, there is no market price to determine fair value of loans. The fair value has to be determined using a valuation technique, which estimates the market price between qualified, willing and independent parties. The valuation technique has to include all the relevant elements such as credit risk, market rates etc. Note 3 and note 13 provide details on the amounts recognised for loans measured at fair value.

As part of its day-to-day operations, the Group has acquired strategic equity investments. These shares are measured at fair value based on the information available about trading in the relevant company's equity investments. Details on the amounts recognised are provided in note 21.

2) Adoption of new standards in 2025

On 1 January 2025, Føroya Banki implemented the following new and amended standards which are mandatory for accounting periods beginning on or after 1 January 2025:

- IAS 21, Foreign exchange rates: The amendment clarifies the procedures relating to the assessment of whether a currency is exchangeable into another currency, and when it is not, how to determine the exchange rate to use and which disclosures to provide.

The amendment has not had any significant impact on the financial statements.

3) Changes in IFRSs not yet applied by Føroya Banki

The following new standards, amendments and interpretations issued and endorsed by EU are relevant for the Føroya Banki Group:

Amendments to the IFRS 9 regarding Classification and Measurement of Financial Instruments comprising:

- Clarification of the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;

- Clarification to and addition of further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion which could among others be relevant for instruments with features linked to the achievement of environment, social and governance (ESG) targets)

The amendment is mandatory for financial years beginning on or after 1 January 2026.

The amendment has will not have any significant impact on the financial statements.

The following new standards, amendments, and interpretations issued and not yet endorsed by EU are relevant for Føroya Bank Group:

IFRS 18, Presentation and Disclosure in Financial Statements: This new standard replaces IAS 1 and it implements set of new requirements for presentation and disclosures in the financial statements. The new standard requires the income statement to be structured into five categories, while also introducing two new subtotals. Furthermore, the new term "Management Performance Measures (MPM)" is introduced, which must be disclosed in the notes of the financial statements. The new requirements for presentation and disclosures are applicable for all financial statements, including consolidated financial statements, separate financial statements and interim financial statements.

The amendment will be effective for financial years beginning on or after 1 January 2027.

Management has not yet assessed the potential impact of this amendment.

4) Consolidation

The consolidated financial statements comprise the parent company, P/F Føroya Banki and its subsidiaries. Subsidiaries are entities over which Føroya Banki has power, is exposed to variability in returns, and has the ability to use its power to affect the return. Control is said to exist if P/F Føroya Banki directly or indirectly holds more than half of the voting rights in an undertaking or otherwise has power to control management and operating policy decisions. Operating policy control may be exercised through agreements about the undertaking's activities.

The consolidated financial statements combine the financial statements of the parent and the individual subsidiaries in accordance with the Group's accounting policies, in which intragroup income and costs, shareholdings, balances and dividends as well as realised and unrealised gains and losses on intragroup transactions have been eliminated.

Acquired subsidiaries are included from the date of acquisition.

The assets of acquired subsidiaries, including identifiable intangible assets, as well as liabilities and contingent liabilities, are recognised at the date of acquisition at fair value in accordance with the acquisition method.

5) Segment information

The Group consists of a number of business units and resource and support functions. The business units are segmented according to legislation, product and services characteristics. The information provided on operating segments is regularly reviewed by the management making decisions about resources to be allocated to the segments and assessing their performance, and for which discrete financial information is available. Amounts presented in the segment reporting are recognised and measured in accordance with the Group's significant accounting policies.

Segment revenue and expenses as well as segment assets and liabilities comprise the items that are directly attributable to or reasonably allocable to a segment. Non-allocated items primarily comprise assets and liabilities, revenue and expenses relating to the Group's administrative functions as well as income taxes etc.

6) Offsetting

Amounts due to and from the Group are offset when the Group has a legally enforceable right to set off a recognised amount and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2. Critical accounting policies

1. Income statement

1) Income criteria

Income and expenses are accrued over the periods to which they relate and are recognised in the Income Statement at the amounts relevant to the accounting period.

2) Interest income and expenses

Interest income and expenses arising from interest-bearing financial instruments measured at amortised cost are recognised in the income statement according to the effective interest method on the basis of the cost of the individual financial instrument. Interest includes amortised amounts of fees that are an integral part of the effective yield on a financial instrument, such as origination fees, and the amortisation of any other differences between cost price and redemption price. For financial assets in stage 1 and 2 of the impairment model, interest income is determined on the basis of the gross carrying amount. For financial assets in stage 3, interest income is determined based on the carrying amount after impairment.

Interest income and expenses also include interest on financial instruments measured at fair value with the exception of interest relating to assets and deposits under pooled schemes which are recognized under market-value adjustments. The interests are recognised in the income statement according to the effective interest method on the basis of the cost of the individual financial instrument.

Interest on loans and advances subject to impairment is recognised on the basis of the impaired value.

Interest expenses comprise interests on the groups leasing liabilities recognized as a consequence of the implementation of IFRS 16 'Leases'.

Furthermore, interest income comprises income originated from liabilities and interest expenses comprise expenses originated from assets.

3) Dividends on shares

Dividends on shares are recognised in the income statement on the date the Group is entitled to receive the dividend. This will normally be when the dividend has been approved at the annual general meeting.

4) Fees and commission income

Fees and commission income comprises fees and commission income that is not included as part of the amortised cost of a financial instrument. The income is accrued during the service period. The income includes fees from securities dealing, money transmission services as well as guarantee commission. Income arising from the execution of a significant act is recognized when the act is executed.

5) Fees and commissions paid

Fees and commission expenses comprises fees and commission expenses paid that are not included as part of the amortised cost of a financial instrument. The costs include guarantee commissions and trading commissions.

6) Net insurance result

Insurance activities from the subsidiaries P/F Trygd (non-life insurance) and P/F NordikLív (life-insurance), are presented in the income statement under the item Net insurance result and includes the following items:

- *Insurance revenue* - comprises gross premiums and change in gross provisions for unearned premiums.
- *Insurance service expenses* - comprises claims paid, change in gross provisions for claims, change in risk margin and acquisition costs.
- *Net return on investments backing insurance liabilities* - comprises return on investments.
- *Net finance income or expenses from insurance* - comprises technical interest of reinsurance and interest and value adjustments of provisions.
- *Other expenses* - comprises administrative expenses.

7) Market value adjustments

Market value adjustments comprise all value adjustments of financial assets and liabilities that are measured at fair value through profit or loss. Excluded are adjustments on loans and advances at fair value, recorded as fair value adjustments under Impairment charges on loans and advances and provisions for guarantees etc. note 13.

8) Other operating income

Other operating income includes other income that is not ascribable to other income statement line items.

9) Staff costs

Salaries and other remuneration the Group expects to pay. Remuneration is recognized along with delivery of service and is classified as staff costs. This item includes salaries, bonuses, holiday allowances, anniversary bonuses, pension costs and other remuneration.

10) Pension obligations

The Group's contributions to defined contribution plans are recognised in the income statement as they are earned by the employees.

11) Depreciation and impairment of intangible assets, property, plant and equipment

Depreciation and write-downs comprise the depreciation and write-downs on intangible and tangible assets for the period. Furthermore, depreciation of property comprises depreciations on the Groups holdings of leased assets.

12) Other operating expenses

Other operating expenses include other expenses that are not ascribable to other income statement line items.

13) Impairment charges on loans and advances etc.

Impairment charges on loans etc. includes impairment losses on and charges for loans and advances and amounts due from credit institutions and other receivables involving a credit risk as well as provisions for guarantees and unused credit facilities.

14) Tax

Faroese consolidated entities are not subject to compulsory joint taxation but can opt for joint taxation provided that certain conditions are complied with. P/F Føroya Banki has opted for joint taxation with the subsidiary P/F Skyn. Corporation tax on income subject to joint taxation is fully distributed on payment of joint taxation contributions between the consolidated entities.

Tax for the year includes tax on taxable profit for the year, adjustment of deferred tax as well as adjustment of tax for previous years. Tax for the year is recognised in the income statement as regards to the elements that can be attributed to profit for the year and in other comprehensive income and directly in equity as regards to the elements that can be attributed to items recognised in other comprehensive income and directly in equity respectively. Tax for the year is calculated separately based on continuing and discontinued operations.

Current tax liabilities and current tax assets are recognised in the balance sheet as calculated tax on taxable profit for the year, adjusted for tax on taxable profit of previous years.

Provisions for deferred tax or deferred tax assets are based on the balance sheet liability method and include temporary differences between the carrying amounts and tax bases of the balance sheets of each consolidated entity as well as tax loss carry forwards that are expected to be realised. Calculation of deferred tax is based on current tax law and tax rates at the balance sheet date.

Deferred taxes are recognised in the balance sheet under the items "Deferred tax assets" and "Provisions for deferred tax".

2. Balance sheet — Assets

1) Due from credit institutions and central banks

Amounts due from credit institutions and central banks comprise amounts due from other credit institutions and time deposits with central banks and are measured at amortised cost, as described under Financial instruments / loans and advances at amortised cost.

2) Financial instruments — General

Purchases and sales of financial instruments are recognised and measured at their fair value at the settlement date. The fair value is usually the same as the transaction price. Changes in the value of financial instruments are recognised up to the settlement date.

3) Financial instruments — Classification

The Group's financial assets are at initial recognition divided into the following three categories:

- Loans and advances measured at amortised cost
- Trading portfolio measured at fair value
- Financial assets designated at fair value with value adjustments through profit and loss

3.1) Loans and advances measured at amortised cost

Loans and advances consist of conventional loans and advances disbursed directly to borrowers. Initial recognition of amounts due from credit institutions and central banks as well as loans and advances are at fair value plus transaction costs and less origination fees and other charges received.

Subsequently they are measured at amortised cost, according to the effective interest method, less any impairment charges according to the requirements from IFRS 9.

The difference between the value at initial recognition and the nominal value is amortised over the term to maturity and recognised under "Interest income".

Payment on loans and advances from customers comprises the principal amount plus interests.

Impairment charges

Impairment charges on loans, financial guarantee contracts and loan commitments is based on a staged model under which the impairment charge on instruments which have not been subject to a significant increase in credit risk is determined at the credit loss from loss events expected to take place within the next 12 months. For Instruments with a significant increase in credit risk since initial recognition and instruments which are credit impaired, the impairment charge is the lifetime expected credit loss.

The method of determining whether the credit risk has increased significantly is mainly based on the probability of default reflecting past events as well as current conditions and forecasts at the reporting date.

The method of forecasting at the reporting date is based on a distribution of the bank's personal customers by geography and of its corporate customers by industry. For each category, the bank considers the future forecast relative to the past events on which the probability of default is based.

The method of calculating the expected credit loss in stage 1 and a part of stage 2 is primarily a model-based individual assessment based on a probability of default, a loss in case of default and exposure at the default date. For large, weak stage 2 customers/facilities and stage 3 customers/facilities, the calculation of impairment allowance is made using a manual, individual assessment of the financial assets rather than a model-based calculation.

For exposures categorised as stage 1 or stage 2, the expected credit loss (ECL) is calculated as a function of the probability of default (PD) * the expected exposure at default (EAD) * the expected loss given default (LGD). Where the PD for exposures in stage 1 reflects the probability of default in the next 12-month period (PD12), the probability of default over the entire life of the exposure is applied to exposures placed in stage 2 (PD Life).

As regards the portion of stage 2 exposures consisting of the weakest exposures, the largest of these are reviewed individually, and the average impairment ratio calculated for them is used to calculate the expected credit loss for the weakest of the stage 2 exposures not individually reviewed.

As regards exposures in stage 3, the expected credit loss is calculated individually.

PD12 is calculated based on the Bank's behavioural credit score methodology for exposures to retail customers and small corporate customers, whereas the Bank's accounting-based credit score model is applied to the Bank's exposures to large corporate customers.

PD Life is calculated based on PD12 but is adjusted for any identified annual migrations between various fixed PD12 stages. Furthermore, the calculated PD Life is adjusted for changes in a number of forward-looking factors, which as regards the Bank's Danish and Greenlandic exposures are based on information from, e.g., the Danish central Bank and the Danish Economic Council, whereas factors of relevance to Faroese exposures are based on the current impairment ratio relative to a historical average impairment ratio.

EAD is calculated as the actual amount of exposure with due consideration for non-executed loan commitments and unutilised, executed loan commitments as well as any guarantees provided, which factors are calculated as a function of predetermined coefficients.

LGD is calculated as the ratio between the historically identified loss rate for the portion of the exposures that are not secured.

The expected life of an exposure is calculated, unless the circumstances surrounding the exposure in question dictate otherwise, as the contractual maturity of the exposure in question.

All significant variables and calculations made are validated at least annually, primarily based on sample testing and, for model-based variables, supplemented by back-testing and the use of statistical targets for explanatory values.

Since calculations are made in all stages of an expected credit loss, i.e. expectations as to the future, all statements and calculations reflect the Bank's best estimates and assessments as to future events. These estimates and assessments may therefore result in the calculation of a higher or lower credit loss than the credit losses actually incurred. Please refer to note 13 for further information.

Write-off policy

Pursuant to the credit policy, the Bank will secure as much collateral as possible when entering into exposures. It is Group policy to write off, possibly on account, claims deemed to be lost, even if no collateral has been secured. The following principles apply for writing off bad debts:

- For personal customers, write-off is made prior to or immediately in connection with the exposure being transferred to the central debt collection department.
- For corporate customers, write-off will typically await the commencement or completion of active realisation.
- Non-performing loans where the interest rate has been reduced to zero are normally written off immediately.

The Bank will seek to collect all written-off exposures either through its debt collection department or through external assistance. In certain customer relationships, an agreement will be made on partial repayment of the exposures, and remaining exposures will be forfeited in connection with bankruptcy proceedings and agreements on debt rescheduling.

3.2) Trading portfolio measured at fair value

The trading portfolio includes financial assets acquired which the Group intends to sell or repurchase in the near term. The trading portfolio also contains financial assets managed collectively for which a pattern of short-term profit taking exists.

Assets in the trading portfolio comprise the shares, bonds and derivatives with positive fair value held by the Group's trading departments.

At initial recognition, the trading portfolio is measured at fair value, excluding transaction costs. Subsequently, the portfolio is measured at fair value and the value adjustments are recognised in the Income Statement within market value adjustments.

Determination of fair value

The fair value of financial assets is measured on the basis of quoted market prices of financial instruments traded in active markets. If an active market exists, fair value is based on the most recently observed market price at the balance sheet date. If a financial instrument is quoted in a market that is not active, the Group bases its measurement on the most recent transaction price. Adjustment is made for subsequent changes in market conditions, for instance by including transactions in similar financial instruments that are assumed to be motivated by normal business considerations.

If no active market for standard and simple financial instruments exists, generally accepted valuation techniques rely on market-based parameters for measuring fair value. The results of calculations made on the basis of valuation techniques are often estimates because exact values cannot be determined from market observations. Consequently, additional parameters, such as liquidity risk and counterparty risk, are sometimes used for measuring fair value.

Determination of fair value hierarchy

Fair value is determined according to the following order of priorities:

- Financial instruments valued based on quoted prices in an active market are recognised in the Quoted prices category.
- Financial instruments valued substantially based on other observable input and illiquid mortgage bonds valued by reference to the value of similar liquid bonds are recognised in the Observable input category.
- Other financial instruments are recognised in the non-observable input category. This category covers unlisted shares and valuation relies on extrapolation of yield curves, correlations, or other model input of material importance to valuation.

3.3) Financial assets designated at fair value with value adjustments through profit and loss

Financial assets designated at fair value through profit and loss comprise fixed-rate loans, loans capped and shares, including sector shares, which are not a part of the trading portfolio.

The interest rate risk on these loans is eliminated or significantly reduced by entering into interest rate swaps. The market value adjustment of these interest rate swaps generates immediate asymmetry in the financial statements if the fixed-rate loans and loans capped were measured at amortised cost. To eliminate the inconsistency recognising the gains and losses on the loans and related swaps the fixed rate loans and loans capped are measured at fair value with value adjustments through profit and loss.

4) Assets under insurance contracts

Assets under insurance contracts comprise reinsurance assets with reduction of debt related to reinsurance. Reinsurance assets are measured by initial recognition at fair value.

5) Holdings in associates

Associated undertakings are businesses, other than group undertakings, in which the Group has holdings and significant influence but not control. The Group generally classifies undertakings as associated undertakings if P/F Føroya Banki directly or indirectly holds 20 — 50% of the voting rights.

Holdings in associated undertakings are recognised at cost at the date of acquisition and are subsequently measured according to the equity method. The proportionate share of the net profit or loss of the individual associate undertaking is included under "Income from associated undertakings" and based on data from financial statements with balance sheet dates that differ no more than three months from the balance sheet date of the Group.

The proportionate share of the profit and loss on transactions between associated and group undertakings is eliminated.

Associates with negative net asset values are measured at DKK 0. Any legal or constructive obligation to cover the negative balance of the undertakings is recognised in provisions. Any receivables from these undertakings are written-down according to the impairment loss risk.

Profits on divested associates are calculated as the difference between the selling price and the book value inclusive of any goodwill on the divested holdings. Reserves recognised within equity are reversed and recognised in the income statement.

6) Holdings in subsidiaries

Subsidiaries are recognised according to the equity method in the Financial Statement of the Parent Company. Consequently, the net profit of the Group and the Parent Company are identical. The accounting policy described to the consolidated financial statements is therefore also valid for the parent company.

7) Pooled schemes activities

Assets under pooled schemes and connected deposits are recognised in separate balance sheet items. Market value adjustments on pooled schemes and dividends to the participants are recognised in "Market value adjustments".

8) Intangible assets

Intangible assets consist of internally developed software. Developed software is amortised over its expected useful life, usually four years, according to the straight-line method.

9) Land and buildings

On acquisition land and buildings are recognised at cost. The cost price includes the purchase price and costs directly attributable to the purchase until the date when the asset is ready for use.

9.1) Domicile property

Domicile property is real property occupied by the Group's administrative departments, branches and other service units. Real property with both domicile and investment property elements is allocated proportionally to the two categories if the elements are separately sellable. If that is not the case, such real property is classified as domicile property, unless the Group occupies less than 10% of the total floorage.

Subsequently, domicile property is measured at a revalued amount corresponding to the fair value at the date of the revaluation less depreciation and impairment. The fair value is calculated on the basis of current market data according to an income-based model that includes the property's estimated rental income if rented to a third party, operating expenses, as well as management and maintenance. Maintenance costs are calculated on the basis of the condition of the individual property, construction year, materials used, etc. Operating expenses are calculated on the basis of a standard budget. The fair value of the property is determined based on the expected cash flow from operations and a rate of return assessed for the individual property. The rate of return is determined on the basis on the location of the individual property, potential use, the state of maintenance, quality, etc. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from the amount which would be determined using fair value at the balance sheet date.

Depreciation is made on a straight-line basis over the expected useful life of 50 years, taking into account the expected residual value at the expiry of the useful life.

At least once a year value adjustment according to revaluations are recognised in other comprehensive income. Depreciation and impairments are recognised in the income statement under the item "Amortisation, depreciation on fixed assets and impairment charges". Impairments are only recognised in the income statement to the extent that it cannot be offset in former period's revaluations.

9.2) Leased domicile property

A right of use asset and a lease liability is recognised in the balance sheet upon commencement of a lease.

On initial recognition, the right-of-use asset is measured at cost, corresponding to the value of the lease liability, adjusted for prepaid lease payments, plus any initial direct costs and estimated costs for dismantling, removing and restoring, or similar.

On subsequent recognition, the asset is measured at cost less any accumulated depreciation and impairment. The right-of-use asset is depreciated over the shorter of the lease term and the useful life of the asset. Depreciation charges are recognised in the income statement on a straight-line basis. The lease asset is presented in the balance sheet under the item Domicile property.

10) Other property, plant and equipment

Other property, plant and equipment comprise equipment, vehicles, furniture and leasehold improvements and is measured at cost less depreciation and impairment. Assets are depreciated according to the straight-line method over their expected useful lives, which usually is three to ten years.

Other tangible assets are tested for impairment if indications of impairment exist. An impaired asset is written down to its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

11) Assets held for sale

Assets held for sale include property and plant and equipment. Assets held for sale also include assets taken over under non-performing loan agreements. Assets are classified as held for sale when the carrying amount is expected to be recovered principally through a sale transaction within 12 months in accordance with a formal plan rather than through continuing use. Assets or disposal groups held for sale are measured at the lower of carrying amount and fair value less costs to sell. An asset is not depreciated or amortised from the time when it is classified as held for sale. Assets held for sale not expected to be sold within 12 months on an active market are reclassified to other items.

Assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Impairment losses arising immediately before the initial classification of the asset as held for sale are recognised as impairment losses. Impairment losses arising at initial classification of the asset as held for sale and gains or losses at subsequent measurement at the lower of carrying amount and fair value less costs to sell are recognised in the income statement under the items they concern.

12) Other assets

Other assets include interest and commissions due, derivatives with positive value and other amounts due.

13) Prepayments

Prepayments recorded as assets include costs incurred that relate to the next accounting period. These expenses are measured at cost.

3. Balance sheet — Liabilities, provisions and equity

1) Financial instruments — General

Purchases and sales of financial instruments are recognised and measured at their fair value at the settlement date. The fair value is usually the same as the transaction price. Changes in the value of financial instruments are recognised up to the settlement date.

2) Classification

The Group's financial liabilities are at initial recognition divided into the following three categories:

- Due to credit institutions and central banks, issued bonds and deposits measured at amortised cost
- Trading portfolio measured at fair value
- Other financial liabilities measured at cost

3) Due to credit institutions and central banks, issued bonds and deposits measured at amortised cost

Initial recognition of amounts due to credit institutions and central banks, issued bonds and deposits is at fair value net of transaction costs. On the step-up clause date due to credit institutions and due regarding Issued bonds it is the banks policy to repay the debt, thus the step-up will not be effective.

Subsequently they are measured at amortised cost, according to the effective interest method, by which the difference between net proceeds and nominal value is recognised in the income statement under the item "Interest expenses" over the loan period.

The effective interest rate is calculated on the expected cash flows estimated at inception of the loan. Non closely related embedded derivatives such as certain prepayment and extension options are separated from the loan treated as freestanding derivatives.

4) Trading portfolio measured at fair value

Liabilities in the trading portfolio comprise derivatives with negative fair value held by the Group's trading departments. At initial recognition, the trading portfolio is measured at fair value, excluding transaction costs. Subsequently, the portfolio is measured at fair value and the value adjustments are recognised under market value adjustments in the Income Statement within market value adjustments.

5) Determination of fair value

The determination of the fair value is identical with the determination of the fair value of assets. Please refer to this section under financial assets.

6) Liabilities under insurance contracts

Liabilities under insurance contracts consist of provisions for unearned premiums and claims provisions reduced with receivables from insurance contracts from premiums and claims provisions.

The Group measures liabilities under insurance contracts using the Premium Allocation Approach (PAA).

Premium provisions are calculated according to a best estimate of the sum of expected payments, as a result of insurance events arising after the balance sheet date, that are covered by agreed insurance contracts. Premium provisions include future direct and indirect expenses for administration and claims processing of agreed insurance contracts. A premium provision represents at least the part of the gross premium that corresponds to the part of the coverage period that comes after the balance sheet date.

Claims provisions are calculated according to a best estimate of the sum of expected payments, as a result of insurance events until the balance sheet date, in addition to the amounts already paid as a result of such events. Claims provisions also include amounts the Group, according to a best estimate, expects to pay as direct and indirect costs in connection with the settlement of the claims liabilities. Furthermore, the item includes provisions on outstanding claims i. e. Risk margin on outstanding claims.

Claims provisions are discounted according to the expected settlement of the provisions on the basis of the discount rate issued by EIOPA (European Insurance and Occupational Pensions Authority).

7) Other liabilities

This item includes sundry creditors, derivatives with negative market values and other liabilities. Wages and salaries, payroll tax, social security contributions and compensated absences are recognised in the financial year in which the associated service has been rendered by the Group's employees. Costs relating to the Group's long-term employee benefits are accrued and follow the service rendered by the employees in question.

Pension contributions are paid into the employees' pension plans on a continuing basis and are charged to the income statement.

On initial recognition, lease liabilities are measured at the present value of future lease payments discounted using an incremental borrowing rate. On subsequent recognition, a lease liability is measured at amortised cost. Lease payments include payments during the minimum lease period plus lease payments during extension periods when it is reasonably certain that the option will be exercised. The lease liability is recognised under the item Other liabilities.

8) Provisions

Provisions include provisions for deferred tax, financial guarantees and other provisions for liabilities. Initial recognition of financial guarantees is at fair value which is often equal to the guarantee premium received. Subsequent measurement of financial guarantees is at the higher of the guarantee premium received amortised over the guarantee period and any provisions made for credit losses. Such provisions are determined applying the same approach as for loans issued.

A provision for a guarantee or an onerous contract is recognised if claims for payment under the guarantee or contract are probable and the liability can be measured reliably. Provisions are based on the management's best estimates of the size of the liabilities. Measurement of provisions includes discounting when significant.

Provisions for financial guarantees are made according to the requirements from IFRS 9.

9) Subordinated debt

Subordinated debt consists of liabilities in the form of subordinated loan capital which in case of the Group's voluntary or compulsory winding-up, will not be repaid until after the claims of its ordinary creditors have been met.

On the date of borrowing Subordinated debt is recognised at the proceeds received less directly attributable transaction cost. Subsequently the subordinated debt is measured at amortised cost.

10) Own shares

Purchase and sales amounts and dividend regarding holdings of own shares are recognised directly in the equity under the item "Retained earnings". Profits and losses from sale are not included in the income statement.

11) Dividends

The Board of Directors' proposal for dividends for the year submitted to the general meeting is included as a separate reserve in shareholders' equity. The dividends are recognised as a liability when the general meeting has adopted the proposal.

4. Cash flow statement

The Group prepares its cash flow statement according to the indirect method. The statement is based on the pre-tax profit for the year and shows the cash flows from operating, investing and financing activities and the increase or decrease in cash and cash equivalents during the year.

Cash and cash equivalents consist of cash in hand and demand deposits with central banks and amounts due from credit institutions and central banks with original maturities shorter than three months.

3. Accounting Policies - P/F Føroya Banki

Due to the listing on Copenhagen Stock exchange the bank is required to comply with accounting regulation equivalent to the executive order on financial reports of credits institutions etc. of the Danish FSA. In 2024 the Danish FSA has considered the Faroese order on financial reports of credit institutions etc. not to be sufficient equivalent. Therefore, the bank complies both the Danish and the Faroese order on financial reports of credit institutions etc. for 2024 and 2025. This change has mainly had effect on the Management review. The valuation principles are identical to the Group's valuation principles under the IFRS Accounting Standards. Investments in subsidiaries are recognised using the equity method.

Note 2

Operating segments

The Group consists of two business units and support functions. The Group's activities are segmented into business units according to legislative requirements and product and service characteristics. The Group's business units are Banking and Non-life insurance.

Banking comprises Personal Banking and Corporate Banking. Personal Banking comprises private customers in the Faroe Islands and Greenland. Corporate Banking comprises corporate customers mainly in the Faroe Islands and in Greenland. The corporate segment also comprises a few remaining corporate customers from Denmark.

Non-life insurance comprises the insurance company P/F TRYGD based The Faroe Islands. TRYGD is responsible for the Group's non-life insurance products. TRYGD target personal and corporate customers with a full range of property and casualty products. TRYGD's operations are handled by its own sales team and distributed through Group's banking units.

Other covers expenses for the Group's support functions and the real estate agency P/F Skyn and the life insurance company NordikLív. These companies are very small and immaterial in an overall Group context. Overhead Costs are allocated according to resource requirements. Liquidity balances are posted between the segments using an internal required rate of return. Other costs are allocated according to deposit balances in each segment. Other comprises assets not allocated to the business segments i. e. the Groups portfolio of bonds, shares and other assets. Income and expenses related to the mentioned bonds, shares and other assets are included in Other.

All transactions between segments are settled on an arm's-length basis.

Note

2 Operating segments 2025, (DKK 1,000)	Banking				Non-life Insurance ¹	Elimination	Group
	Personal	Corporate	Other	Total	Faroe Islands		
External interest income, Net	167,551	206,199	14,353	388,103	0		388,103
Internal interest	22,126	-22,126	0	0			0
Net interest income	189,677	184,073	14,353	388,103	0		388,103
Net dividends and fee income	90,954	27,905	1,617	120,475	0	-11,514	108,961
Net insurance result	0	0	56	56	51,448	14,551	66,055
Other income	1,387	8,180	45,472	55,038	0	-1,014	54,024
Total income	282,017	220,157	61,497	563,672	51,448	2,023	617,143
Total operating expenses	78,186	18,980	166,061	263,227	0	2,023	265,249
<i>of which depreciation and amortisation</i>	922	0	7,752	8,674	0		8,674
Profit before impairment charges on loans	203,832	201,177	-104,563	300,445	51,448	0	351,894
Impairment charges	6,164	-10,327	181	-3,982	0		-3,982
Profit before tax	197,667	211,504	-104,745	304,427	51,448	0	355,875
Total assets	5,023,009	4,646,763	4,954,769	14,624,542	310,175		14,934,717
<i>of which Loans and advances</i>	4,646,763	5,023,009		9,669,773			9,669,773
Total liabilities	6,121,316	4,835,254	1,793,198	12,749,768	169,637		12,919,405
<i>of which Deposits</i>	6,121,316	4,835,254		10,956,570		-8,361	10,948,209
<i>of which Insurance liabilities</i>			7		151,757		151,764

1) Please refer to the income statement for a break down of the net insurance result including significant insurance expenses.

Operating segments 2024, (DKK 1,000)	Banking				Non-life Insurance ¹	Elimination	Group
	Personal	Corporate	Other	Total	Faroe Islands		
External interest income, Net	152,561	207,100	82,589	442,250	0		442,250
Internal interest	61,693	-55,173	-6,520	1			1
Net interest income	214,254	151,927	76,070	442,251	0		442,251
Net dividends and fee income	79,349	22,168	253	101,770	0	-11,022	90,748
Net insurance result	0	0	10,576	10,576	23,302	13,869	47,747
Other income	4,273	7,499	48,889	60,660	0	-1,014	59,646
Total income	297,876	181,594	135,787	615,257	23,302	1,833	640,393
Total operating expenses	84,110	20,328	151,965	256,403	0	2,586	258,990
<i>of which depreciation and amortisation</i>	8,320	1,276	-506	9,090	0		9,090
Profit before impairment charges on loans	213,766	161,266	-16,178	358,854	23,302	-753	381,403
Impairment charges	-8,702	9,975	-2,345	-1,072	0		-1,072
Profit before tax	222,468	151,291	-13,833	359,926	23,302	-753	382,475
Total assets	4,255,292	4,849,966	5,138,698	14,243,956	269,524		14,513,480
<i>of which Loans and advances</i>	4,373,075	4,713,317		9,086,392			9,086,392
Total liabilities	6,231,919	3,782,785	2,251,574	12,266,278	171,165		12,437,443
<i>of which Deposits</i>	6,231,919	3,782,785		10,014,704		-11,356	10,003,348
<i>of which Insurance liabilities</i>			2,690		155,795		158,485

1) Please refer to the income statement for a break down of the net insurance result including significant insurance expenses.

Føroya Banki Group - Geographical revenue information

Note

2 (cont'd)	Geographical segments, (DKK 1,000)	Total income		Non current assets		Additions to tangible assets		Additions to intangible assets	
		2025	2024	2025	2024	2025	2024	2025	2024
	Faroe Islands	557,077	558,320	110,008	115,708	272	1,616	-668	3,382
	Greenland	60,066	82,072	34,933	34,756	638	-2,173	0	0
	Total	617,143	640,393	144,942	150,464	910	-558	-668	3,382

Geographical segments, (DKK 1,000)	Impairments		Investment portfolio earnings	
	2025	2024	2025	2024
Faroe Islands	11,564	-11,636	39,189	49,952
Greenland	-15,546	10,563	0	0
Total	-3,982	-1,072	39,189	49,952

Income from external customers are divided into activities related to the customers's domiciles. Assets include all non-current assets, i.e. intangible assets, material assets, investment properties and holdings in associates.

Operational segments, (DKK 1,000)	Total income		Profit before tax		Tax		FTE	
	2025	2024	2025	2024	2025	2024	2025	2024
Faroe Islands, Banking, Other	491,022	510,573	234,458	267,829	44,271	50,691	163	166
Faroe Islands, Insurance	66,055	47,747	66,055	47,747	9,269	4,125	21	23
Greenland, Banking	60,066	82,072	55,362	66,899	14,018	17,233	17	18
Total	617,143	640,393	355,875	382,475	67,558	72,049	201	207

The geographical distribution of the Group's income and assets must be disclosed in accordance with IFRS and does not reflect the management operating segments of the Group though the financial development in Greenland and Faroe Islands are measured separately. Management assesses that the operating segments provide a more meaningful description of the Group's activities.

Føroya Banki Group

Note

3	Net income, financial instruments 2025, (DKK 1,000)	Interest income ¹	Interest expenses	Net interest	Market value adjustment	Dividend	Total
	Financial instruments at amortised cost	511,975	155,434	356,541			356,541
	Financial instruments at fair value:						
	Held for trading	14,605	0	14,605	34,548	21,077	70,230
	Loans and Advances Designated ^{2,4}	9,185	0	9,185	-3,741	0	5,444
	Derivatives ³	7,771		7,771	3,978		11,749
	Financial instruments at fair value total	31,561	0	31,561	34,785	21,077	87,422
	Total net income from financial instruments	543,536	155,434	388,103	34,785	21,077	443,964
	Net income, financial instruments 2024						
	Financial instruments at amortised cost	588,141	186,307	401,834			401,834
	Financial instruments at fair value:						
	Held for trading	12,415	0	12,415	53,516	11,997	77,928
	Loans and Advances Designated ^{2,4}	11,913	0	11,913	7,463	0	19,375
	Derivatives ³	16,090		16,090	-15,636		454
	Financial instruments at fair value Total	40,417	0	40,417	45,343	11,997	97,756
	Total net income from financial instruments	628,559	186,307	442,251	45,343	11,997	499,590

1 Interest income recognised on impaired financial assets amounts to DKK 3.2m (2024: DKK 4.2m)

2 Net gain/loss recognised on loans and advances designated amount to DKK 5.4m (2024 DKK 19.4m). Of which DKK 9.2m relate to interest income (2024 DKK 11.9m), and DKK -3.7m relate to Value adjustments (2024 DKK 7.5m).

3 Total value adjustments according to IFRS 7 on derivatives, amount to DKK 11.7m (2024 DKK 0.5m)

4 Value adjustments due to change in credit risk amount to DKK -1.2m (2024 DKK 2.3m)

Note

4	Interest income and premiums on forwards, (DKK 1,000)	Group		P/F Føroya Banki	
		2025	2024	2025	2024
	Credit institutions and central banks	54,360	80,591	54,360	80,591
	Loans and advances	466,795	514,493	466,795	514,494
	Bonds	14,605	12,415	14,605	12,415
	Total derivatives of which:	7,771	16,090	7,771	16,090
	<i>Interest rate contracts</i>	7,808	16,114	7,808	16,114
	Other interest income	4	4,969	4	4,969
	Total interest income	543,536	628,559	543,536	628,559
5	Interest expenses, (DKK 1,000)				
	Credit institutions and central banks	22,864	31,054	22,864	31,054
	Deposits	84,476	95,523	84,476	95,523
	Issued bonds	42,989	56,370	42,989	56,370
	Subordinated debt	3,140	3,131	3,140	3,131
	Lease liabilities	1,971	2,075	1,971	2,075
	Other interest expenses	-5	-1,846	-5	-1,846
	Total interest expenses	155,434	186,307	155,434	186,307
6	Net fee and commission income, (DKK 1,000)				
	Fee and commission income				
	Securities trading and custody accounts	17,671	13,658	17,671	13,658
	Payment services fees	22,742	21,761	22,742	21,761
	Loan commissions	5,120	4,876	5,120	4,876
	Guarantee commissions	22,889	21,802	22,889	21,802
	Other fees and commissions	26,065	23,529	37,579	34,551
	Total fee and commission income	94,487	85,627	106,001	96,649
	Fee and commissions paid				
	Securities trading and custody accounts	6,602	6,875	6,602	6,875
	Net fee and commission income	87,884	78,752	99,399	89,774
7	Net insurance result, (DKK 1,000)				
	Net insurance result, non-life insurance				
	Insurance revenue	180,694	174,910		
	Insurance service expenses	116,496	143,151		
	Net return on investments backing insurance liabilities	6,070	10,532		
	Net finance income or expense from insurance	846	322		
	Other expenses	5,622	5,948		
	Net insurance result, non-life insurance	65,492	36,665		

Note

7 (cont'd)	Group		P/F Føroya Banki	
	2025	2024	2025	2024
Net insurance result, life insurance				
Insurance revenue	14,720	21,780		
Insurance service expenses	14,879	12,866		
Net return on investments backing insurance liabilities	723	2,169		
Net insurance result, life insurance	563	11,083		
Net insurance result	66,055	47,747		
8				
Market value adjustments, (DKK 1,000)				
Loans and advances	-3,741	7,463	-3,741	7,463
Bonds	15,625	32,174	15,625	32,174
Shares	9,056	10,938	9,056	10,938
Foreign exchange	9,867	10,404	9,867	10,404
Total derivatives of which:	3,978	-15,636	3,978	-15,636
<i>Currency contracts</i>	1,989	934	1,989	934
<i>Interest Swaps</i>	1,989	-16,570	1,989	-16,570
Other Obligations	0	0	0	0
Assets linked to pooled schemes	5,614	8,664	5,614	8,664
Deposits in pooled schemes	-5,614	-8,664	-5,614	-8,664
Total market value adjustments	34,785	45,343	34,785	45,343
9				
Other operating income, (DKK 1,000)				
Profit on sale of operating equipment	3,674	636	3,674	636
Other income	10,238	8,097	32	2
Operation of properties:				
Rental income	924	961	1,938	1,975
Operating expenses	0	0	0	0
Total other operating income	14,836	9,694	5,644	2,614

Note

10	Staff costs and administrative expenses, (DKK 1,000)	Group		P/F Føroya Banki	
		2025	2024	2025	2024
	Staff costs:				
	Salaries	128,581	127,194	111,710	109,131
	Pensions	19,020	18,250	16,394	15,717
	Social security expenses	19,563	18,775	17,469	16,627
	Total staff costs	167,164	164,219	145,573	141,476
	Administrative expenses:				
	IT	67,384	63,621	63,325	56,296
	Marketing etc	9,585	12,623	7,887	11,176
	Education etc	3,287	3,558	2,752	2,599
	Other expenses	52,644	37,279	27,904	27,924
	Total administrative expenses	132,901	117,082	101,868	97,994
	Total staff costs	167,164	164,219	145,573	141,476
	Total administrative expenses	132,901	117,082	101,868	97,994
	Staff and administrative costs incl. under the item "Insurance service expenses"	-43,531	-32,933	0	0
	Total employee costs and administrative expenses	256,533	248,369	247,441	239,470
	Staff costs and administrative expenses for Trygd and NordikLív, are included in the accounting item "Insurance service expenses". Severance pay in 2025 were DKK 0m (2024: DKK 2.6m)				
	Number of employees				
	Average number of full-time employees in the period	204	208	174	177
	Executive remuneration *):				
	Board of Directors	2,490	2,400	2,490	2,400
	Executive board				
	Other executives	7,450	9,013	7,450	9,013

The number of shares in P/F Føroya Banki held by the Board of Directors and the Executive Board at the end of 2025 totalled 129,343 and 6,135 respectively (end of 2024: 127,048 and 6,135).

Remuneration of the Board of Directors and the Executive board consists of a fixed monthly salary.

The Board of Directors totals 9 persons during 2025 (2024: 12 persons).

The Executive board totals 1 person during 2025 (2024: 1 person)

Other executives totals 8 persons during 2025 (2024: 8 persons)

Remuneration of Other executives consists of a fixed monthly salary.

*) Detailed information of the remuneration of The Board of Directors, The Executive board and Other executives can be found on the Bank's website www.foroyabanki.com/er as no individual remuneration is allowed to be presented in the annual report.

Note

11	Audit fees, (DKK 1,000)	Group		P/F Føroya Banki	
	Fees to audit firms elected at the general meeting	1,729	1,556	1,369	1,234
	Total audit fees	1,729	1,556	1,369	1,234
	Total fees to the audit firms elected at the general meeting break down as follows:				
	Statutory audit	1,386	1,345	1,055	1,054
	- of which PricewaterhouseCoopers	888	878	744	741
	- of which Januar	498	467	311	313
	Other assurance engagements	71	75	46	44
	- of which PricewaterhouseCoopers	46	44	46	44
	- of which Januar	25	31	0	0
	Tax and VAT advice	205	43	205	43
	- of which PricewaterhouseCoopers	205	43	205	43
	- of which Januar	0	0	0	0
	Other services	67	94	63	94
	- of which PricewaterhouseCoopers	0	0	0	0
	- of which Januar	67	94	63	94
	Total fees to the audit firms elected at the general meeting	1,729	1,556	1,369	1,234
	Other assurance engagements are performed by PricewaterhouseCoopers and Januar. These engagements comprise other statements required by law such as Mifid and MitID.				
	Tax and VAT advice are performed by PricewaterhouseCoopers. The advice refers to payroll tax and income tax report.				
	Other services are performed by Januar. These services refer to advisory services and riskassessment of the Banks internal produktion af IT-solutions.				
12	Other operating expenses, (DKK 1,000)				
	The Guarantee Fund for Depositors and Investors	42	1,531	42	1,531
	Total operating expenses	42	1,531	42	1,531

Note

13

Impairment charges on loans and advances and provisions for guarantees etc., (DKK 1,000)	Group		P/F Føroya Banki	
	2025	2024	2025	2024
Impairment charges and provisions at 1 January	179,881	182,751	179,881	182,751
New and increased impairment charges and provisions	118,885	110,680	118,885	110,680
Reversals of impairment charges and provisions	118,788	105,504	118,788	105,504
Written-off, previously impaired	689	8,046	689	8,046
<i>Interest income on impaired loans</i>	3,242	4,200	3,242	4,200
Total impairment charges and provisions at 31 December	179,289	179,881	179,289	179,881
Impairment charges and provisions recognised in the income statement				
Loans and advances at amortised cost	-2,658	-1,420	-2,658	-1,420
Loans and advances at fair value	-2,321	2,996	-2,321	2,996
Guarantees and loan commitments	997	-2,649	997	-2,649
Assets held for sale	0	0	0	0
Total individual impairment charges and provisions	-3,982	-1,072	-3,982	-1,072
Stage 1 impairment charges				
Stage 1 impairment charges etc. at 1 January	78,972	76,219	78,972	76,219
New and increased Stage 1 impairment charges	77,387	58,444	77,387	58,444
Reversals, net of Stage 1 impairment charges	53,798	55,690	53,798	55,690
Stage 1 impairment charges at 31 December	102,561	78,972	102,561	78,972
<i>Total net impact recognised in the income statement</i>	<i>23,589</i>	<i>2,754</i>	<i>23,589</i>	<i>2,754</i>
Stage 2 impairment charges				
Stage 2 impairment charges etc. at 1 January	32,571	38,196	32,571	38,196
New and increased impairment charges	19,816	19,522	19,816	19,522
Reversals, net of impairment charges	26,535	25,148	26,535	25,148
Stage 2 impairment charges at 31 December	25,851	32,571	25,851	32,571
<i>Total net impact recognised in the income statement</i>	<i>-6,720</i>	<i>-5,626</i>	<i>-6,720</i>	<i>-5,626</i>
Weak Stage 2				
Weak Stage 2 impairment charges etc. at 1 January	6,331	7,278	6,331	7,278
New and increased impairment charges	18,001	4,564	18,001	4,564
Reversals, net of impairment charges	5,045	5,511	5,045	5,511
Weak Stage 2 impairment charges at 31 December	19,288	6,331	19,288	6,331
<i>Total net impact recognised in the income statement</i>	<i>12,957</i>	<i>-947</i>	<i>12,957</i>	<i>-947</i>

Note

13 (cont.d)	Stage 3 impairment charges	Group		P/F Føroya Banki	
		2025	2024	2025	2024
	Stage 3 impairment charges etc. at 1 January	60,452	56,854	60,452	56,854
	New and increased impairment charges	1,552	26,803	1,552	26,803
	Reversals of impairment charges	32,278	15,159	32,278	15,159
	Written-off, previously impaired	689	8,046	689	8,046
	<i>Write-offs charged directly to the income statement</i>	756	338	756	338
	<i>Received on claims previously written off</i>	1,593	2,386	1,593	2,386
	<i>Interest income on impaired loans</i>	3,242	4,200	3,242	4,200
	Stage 3 impairment charges at 31 December	29,037	60,452	29,037	60,452
	<i>Total net impact recognised in the income statement</i>	<i>-34,805</i>	<i>5,396</i>	<i>-34,805</i>	<i>5,396</i>
	Purchased credit-impaired assets included in stage 3 above				
	Purchased credit-impaired assets at 1 January	1,096	1,341	1,096	1,341
	Reversals of impairment charges	155	245	155	245
	Purchased credit-impaired assets at 31 December	941	1,096	941	1,096
	Provisions for guarantees and undrawn credit lines				
	Individual provisions at 1 January	1,555	4,204	1,555	4,204
	New and increased provisions	2,129	1,347	2,129	1,347
	Reversals of provisions	1,132	3,996	1,132	3,996
	Provisions for guarantees etc at 31 December	2,552	1,555	2,552	1,555
	<i>Total net impact recognised in the income statement</i>	<i>997</i>	<i>-2,649</i>	<i>997</i>	<i>-2,649</i>
	Provisions for guarantees and undrawn credit lines				
	Stage 1 provisions	907	721	907	721
	Stage 2 provisions	602	270	602	270
	Weak Stage 2 provisions	0	0	0	0
	Stage 3 provisions	1,043	565	1,043	565
	Provisions for guarantees etc at 31 December	2,552	1,555	2,552	1,555

Note 13, (cont'd)**Credit risk management**

The Bank manages credit risk in connection with the establishment of new exposures by making certain requirements in respect of the customer's ability to service loans, its general credit quality and by securing collateral in the asset(s) for which a customer seeks financing. In addition, the Bank has defined specific geographical areas in which it wishes to provide financing and a maximum proportion of its aggregate exposures to be allocated to corporate customers. As for exposures to corporate customers, the Bank has established maximum limits for the size of the aggregate exposure to each individual industry.

Credit risk movements are measured based on the Bank's behavioural credit score model for personal and small corporate customers and, as regards larger corporate customers, its accounting-based credit score model, both of which gauge and indicate the probability of default of each individual exposure in the next 12-month period.

The behavioural credit score model for personal and small corporate customers primarily use the following parameters, which are updated monthly:

- Gearing (total debt over total assets)
- Developments in the size and duration of overdrafts and arrears
- Average balances and credit transactions in transaction accounts, typically payroll and operating accounts
- Developments in debt
- Average liquid assets
- Changes in publicly available cyclical indicators

The accounting-based credit score model for larger corporate customers primarily use the following parameters, which are updated on an annual or monthly basis:

- Development in certain predefined key ratios and metrics calculated based on the customer's most recent publicly available annual accounts
- Developments in the size and duration of overdrafts and arrears
- Changes in publicly available cyclical indicators

New customers, both personal and corporate, are categorised in accordance with the risk classification system provided by the Danish FSA. The system is based on traditional credit assessment indicators such as wealth, income, disposable income, etc. for personal customers and leverage, liquidity, solvency, etc. for corporate customers. The customers' risk classification is then converted into a probability of default. After a period of 6-12 months, the credit scoring model described above will start assessing the customer's credit worthiness. As per the Group's risk classification system, customers are assigned a credit score on a scale from 1-11. A score of 1 is given to customers with the lowest PD values and a score of 11 is given to customers in default.

As regards retail customers and small business customers, developments in credit risks for existing exposures are monitored based on a behavioural credit scoring model that, on a monthly basis, calculates and assigns to each exposure a behavioural score expressing the probability of default of each relevant customer within the next 12-month period. See the section "Changes to credit risks" below. Based on developments in the behavioural credit score, a number of signals are generated to the relationship manager, the credit department and the credit controllers. In case an adverse development is identified, the relationship manager must take action vis-à-vis the customer concerned. For large corporate customers, an accounting-based credit score is calculated monthly, however primarily based on developments in the corporate customer's financial situation, as reported in the customer's annual financial statements, adjusted for monthly developments in the customer's overdrafts and arrears, if any, as well as publicly available cyclical indicators. Based on the calculated accounting-based credit score and information otherwise available regarding large corporate customers, the Bank reviews the exposure at least once a year to establish whether or not to continue or discontinue the exposure, including the terms for continuing or discontinuing the exposure.

Note 13, (cont'd)

In order to support the credit management effort, default signals are generated on a daily basis to the customer adviser and, based on certain thresholds, also to the credit controllers. Furthermore, various reports on developments in credit risks, at both customer and portfolio level, are prepared and distributed on a monthly and quarterly basis.

Further, and as part of the quarterly impairment test all large exposures, existing exposures increased more than certain thresholds amounts and other exposures chosen against other predefined criteria are reviewed not only to determine the need for impairment, but also to determine whether the assigned risk classification is correct and whether risk mitigating actions must be taken. The bank also aims to obtain and review periodic accounts from its corporate customers as part of its ongoing credit risk management.

To ensure compliance with the Bank's defined requirements in respect of a customer's ability to service a loan and its general credit quality as well as the requirement for collateral for security, the Bank uses a credit granting hierarchy according to which only customers deemed highly able to service their loans and demonstrating a high credit quality may be granted loans in the Bank's retail and commercial banking departments, whereas all other exposures, including exposures to all new corporate customers, must be recommended and granted either by the Bank's credit department, the credit committee or, as regards the largest exposures, by the Bank's Board of Directors.

To balance future earnings with the credit risks and ensure that the Bank's profitability targets are met, an expected risk-adjusted return is calculated for each customer relationship at the time of establishing an exposure. Any deviation from the Bank's predefined profitability targets must be approved according to a clearly defined hierarchy.

Changes to credit risks

To ensure that sufficient and timely impairment charges and provisions are recognised to cover expected credit losses on the Bank's exposures which, on initial recognition, are measured at amortised cost or fair value and on financial guarantees and loan commitments, movements in the credit risk relating to all these exposures are monitored on a monthly and quarterly basis.

Credit risk movements are measured on the basis of the Bank's behavioural credit score model and, as regards to large corporate customers, its accounting-based credit score model.

Based on the estimated probability of default in the next 12-month period, each exposure is placed in one of three stages: Stage 1 reflects that no significant increase in credit risk has been identified, stage 2 reflects a significant increase in credit risk and stage 3 reflects credit-impairment of the exposure in question. Exposures are placed in either stage 1 or stage 2 on the basis of their estimated probability of default, meaning that all exposures are initially placed in stage 1, while the following scenarios require a stage 2 classification as a minimum:

- A 100% increase in the probability of default for the expected remaining term to maturity and a 0.5 percentage point increase when the probability of default was below 1% on initial recognition.
- A 100% increase in the probability of default for the expected term to maturity or a 2.0 percentage point increase when the probability of default was 1% or higher on initial recognition.

Stage 3 classifications are for pre-selected exposures for which an individual review has revealed indications of an increased risk of impairment. In such reviews, the following events are generally deemed to reflect impairment of an exposure:

- Significant financial difficulty of the borrower
- Breach of contract by the borrower, such as a default or past due event
- The Bank or other lenders granting concessions to the borrower for reasons relating to the borrower's financial difficulty that the Bank or lenders would not otherwise consider
- The borrower is likely to enter bankruptcy or become subject to other financial reconstruction
- Disappearance of an active market for that financial asset because of financial difficulties
- Purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Note 13, (cont'd)**Calculation of the expected credit loss (need for impairment write-down or provisioning)**

For exposures categorised as stage 1 or stage 2, the expected credit loss (ECL) is calculated as a function of the probability of default (PD) * the expected exposure at default (EAD) * the expected loss given default (LGD). Where the PD for exposures in stage 1 reflects the probability of default in the next 12-month period (PD12), the probability of default over the entire life of the exposure is applied to exposures placed in stage 2 (PDLife).

As regards the portion of stage 2 exposures consisting of the weakest exposures, the largest of these are reviewed individually, and the average impairment ratio calculated for these exposures is used to inform the expected credit loss for the weakest of the stage 2 exposures not individually reviewed.

As regards exposures in stage 3, the expected credit loss is calculated individually.

PD12 is calculated based on the Bank's behavioural credit score methodology for exposures to retail customers and small business customers, whereas the Bank's accounting-based credit score model is applied to the Bank's exposures to large corporate customers.

PDLife is calculated based on PD12, but is adjusted for any identified annual migrations between various fixed PD12 stages. Furthermore, the calculated PDLife is adjusted for changes in a number of forward-looking factors, which as regards the Bank's Danish and Greenlandic exposures are based on information from, e.g., the Danish central Bank and the Danish Economic Council, whereas factors of relevance to Faroese exposures are based on the current impairment ratio relative to a historical average impairment ratio.

EAD is calculated as the actual amount of exposure with due consideration for non-executed loan commitments and unutilised, executed loan commitments as well as any guarantees provided, which factors are calculated as a function of predetermined coefficients.

LGD is calculated as the ratio between the historically identified loss rate for the portion of the exposures that are not secured.

The expected useful life of an exposure is calculated as the expected maturity of the exposure in question.

All significant variables and calculations made are validated at least annually, primarily based on sample testing and, for model-based variables, supplemented by back-testing and the use of statistical targets for explanatory values.

As the expected credit loss, especially for exposures categorised as stage 1 or 2, primarily are based on historical information, the Executive Management and the Board of Directors may add a discretionary increase in impairments to cover credit losses expected not to be covered by the calculations described above, e.g. due to an expected or emerging economic crises in one or more sectors and/or in one or more geographic locations.

Since calculations and discretionary management estimates are made in all stages of an expected credit loss, i.e. expectations as to the future, all statements and calculations reflect the Bank's best estimates and assessments as to future events. These estimates and assessments may therefore result in the calculation of a higher or lower credit loss than the credit losses actually incurred.

Management applied judgements

Management applies judgement when determining the need for post-model adjustments. At the end of 2025, the post-model adjustments amounted to DKK 116.5m (2024: DKK 101.5m). The post-model adjustments fall into two categories.

Category 1 relates to expected losses, which are difficult to calculate due to a changing world. The reasoning behind the post-model adjustments in this category in 2025 were based on a variety of factors such as cyber threats to Faroese and Greenlandic customers and infrastructure, geopolitical uncertainty more broadly, uncertainties regarding the real estate market in Greenland and uncertainty in certain Faroese business sectors. For each of the factors, the bank's assessment is that the forward-looking risks associated with each are not covered by the model output. The management provision for category 1 is DKK 101.5m.

Note 13, (cont'd)

Category 2 includes management provision due to errors and omissions in the calculation of expected losses. The bank acknowledges that factors such as insufficient registration of defaults, lack of follow-up on customers in financial difficulty, errors in impairment methodology or calculations as well as errors in the registration of collateral values can result in the bank's calculated impairments being underestimated. The management provision for category 2 is DKK 15m.

In determining the need and extent of a management judgement related to the factors laid out above, the Bank has, as both the Faroese and Greenlandic economies are small and open, based its judgement on a general deterioration of the credit quality throughout all sectors and segments with additional add-ons on property and tourism related segments.

In note 48 (Risk Management) information on the split of the management judgement of DKK 116.5m between the stages and between Corporate and Personal is included.

Note

13 (cont'd)	31 Dec. 2025, (DKKm)	Gross Exposure ¹			Expected Credit Loss			Net Exposure			Net Exposure Deducted Collateral		
		1	2	3	1	2	3	1	2	3	1	2	3
	Public authorities	1,166	0	0	1	0	0	1,165	0	0	1,144	0	0
	Corporate sector:												
	Fisheries, agriculture, hunting and forestry	714	187	18	12	0	10	701	187	8	55	0	5
	Industry and raw material extraction	732	105	6	9	0	2	724	105	4	411	2	0
	Energy supply	273	0	0	2	0	0	270	0	0	217	0	0
	Building and construction	510	51	0	13	9	0	497	42	0	260	13	0
	Trade	418	104	0	6	1	1	412	103	-1	255	8	0
	Transport, hotels and restaurants	904	179	6	8	5	0	897	174	6	168	33	0
	Information and communications	15	7	1	0	0	0	15	7	1	12	0	1
	Financing and insurance	66	6	1	0	1	1	66	5	0	48	2	0
	Real property	1,725	198	3	36	5	2	1,689	193	1	311	37	0
	Other industries	131	125	4	0	3	2	131	122	2	54	61	2
	Total corporate sector	5,488	962	39	86	24	18	5,402	937	20	1,790	157	8
	Retail customers	4,572	628	61	15	21	12	4,557	607	49	548	88	12
	Total	11,226	1,590	100	101	46	30	11,124	1,544	70	3,482	245	20
	Credit institutions and central banks	3,584	0	0	2	0	0	3,582	0	0	3,582	0	0
	Total	14,809	1,590	100	103	46	30	14,706	1,544	70	7,063	245	20
	Faroe Islands	13,175	1,180	71	63	24	20	13,112	1,156	51	6,421	96	8
	Greenland	1,635	410	29	41	22	10	1,594	388	19	642	149	12
	Total	14,809	1,590	100	103	46	30	14,706	1,544	70	7,063	245	20

1) Gross exposure comprises of loans and advances, guarantees and drawing rights.

Net exposure 2025 vs. balance sheet	
Credit institutions and central banks	3,582
Loans and advances	9,670
Guarantees	844
Unused credit facilities	2,224
Net exposure, total	16,319

Note

13 (cont'd)	31 Dec. 2024, (DKKm)	Gross Exposure ¹			Expected Credit Loss			Net Exposure			Net Exposure Deducted Collateral		
		1	2	3	1	2	3	1	2	3	1	2	3
	Public authorities	1,221	0	0	1	0	0	1,220	0	0	1,052	0	0
	Corporate sector:												
	Fisheries, agriculture, hunting and forestry	454	232	26	11	0	11	443	232	15	7	1	2
	Industry and raw material extraction	479	54	37	5	0	2	474	54	35	166	2	10
	Energy supply	431	0	0	6	0	0	425	0	0	288	0	0
	Building and construction	488	70	17	5	7	0	483	62	17	246	19	1
	Trade	419	50	28	6	3	0	413	48	28	148	5	1
	Transport, hotels and restaurants	718	24	165	3	1	1	715	23	164	280	2	28
	Information and communications	7	0	2	0	0	1	7	0	1	3	0	0
	Financing and insurance	99	4	1	1	0	1	99	4	0	51	0	0
	Real property	1,366	49	219	30	5	27	1,336	44	192	271	4	6
	Other industries	147	179	4	0	5	2	146	174	2	44	104	1
	Total corporate sector	4,607	663	499	66	22	45	4,542	641	453	1,503	136	48
	Retail customers	4,218	537	228	11	18	16	4,207	520	212	491	56	21
	Total	10,046	1,200	727	78	39	61	9,968	1,161	666	3,046	192	69
	Credit institutions and central banks												
	Total	3,169	0	0	2	0	0	3,167	0	0	3,167	0	0
	Total	13,215	1,200	727	80	39	61	13,136	1,161	666	6,213	192	69
	Faroe Islands	11,286	894	457	49	23	22	11,237	871	435	5,403	54	29
	Greenland	1,930	306	270	31	16	39	1,899	289	231	810	138	40
	Total	13,215	1,200	727	80	39	61	13,136	1,161	666	6,213	192	69

1) Gross exposure comprises of loans and advances, guarantees and drawing rights.

Net exposure 2024 vs. balance sheet	
Credit institutions and central banks	3,007
Loans and advances	9,086
Guarantees	775
Unused credit facilities	2,093
Net exposure, total	14,962

Note

13 (cont'd)	31 Dec. 2025, (DKKm)			Expected Credit Loss			Net Exposure			Net Exposure Deducted Collateral		
	Gross Exposure ¹			Loss			Net Exposure			Collateral		
Stage	1	2	3	1	2	3	1	2	3	1	2	3
Rating category												
1	6,263	0		17	0		6,246	0		5,184	0	
2	2,604	3		7	0		2,597	3		427	0	
3	1,819	48		25	0		1,793	48		445	3	
4	1,333	120		15	2		1,318	118		356	67	
5	1,513	155		15	1		1,498	154		302	12	
6	820	92		15	1		805	91		283	16	
7	300	268		6	9		294	259		46	43	
8	95	163		2	4		93	159		18	14	
9	47	113		1	7		46	105		3	17	
10	16	626		1	21		15	605		1	73	
11	0	0	100	0	0	30	0	0	70	0	0	20
Total	14,809	1,590	100	103	46	30	14,706	1,544	70	7,063	245	20

1) Gross exposure comprises of loans and advances, guarantees and drawing rights.

31 Dec. 2024, (DKKm)	Gross Exposure ¹			Expected Credit Loss			Net Exposure			Net Exposure Deducted Collateral		
	1	2	3	1	2	3	1	2	3	1	2	3
Rating category												
1	4,813	0		8	0		4,804	0		4,185	0	
2	2,398	0		9			2,389	0		819		
3	1,830	52		13	1		1,817	51		328	5	
4	1,443	11		3	0		1,441	11		335	1	
5	1,278	100		18	1		1,261	99		134	10	
6	864	239		22	5		842	233		192	104	
7	253	297		2	12		251	285		33	47	
8	271	171		1	8		270	163		183	9	
9	51	95		1	6		49	88		3	11	
10	14	236		2	6		12	230		1	5	
11			727	0		61			666			69
Total	13,215	1,200	727	80	39	61	13,136	1,161	666	6,213	192	69

1) Gross exposure comprises of loans and advances, guarantees and drawing rights.

Note

DKKm	Stage 1	Stage 2	Stage 3	Total
Impairment charges at 1. January 2025	80	39	61	180
Transferred to stage 1 during the period	12	-11	-1	0
Transferred to stage 2 during the period	-2	25	-24	0
Transferred to stage 3 during the period	-1	-2	2	0
ECL on new assets	52	5	0	57
ECL on assets derecognised	-8	-9	-5	-22
Impact of net remeasurement of ECL	-30	-2	-2	-34
Write offs	0	0	-1	-1
Impairment charges at 31. December 2025	103	46	30	179

DKKm	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount at 1. January 2025	13,215	1,200	727	15,142
Transferred to stage 1 during the period	424	-249	-176	0
Transferred to stage 2 during the period	-474	885	-411	0
Transferred to stage 3 during the period	-4	-7	11	0
New assets	4,498	121	5	4,624
Assets derecognised	-1,487	-312	-41	-1,840
Other changes	-1,363	-49	-16	-1,428
Gross carrying amount at 31. December 2025	14,809	1,590	100	16,499

DKKm	Stage 1	Stage 2	Stage 3	Total
Impairment charges at 1. January 2024	77	48	58	183
Transferred to stage 1 during the period	20	-14	-6	0
Transferred to stage 2 during the period	-2	2	0	0
Transferred to stage 3 during the period	-6	-5	11	0
ECL on new assets	19	7	0	26
ECL on assets derecognised	-19	-4	-9	-33
Impact of net remeasurement of ECL	-10	6	16	12
Write offs	0	0	-8	-8
Impairment charges at 31. December 2024	80	39	61	180

DKKm	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount at 1. January 2024	11,929	1,694	473	14,096
Transferred to stage 1 during the period	715	-663	-51	0
Transferred to stage 2 during the period	-468	489	-21	0
Transferred to stage 3 during the period	-258	-164	423	0
New assets	2,134	81	11	2,227
Assets derecognised	-1,300	-146	-27	-1,472
Other changes	463	-90	-82	291
Gross carrying amount at 31. December 2024	13,215	1,200	727	15,142

Note

14

Tax, (DKK 1,000)	Group		P/F Føroya Banki	
	2025	2024	2025	2024
Tax on profit for the year	67,558	72,049	57,761	65,891
Total tax	67,558	72,049	57,761	65,891
Tax on profit for the year				
Profit before tax	355,875	382,475	346,078	376,317
Current tax charge	68,169	73,403	58,145	67,701
Change in deferred tax	-611	-1,354	-384	-1,810
Adjustment of prior-year tax charges	0	0	0	0
Total	67,558	72,049	57,761	65,891
Effective tax rate				
Faroese tax rate	18.0%	18.0%	18.0%	18.0%
Deviation in foreign entities tax compared to Faroese tax rate	1.6%	1.5%	1.7%	1.5%
Non-taxable income and non-deductible expenses	-0.6%	-0.7%	-3.0%	-2.0%
Tax on profit for the year	19.0%	18.8%	16.7%	17.5%
Adjustment on prior-year tax charges	0.0%	0.0%	0.0%	0.0%
Effective tax rate	19.0%	18.8%	16.7%	17.5%

Note

Note		Group		P/F Føroya Banki	
		2025	2024	2025	2024
15	Cash in hand and demand deposits with central banks, (DKK 1,000)				
	Cash in hand	78,266	55,161	65,167	54,774
	Demand deposits with central banks	3,171,226	2,641,144	3,171,226	2,641,144
	Total	3,249,492	2,696,305	3,236,393	2,695,918
16	Due from credit institutions and central banks specified by institution, (DKK 1,000)				
	Credit institutions	239,179	310,797	239,179	310,797
	Central banks	0	0	0	0
	Total	239,179	310,797	239,179	310,797
17	Due from credit institutions and central banks specified by maturity, (DKK 1,000)				
	On demand	239,179	310,797	239,179	310,797
	Total	239,179	310,797	239,179	310,797
18	Loans and advances specified by sectors, (DKK 1,000)				
	Public authorities	8%	11%	8%	11%
	Corporate sector:				
	Fisheries, agriculture, hunting and forestry	8%	6%	8%	6%
	Industry and raw material extraction	7%	5%	7%	5%
	Energy supply	1%	3%	1%	3%
	Building and construction	2%	2%	2%	2%
	Trade	3%	3%	3%	3%
	Transport, hotels and restaurants	8%	6%	8%	6%
	Information and communications	0%	0%	0%	0%
	Financing and insurance	0%	1%	0%	1%
	Real property	13%	12%	13%	12%
	Other industries	2%	3%	2%	3%
	Total corporate sector	44%	41%	44%	41%
	Retail customers	48%	48%	48%	48%
	Total	100%	100%	100%	100%
19	Loans and advances specified by maturity, (DKK 1,000)				
	On demand	155,872	535,706	155,872	535,706
	3 months and below	272,348	258,428	272,348	258,428
	3 months to 1 year	1,019,569	802,752	1,019,569	802,752
	Over 1 year to 5 years	2,458,619	2,280,595	2,458,619	2,280,595
	Over 5 years	5,763,365	5,208,911	5,763,365	5,208,911
	Total loans and advances	9,669,773	9,086,392	9,669,773	9,086,392
20	Bonds at fair value, (DKK 1,000)				
	Mortgage credit bonds	1,006,660	1,255,075	819,752	1,084,380
	Government bonds	99,550	502,125	80,683	475,317
	Bonds at fair value	1,106,209	1,757,200	900,434	1,559,697
	All bonds form part of the Group's trading portfolio				
21	Shares etc., (DKK 1,000)				
	Shares/unit trust certificates listed on the Copenhagen Stock Exchange	109,641	97,906	361	418
	Shares/unit trust certificates listed on other stock exchanges	0	0	0	0
	Other shares at fair value	170,370	187,940	170,370	187,940
	Total shares etc.	280,011	285,845	170,731	188,358
22	Assets under insurance contracts, (DKK 1,000)				
	Non-life insurance				
	Reinsurers' share of claims provisions	4,375	6,622		
	Receivables from insurance contracts and reinsurers	3,319	3,003		
	Debt related to reinsurance and receivables from policyholders move to liabilities	-4,373	-4,839		
	Total non-life insurance	3,320	4,786		
	Maturity within 12 months	3,320	4,786		

Note

23	Holdings in associates, (DKK 1,000)	Group		P/F Føroya Banki	
		2025	2024	2025	2024
	Cost at 1 January	8,845	8,845	8,845	8,845
	Cost at 31 December	8,845	8,845	8,845	8,845
	Revaluations at 1 January	9,719	6,036	9,719	6,036
	Share of profit	4,404	4,609	4,404	4,609
	Dividends	1,751	927	1,751	927
	Revaluations at 31 December	12,371	9,719	12,371	9,719
	Carrying amount at 31 December	21,216	18,563	21,216	18,563

		Net profit	Total assets	Total liabilities	Total equity	Ownership %	The Groups share of equity
Holdings in associates 2025	Income						
P/F Elektron	66,705	12,827	97,117	35,185	61,800	34%	21,216
Holdings in associates 2024							
P/F Elektron	62,307	13,426	76,162	22,090	54,072	34%	18,563

The information disclosed is extracted from the companies' most recent annual report (2024).

24	Holdings in subsidiaries, (DKK 1,000)	Group		P/F Føroya Banki	
		2025	2024	2025	2024
	Cost at 1 January			144,000	144,000
	Cost at 31 December			144,000	144,000
	Revaluations at 1 January			1,434	-11,446
	Correction to previous years			0	-27
	Share of profit			44,586	28,407
	Dividends			10,000	15,500
	Revaluations at 31 December			36,020	1,434
	Carrying amount at 31 December			180,020	145,434

		Ownership %	Share capital end of year	Shareholders' equity for the year	Profit/loss for the year
Holdings in subsidiaries 2025					
P/F Trygd		100%	40,000	140,539	42,179
P/F Skyn		100%	1,000	7,415	2,361
P/F NordikLív		100%	30,000	32,067	46

The information disclosed is extracted from the companies' annual reports 2025.

		Ownership %	Share capital end of year	Shareholders' equity for the year	Profit/loss for the year
Holdings in subsidiaries 2024					
P/F Trygd		100%	40,000	98,359	19,177
P/F Skyn		100%	1,000	6,054	558
P/F NordikLív		100%	30,000	41,021	8,672

The information disclosed is extracted from the companies' annual reports 2024.

25	Assets under pooled schemes and unit-linked investment contracts, (DKK 1,000)	Group		P/F Føroya Banki	
		2025	2024	2025	2024
	Assets:				
	Cash deposits	764	265	764	265
	Bonds	26,012	21,230	26,012	20,089
	Shares	58,378	39,984	58,378	37,616
	Other assets	0	130	0	84
	Total assets	85,154	61,610	85,154	58,055
	Total liabilities	85,154	61,610	85,154	58,055

Group; Assets under pooled schemes and unit-linked investment contracts consist of Assets under pooled schemes DKK 85,1m (2024 DKK 58,1m) and Unit-Linked investment contracts DKK 0m (2024 DKK 3.5m)

Note

26 Intangible assets, (DKK 1,000)	Group		P/F Føroya Banki	
	2025	2024	2025	2024
Cost at 1 January	8,319	3,319	3,319	3,319
Additions	950	5,000	0	0
Disposals	0	0	0	0
Reclassification to Assets in disposal groups classified as held for sale	0	0	0	0
Cost at 31 December	9,269	8,319	3,319	3,319
Depreciation and impairment charges at 1 January	3,236	1,618	2,236	1,618
Depreciation charges during the year	1,618	1,618	618	618
Fair value at 31 December	4,854	3,236	2,854	2,236
Carrying amount at 31 December	4,415	5,084	466	1,084

Depreciation period is 4-5 years. Additions to the intangible assets refer to acquired IT systems during the year.

27 Domicile property, (DKK 1,000)	Group		P/F Føroya Banki	
	2025	2024	2025	2024
Cost at 1 January	56,924	63,259	56,924	61,214
Additions	238	393	238	393
Reclassification to held for sale	0	2,352	0	2,352
Disposals	1,437	4,376	1,437	2,330
Cost at 31 December	55,725	56,924	55,725	56,924
Adjustments at 1 January	-2,547	-1,110	-2,547	-2,375
Depreciation charges during the year	404	482	404	450
Reversal of depreciation charges on disposals classified as held for sale	0	145	0	145
Revaluations recognised in other comprehensive income	0	-1,500	0	0
Reversal of revaluations on disposals during the year	187	400	187	134
Adjustments at 31 December	-2,763	-2,547	-2,763	-2,547
Carrying amount at 31 December	52,961	54,377	52,961	54,377
Lease assets				
Cost at 1 January	81,743	81,542	81,743	81,542
Additions	0	201	0	201
Cost at 31 December	81,743	81,743	81,743	81,743
Adjustments at 1 January	-24,311	-19,949	-24,311	-19,949
Depreciation charges during the year	4,255	4,361	4,255	4,361
Adjustments at 31 December	-28,566	-24,311	-28,566	-24,311
Carrying amount at 31 December	53,177	57,432	53,177	57,432
Total land and buildings	106,139	111,810	106,139	111,810

Domicile property

Tangible assets include domicile property of DKK 53.0m (2024: DKK 54.4m). Carrying amount at 31 December if the property had not been revalued is DKK 52.1m (2024: DKK 52.2m). The fair value is assessed by the group's internal valuers at least once a year on 31st December on the basis of an income based approach. Valuations rely substantially on non-observable input, i.e. level 3 measures. Valuations are based on cash flow estimates and on the required rate of return calculated for each property that reflects the price at which the property can be exchanged between knowledgeable, willing parties under current market conditions. The cash flow estimates are determined on the basis of the market rent for each property. On the Faroe Islands the rent ranges from DKK 600-950 pr. m² and in Greenland the rent ranges from DKK 1,800-2,400 pr. m². The required rate of return on a property is determined on the basis of its location, type, possible uses, layout and condition. At the end of 2025, the fair value of domicile property was DKK 58.2m (2024: DKK 61.4m). The required rate of return is ranged between 7.0%-10.6% (2024: 7.0-10.9%). The depreciation period is 50 years. A decrease in rental rates of DKK 100 pr m² would reduce fair value at end of 2025 by DKK 3.1m. An increase in the required rate of return of 1.0 percentage point, would reduce fair value at the end of 2025 by DKK 5.9 m.

Leases

Leasing agreements comprise the Bank's domicile property, including the Bank's headquarter in Tórshavn and branches in the Faroe Islands. The notice period for terminating the lease agreements ranges from three months to 15 years. The leasing agreement regarding the Bank's headquarter includes an option for the lessee to extend the lease period by five years. Property where the Bank holds short term leases but intends and has the option to extend the contract is included in the calculation of Bank's leasing assets and obligations.

Leasing liabilities amounting DKK 60.9m are recognised within the balance sheet item Other liabilities. In the 2024 annual report the leasing liabilities were reported to be DKK 64.4m. The Group has included the option to extend the lease period of the headquarter with 5 years thus added DKK 17.0m to the leasing assets and leasing liabilities. Interests amounting DKK 2.0m due to leasing obligations are charged to the income statement as Interest expense. Depreciation of leasing assets amounting DKK 4.3m are recognised under the item Depreciation and impairment charges in the income statement. The annual payment in respect of the leasing liabilities is DKK 5.5m. The banks estimated borrowing rate used in the calculation of the leasing assets and leasing liabilities is 3-5%.

Note

28 Other property, plant and equipment, (DKK 1,000)

	Group		P/F Føroya Banki	
	2025	2024	2025	2024
Cost at 1 January	48,222	42,375	40,560	34,496
Adjustment previous years	-11	0	0	0
Additions	1,916	6,819	1,916	6,819
Disposals	287	972	287	754
Cost at 31 December	49,840	48,222	42,189	40,560
Depreciation and impairment charges at 1 January	33,214	29,994	27,493	24,634
Depreciation charges during the year	3,628	3,898	3,133	3,319
Reversals of depreciation and impairment charges	174	678	174	460
Depreciation and impairment charges at 31 December	36,668	33,214	30,452	27,493
Carrying amount at 31 December	13,172	15,008	11,737	13,067

The depreciation period is 3-10 years.

29 Deferred tax, (DKK 1,000)

	Group	
	2025	2024
Deferred tax assets	11,665	11,253
Deferred tax liabilities	530	508
Deferred tax, net	11,134	10,745

Change in deferred tax

2025	At 1 Jan.	Included in profit for the year	Included in shareholders' equity	At 31 Dec.
Intangible assets	-915	111	0	-804
Tangible assets excl lease assets	-968	-363	0	-1,330
Lease assets	1,259	134		1,393
Provisions for obligations	10,558	569		11,127
Other	811	-63	0	748
Total	10,745	389	0	11,134

2024

Intangible assets	-306	-609	0	-915
Tangible assets excl lease assets	-2,372	1,405	0	-968
Lease assets	1,075	184		1,259
Provisions for obligations	10,169	389		10,558
Other	825	-14	0	811
Total	9,391	1,354	0	10,745

29 Deferred tax, (DKK 1,000)

	P/F Føroya Banki	
	2025	2024
Deferred tax assets	11,557	11,172
Deferred tax, net	11,557	11,172

Change in deferred tax

2025	At 1 Jan.	Recognised in profit for the year	Recognised in shareholders' equity	At 31 Dec.
Intangible assets	-195	111	0	-84
Tangible assets excl lease assets	-1,066	-410	0	-1,476
Lease assets	1,259	134		1,393
Loans and advances etc	10,558	560	0	11,118
Other	617	-12	0	605
Total	11,172	384	0	11,557

2024

Intangible assets	-306	111	0	-195
Tangible assets excl lease assets	-2,178	1,112	0	-1,066
Lease assets	1,075	184		1,259
Loans and advances etc	10,169	389	0	10,558
Other	602	15	0	617
Total	9,362	1,810	0	11,172

Note

30	Assets held for sale, (DKK 1,000)	Group		P/F Føroya Banki	
		2025	2024	2025	2024
	Total purchase price at 1 January	2,207	0	2,207	0
	Reclassification from domicile properties	0	2,207	0	2,207
	Disposals	0	0	0	0
	Total purchase price at 31 December	2,207	2,207	2,207	2,207
	Impairment at 1 January	0	0	0	0
	Impairment charges for the year	0	0	0	0
	Reversal of impairment on disposals and write offs during the year	0	0	0	0
	Impairment at 31 December	0	0	0	0
	Total assets held for sale at 31 December	2,207	2,207	2,207	2,207
	Specification of assets held for sale				
	Real property taken over in connection with non-performing loans	0	0	0	0
	Domicile property for sale	2,207	2,207	2,207	2,207
	Total	2,207	2,207	2,207	2,207

The item "Assets held for sale" comprises reclassified domicile property in Greenland.

The Group's policy is to dispose off the assets as quickly as possible.

Profit on the sale of real property and tangible assets taken over in connection with non-performing loans is recognised under the item "Other operating income". The Group's real estate agency is responsible for selling the real property.

Note		Group		P/F Føroya Banki	
		2025	2024	2025	2024
31	Other assets, (DKK 1,000)				
	Interest and commission due	38,712	45,609	35,512	44,196
	Derivatives with positive fair value	20,733	23,248	20,733	23,248
	Other amounts due	-10,000	19,551	-8,255	21,867
	Total	49,445	88,408	47,990	89,312
32	Due to credit institutions and central banks specified by institution, (DKK 1,000)				
	Due to central banks	34,311	26,975	34,311	26,975
	Due to credit institutions	471,429	796,480	471,429	796,480
	Total	505,739	823,455	505,739	823,455
33	Due to credit institutions and central banks specified by maturity, (DKK 1,000)				
	On demand	34,311	45,634	34,311	45,634
	3 months to 1 year	0	250,000	0	250,000
	Over 1 year to 5 years	171,429	228,250	171,429	228,250
	Over 5 years	300,000	299,571	300,000	299,571
	Total	505,739	823,455	505,739	823,455
34	Deposits specified by type, (DKK 1,000)				
	On demand	7,251,328	6,699,897	7,259,689	6,711,253
	At notice	1,230,841	1,064,009	1,230,841	1,064,009
	Time deposits	1,765,802	1,608,318	1,765,802	1,608,318
	Special deposits	700,238	631,124	700,238	631,124
	Total deposits	10,948,209	10,003,348	10,956,570	10,014,704
35	Deposits specified by maturity, (DKK 1,000)				
	On demand	7,345,928	6,747,297	7,354,289	6,758,653
	3 months and below	1,519,096	1,049,660	1,519,096	1,049,660
	3 months to 1 year	1,472,035	1,676,047	1,472,035	1,676,047
	Over 1 year to 5 years	112,281	69,131	112,281	69,131
	Over 5 years	498,870	461,213	498,870	461,213
	Total deposits	10,948,209	10,003,348	10,956,570	10,014,704
36	Liabilities under insurance contracts, (DKK 1,000)				
	Non-life insurance				
	Liability for remaining coverage	57,541	56,239		
	Liability for incurred claims	94,216	99,556		
	Total	151,757	155,795		
	The confidence level used to determine the risk adjustment is 99.5%.				
	Life insurance				
	Life insurance provisions	7	2,690		
	Total provisions for insurance contracts	7	2,690		
	Total	151,764	158,485		
	Guarantees				
	Registration and remortgaging guarantees	56,732	30,715		
	Other guarantees	134,696	138,865		
	Total	191,428	169,581		
	Insurance liabilities comprise liabilities as defined by IFRS 17.				
37	Other liabilities, (DKK 1,000)				
	Sundry creditors	31,535	39,775	26,943	33,394
	Accrued interest and commission	18,706	33,590	18,706	33,590
	Derivatives with negative value	13,316	30,272	13,316	30,272
	Accrued staff expenses	22,209	23,115	22,209	23,115
	Lease liabilities	60,916	64,424	60,916	64,424
	Other obligations	1,937	35,396	1,937	35,396
	Total	148,620	226,573	144,028	220,192

Note

38 Issued bonds, (DKK 1,000)

	Currency	Principal	Interest rate	Step-up clause	Remarks	Received	Maturity	2025	2024
Issued bond DK0030523469	DKK	190,000	CIBOR3 + 1,5%			10-03-2023	10-03-2025	0	189,963
Issued bond DK0030529664	DKK	200,000	CIBOR3 + 2,25%			22-11-2023	22-11-2028	199,326	199,014
Issued bond DK003051676	DKK	250,000	CIBOR6 + 2,35%			18-06-2025	18-12-2031	248,797	0
Issued bond DK0030529151	DKK	250,000	CIBOR12 + 3,09%			02-12-2023	02-12-2030	249,141	248,673
Issued bond DK0030490271	DKK	150,000	2,345%	Yes	Tier 3 capital, called	18-06-2021	18-06-2026	0	149,859
Issued bond DK0030506530	SEK	300,000	STBOR3 + 1,80%		Tier 3 capital / Hedged	31-03-2022	31-03-2027	206,525	193,681
At 31 December								903,790	981,190

Total repayment of principal and interest amounts to approximately DKK 1.409m (2024: DKK 1,132m)

39 Subordinated capital, (DKK 1,000)

	Currency	Borrower	Principal	Interest rate	Year of issue	Maturity	Step-up clause	Redemption price	2025	2024
Subordinated capital	DKK	P/F Føroya Banki	100,000	2.970%	2021	24-06-2031	No	100	99,930	99,790
At 31 December			100,000						99,930	99,790
Of which fair value adjustment									0	0

Interest rate:	Principal (not hedged)	Until 26.6.2026	From 27.6.2026
Subordinated capital	100m	2.970%	CIBOR 3M + 2,97%

Subordinated capital is included in the Banks Total capital according the Faroese Financial Business Act and to CRR.

The subordinated capital can not be converted into share capital. Early redemption of subordinated debt must be approved by the Danish FSA. In the event of Føroya Bankis voluntary or compulsory winding-up, this liability will not be repaid until claims of ordinary creditors have been met. Subordinated debt is valued at amortised cost.

Note

40	P/F Føroya Banki Shares, (DKK 1,000)	2025	2024
	Net profit	288,317	310,427
	Average number of shares outstanding	9,574	9,574
	Number of dilutive shares issued	0	0
	Average number of shares outstanding, including shares diluted	9,574	9,574
	Earnings per share, DKK	30.1	32.4
	Diluted net profit for the period per share	30.1	32.4

The share capital is made up of shares of a nominal value of DKK 20 each. All shares carry the same rights. Thus there is only one class of shares.

Average number of shares outstanding:

Issued shares at 1 January, numbers in 1,000	9,600	9,600
Reduction of share capital	0	0
Issued shares at end of period	9,600	9,600
Shares outstanding at end of period	9,574	9,574
Group's average holding of own shares during the period	26	26
Average shares outstanding	9,574	9,574

	Number	Number	Value	Value
Holding of own shares	2025	2024	2025	2024
Investment portfolio	26,289	26,289	7,519	4,259
Trading portfolio	0	0	0	0
Total	26,289	26,289	7,519	4,259

	Investment	Trading	Total	Total
	portfolio	portfolio	2025	2024
Holding at 1 January	4,259	0	4,259	4,325
Acquisition of own shares	0	0	0	0
Reduction of own shares	0	0	0	0
Sale of own shares	0	0	0	0
Value adjustment	3,260	0	3,260	-66
Holding at 31 December	7,519	0	7,519	4,259

Note

41 **Contingent liabilities, (DKK 1,000)**

The Group uses a variety of loan-related financial instruments to meet the financial requirements of its customers. These include loan commitments and other credit facilities, guarantees and instruments that are not recognised on the balance sheet. Guarantees and loan commitments are subject to the expected credit loss impairment model in IFRS 9. Guarantees related to insurance contracts in IFRS 17 are presented in note 36.

Guarantees

	Group		P/F Føroya Banki	
	2025	2024	2025	2024
Financial guarantees	196,594	177,076	196,594	177,076
Mortgage finance guarantees	321,593	317,108	321,593	317,108
Registration and remortgaging guarantees	68,039	44,175	124,771	74,890
Other guarantees	66,707	67,381	201,403	206,247
Total guarantees	652,932	605,741	844,360	775,321

In addition, the Group has granted credit facilities related to credit cards and overdraft facilities that can be terminated at short notice. At the end of 2025, such unused credit facilities amounted to DKK 2.2bn (2024: DKK 2.1bn). Furthermore the Group has granted irrevocable loan commitments amounting to DKK 80m (2024: DKK 80m).

The bank has entered 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 could have a negative effect on the Group's equity of up to approx. DKK 30m.

If the Group decides to terminate the agreement with the Bank's main IT provider NBS, the group is obliged to pay DKK 95m, i.e. the estimated revenue over the next 2.5 years to NBS for IT-services.

42 **Assets deposited as collateral, (DKK 1,000)**

At the end of 2025 the Group had deposited bonds at a total market value of DKK 30.9m (2024: DKK 27.0m) with Danmarks Nationalbank (the Danish Central Bank) primarily in connection with cash deposits.

At the end of 2025 the Group had deposited cash at a total market value of DKK 12.0m (2024: DKK 20.7m) in connection with negative market value of derivatives.

43 **Related parties, (DKK 1,000)**

	Parties with significant influence		Associated undertakings		Board of Directors		Executive Board	
	2025	2024	2025	2024	2025	2024	2025	2024
Assets								
Loans	4,330	4,567	2,034	2,038	14,672	13,884	6,434	6,582
Total	4,330	4,567	2,034	2,038	14,672	13,884	6,434	6,582
Liabilities								
Deposits	820,399	533,284	14,472	13,257	100,079	82,903	2,998	2,341
Total	820,399	533,284	14,472	13,257	100,079	82,903	2,998	2,341
Off-balance sheet items								
Guarantees issued					9,000	9,000	350	374
Guarantees and collateral received	3,990	3,990	1,700		19,990	22,510	6,984	7,180
Income Statement								
Interest income	3,769	2,788	146	212	630	956	303	329
Interest expense	2,345	3,528	0	2	182	262	30	37
Fee income	891	872	28	29	482	592	10	9
Total	2,315	133	175	239	930	1,286	283	301

Related parties with significant influence are shareholders with holdings exceeding 20% of P/F Føroya Banki share capital. The shareholder is the Ministry of Finance of the Faroe Islands and is the only party with significant influence.

In 2025 interest rates on credit facilities granted to associated undertakings were between 5.00%-12.18% (2024: 5.45%-12.63%).

The Board of Directors and Executive Board columns list the personal facilities, deposits, etc., held by members of the Board of Directors and the Executive Board and their deposits, etc., held by members of the Board of Directors and the Executive Board and their dependants and facilities with businesses in which these parties have a controlling or significant interest.

In 2025 interest rates on credit facilities granted to members of the Board of Directors and the Executive Board were between 2.15%-22.33% (2024: 2.85%-22.78%). Note 10 specifies the remuneration and note 44 specifies shareholdings of the management.

P/F Føroya Banki acts as the bank of a number of its related parties. Payment services, trading in securities and other instruments, investment and placement of surplus liquidity, endowment policies and provision of short-term and long-term financing are the primary services provided by the Bank.

Shares in P/F Føroya Banki may be registered by name. The management's report lists related parties' holdings of Føroya Banki shares (5% or more of share capital) on the basis of the most recent reporting of holding to the Bank.

Transactions with related parties are settled on an arm's-length basis and recognised in the financial statements according to the same accounting policy as for similar transactions with unrelated parties.

Note

44 P/F Føroya Banki shares held by the Board of Directors and the Executive Board

Holdings of the Board of Directors and the Executive Board	Beginning of 2025	Additions	Disposals	End of 2025
Board of directors				
Birger Durhuus	2,936			2,936
Annfinn Vitalis Hansen	5,119			5,119
Árni Tór Rasmussen	115,218			115,218
Kristian Reinert Davidsen	107			107
Marjun Hanusardóttir	181			181
Tom Ahrenst	0			0
Kenneth M. Samuelsen	2,494			2,494
Alexandur Johansen	200	2,295		2,495
Rúna Hentze	793			793
Total	127,048	2,295	0	129,343
Executive Board				
Turió F. Arge	6,135			6,135
Total	6,135	0	0	6,135

45 Financial instruments at fair value, (DKK 1,000)

The fair value is the amount for which a financial asset can be exchanged between knowledgeable, willing and independent parties. If an active market exists, the Group uses a quoted price. If a financial instrument is quoted in a market that is not active, the Group bases its valuation on the most recent transaction price. Adjustment is made for subsequent changes in market conditions, for instance, by including transactions in similar financial instruments that are assumed to be motivated by normal business considerations. For a number of financial assets and liabilities, no market exists. In such cases, the Group uses recent transactions in similar instruments and discounted cash flows or other generally accepted estimation and valuation techniques based on market conditions at the balance sheet date to calculate an estimated value.

Unlisted shares recognised at fair value comprises unlisted shares who are not included in the Group's trading portfolio. Unlisted shares, other than Sector shares, are recognised at fair value and are measured in accordance with shareholders agreements and using generally accepted estimations and valuation techniques. The valuation of unlisted shares is based substantially on non-observable input. Sector shares are recognised at fair value using price-fixing-agreements according to the articles of association.

2025	Quoted prices	Observable input	Non-observable input	Total
Financial assets and liabilities at fair value				
Financial assets held for trading				
Bonds at fair value	1,025,527	80,683		1,106,209
Shares, etc.	109,641			109,641
Derivatives with positive fair value		20,733		20,733
Total	1,135,168	101,416		1,236,584
Financial assets designated at fair value				
Loans and advances at fair value			285,267	285,267
Shares, etc.		169,023	1,347	170,370
Total		169,023	286,614	455,637
Financial assets at fair value	1,135,168	270,439	286,614	1,692,222
Financial liabilities held for trading				
Derivatives with negative fair value		13,316		13,316
Total		13,316		13,316
2024				
Financial assets and liabilities at fair value				
Financial assets held for trading				
Bonds at fair value	1,423,534	333,666		1,757,200
Shares, etc.	97,906			97,906
Derivatives with positive fair value		23,248		23,248
Total	1,521,440	356,913		1,878,353
Financial assets designated at fair value				
Loans and advances at fair value			319,297	319,297
Shares, etc.		186,513	1,347	187,860
Total		186,513	320,644	507,157
Financial assets at fair value	1,521,440	543,426	320,644	2,385,510
Financial liabilities held for trading				
Derivatives with negative fair value		30,272		30,272
Total		30,272		30,272

Note

45 Financial instruments valued on the basis of quoted prices in an active market are recognised in the Quoted prices category. Financial instruments valued substantially on the basis of other observable input are recognised in the Observable input category. The category also covers derivatives valued on the basis of observable yield curves or exchange rates. Furthermore the category covers sector shares with price-fixing-agreements according to the articles of association. Other financial assets are recognised in the Non-observable input. This category covers unlisted shares, loans and advances at fair value and domicile property (see note 27 for further information on Domicile

At 31 December 2025 financial assets valued on the basis of non-observable input comprised unlisted shares and loans and advances of DKK 286.6m (2024: DKK 320.6m). In 2025, the Group recognised unrealised value adjustments of unlisted shares and loans and advances valued on the basis of non-observable input in the amount of DKK -3.7m (2024: DKK 7.5m) and realised value adjustments of DKK 0.0m (2024: DKK 0.0m). Unlisted shares had a value adjustment of DKK 0.0m (2024: DKK 0.0m). A 10% increase or decrease in fair value of unlisted shares and loans and advances would amount to DKK 0.0m (2024: DKK 0.0m) due to the fully hedged loans and advances measured at fair value.

	2025	2024
Financial instruments at fair value valued on the basis of non-observable input		
Fair value at 1 January	320,644	349,847
Value adjustments through profit or loss	-3,741	7,463
Acquisitions	0	0
Disposals	30,289	36,665
Fair value at 31 December	286,614	320,644

Value adjustments of unlisted shares and loans and advances at fair value are recognised under the item "Market value adjustments" in the income statement.

Financial instruments at amortised cost

The vast majority of amounts due to the Group, loans, advances, and deposits may not be assigned without the consent of customers, and an active market does not exist for such financial instruments. Consequently, the Group bases its fair value estimates on data showing changes in market conditions after the initial recognition of the individual instruments, and thus affecting the price that would have been fixed if the terms had been agreed at the balance sheet date. Other people may make other estimates. The Group discloses information about the fair value of financial instruments at amortised cost on the basis of the following assumptions:

* for many of the Group's deposits and loans, the interest rate is linked to developments in the market interest rate

* the fair value assessment of loans is assessed based on an informed estimate that the Bank in general regulates the loan terms in accordance with the prevailing market conditions

* the recognised impairment charges are expected to correspond to the day-to-day regulation of the specific credit risk, based on an estimation of the Bank's total individual and collective impairment charges

* the fair value assessment of fixed interest deposits is booked on the basis of the market interest rate on the balance sheet day

* the subordinated debt and issued bonds with fixed interest rates is estimated at fair value using the market rate on the balance sheet date for these instruments.

Financial instruments at amortised cost

	Carrying amount	Fair value	Carrying amount	Fair value
	2025	2025	2024	2024
Financial assets				
Cash in hand and demand deposits with central banks	3,249,492	3,249,492	2,696,305	2,696,305
Due from credit institutions and central banks	239,179	239,179	310,797	310,797
Loans and advances at amortised cost	9,384,505	9,384,505	8,767,094	8,767,094
Assets under insurance contracts	3,320	3,320	4,786	4,786
Total	12,876,497	12,876,497	11,778,982	11,778,982
Financial liabilities				
Due to credit institutions and central banks	505,739	505,739	823,455	823,455
Deposits and other debt	10,948,209	10,948,209	10,003,348	10,003,348
Deposits under pooled schemes	85,154	85,154	61,610	61,610
Issued bonds at amortised cost	903,790	903,790	981,190	975,824
Liabilities under insurance contracts	151,764	151,764	158,485	158,485
Subordinated debt	99,930	99,435	99,790	98,472
Total	12,694,587	12,694,092	12,127,877	12,121,193

Cash and demand deposits with central banks, Loans and advances, Deposits etc. at amortised cost are measured at non-observable input, i.e. level 3 measures. Subordinated debt and Issued bonds are measured at observable input, i.e. level 2 measures.

46	Group holdings and undertakings, (DKK 1,000)	Share capital	Functional currency	Net profit	Shareholders' equity	Share capital %
	P/F Føroya Banki	192,000	DKK	288,317	2,015,313	100%
	Insurance companies					
	P/F Trygd	40,000	DKK	42,179	140,539	100%
	P/F NordikLív	30,000	DKK	46	32,067	100%
	Real estate agency					
	P/F Skyn	1,000	DKK	2,361	7,415	100%

Note

47 Reconciliations of changes in insurance liabilities, (DKK 1,000)	2025			2024		
	Non-life	Life	Total	Non-life	Life	Total
Unearned premium provisions	59,268	0	59,268	57,506	0	57,506
Outstanding claims provisions	94,736	7	94,743	101,762	2,690	104,452
Receivables from policyholders and debt related to direct insurance	-2,247	0	-2,247	-3,473	0	-3,473
Liabilities under insurance contracts, year-end	151,757	7	151,764	155,795	2,690	158,485

Provisions for claims, net of reinsurance are discounted with the risk-free interest rate from EIOPA . The interest rate is 2.23% (2024: 2.37).

The confidence level used to determine the risk adjustment is 99.5% (2024: 99.5%).

Unearned premium provisions

Beginning of year	57,506	0	57,506	55,218	0	55,218
Premiums received	183,655	15,081	198,736	178,293	22,594	200,887
Premiums recognised as income	-181,892	-15,081	-196,973	-176,004	-22,594	-198,599
Unearned premium provisions, year-end	59,268	0	59,268	57,506	0	57,506

Outstanding claims provisions

Beginning of year	101,762	2,690	104,452	83,417	4,218	87,636
Claims paid regarding current year	-48,991	-10,502	-59,493	-54,841	-5,671	-60,512
Claims paid regarding previous years	-37,105	-2,682	-39,787	-34,020	-1,444	-35,464
Change in claims regarding current year	73,831	10,502	84,333	93,588	5,586	99,174
Change in claims regarding previous years	5,239	0	5,239	13,619	0	13,619
Outstanding claims provisions, year-end	94,736	7	94,743	101,762	2,690	104,452

Reconciliations of changes in insurance assets	2025			2024		
	Non-life	Life	Total	Non-life	Life	Total
Reinsurers' share of premium provisions	0	0	0	0	0	0
Reinsurers' share of claims provisions	4,375	0	4,375	6,622	0	6,622
Receivables from insurance contracts and reinsurers	3,319	0	3,319	3,003	0	3,003
Debt related to reinsurance and receivables from policyholders move to liabilities	-4,373	0	-4,373	-4,839	0	-4,839
Reinsurers' share of insurance contracts, year-end	3,320	0	3,320	4,786	0	4,786

Reinsurers' share of premium provisions

Beginning of year	0	0	0	0	0	0
Premiums ceded	-16,510	-361	-16,871	-19,956	-821	-20,777
Payments to reinsurers	16,510	361	16,871	19,956	821	20,777
Reinsurers' share of premium provisions, year-end	0	0	0	0	0	0

Reinsurers' share of claims provisions

Beginning of year	6,622	0	6,622	3,275	0	3,275
Claims ceded	0	0	0	6,318	0	6,318
Payments received from reinsurers	-2,247	0	-2,247	-2,971	0	-2,971
Reinsurers' share of claims provisions, year-end	4,375	0	4,375	6,622	0	6,622

Note 48 – Risk Management

The Føroya Banki Group is exposed to several risks, which it manages at different organizational levels. The categories of risks are as follows:

- **Credit risk:** Risk of loss because of counterparties failing to meet their payment obligations to the Group
- **Market risk:** Risk of loss because of changes in the fair value of the Group's assets or liabilities due to changes in market conditions
- **Liquidity risk:** Risk of loss because of a disproportionate increase in financing costs, the Group possibly being prevented from entering into new activities due to a lack of financing or in extreme cases being unable to pay its dues as a result of a lack of financing
- **Operational risk:** Risk of loss because of inadequate or faulty internal procedures, human errors or system errors, or because of external events, including legal risks
- **Insurance risk:** All types of risk in the non-life insurance company Trygd and the life insurance company NordikLiv, including market risk, life insurance risk, business risk and operational risk

The Risk Management Report 2025 contains further information about the Group's approach to risk management.

Capital Management

P/F Føroya Banki is a licensed financial services provider and must therefore comply with the capital requirements of the Faroese Financial Business Act. Faroese as well as Danish capital adequacy rules are based on the CRD IV requirements stipulated in the regulation (EU) No 575/2013 of the European parliament and of the Council of 26 June 2013.

The capital adequacy rules call for a minimum capital level of 8% of risk-weighted assets plus any additional capital needed. Detailed rules regulate the calculation of

capital and risk-weighted assets. Capital comprises core capital, hybrid core capital and subordinated debt. Core capital largely corresponds to the carrying amount of shareholders' equity less proposed dividends, deferred tax assets etc. The solvency presentation in the section Statement of Capital in P/F Føroya Banki shows the difference between the carrying amount of shareholders' equity and the core capital. Note 38 and 39 to the financial statements show P/F Føroya Banki's issued bonds and subordinated debt. At year-end 2025, the Bank's CET 1 capital, Core capital, Total capital and Total capital, incl. MREL capital, ratios were 23.3%, 23.3%, 24.6% and 36.3%, respectively. At the end of 2024, the Bank's CET 1 capital, Core capital, Total capital and Total capital, incl. MREL capital, ratios were 23.8%, 23.8%, 25.2% and 36.3%, respectively.

Credit risk

The Group's credit exposure consists of selected on and off-balance sheet items, including loans and advances, credit facilities, unused credit facilities and guarantees. The figures below are before deduction of impairments. Specification of impairments is shown in table 8 and 9.

Credit exposure in relation to lending activities includes items with credit risk that form part of the core banking operations.

Exposure in relation to trading and investment activities includes items with credit risk that form part of the Bank's trading-related activities, including derivatives. For details see the section "Market risk".

The Group extends credit based on each individual customer's financial position, which is reviewed regularly to assess whether the basis for granting credit facilities has changed. Each facility must reasonably match the customer's credit quality and financial position. Furthermore, the customer must be able to demonstrate, with all probability, his/her ability to repay the debt. The Group exercises caution when granting credit facilities to businesses and individuals when there is an indication that it will be practically difficult for the Group to maintain contact with the customer. The Group is particularly careful when granting credit facilities to businesses in troubled or cyclical industries.

Risk exposure concentrations	Table 1			
	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%
Total corporate sector	6,488	50.2%	5,769	48.2%
Personal customers	5,261	40.7%	4,983	41.6%
Total	12,915	100.0%	11,973	100.0%
Credit institutions and central banks	3,584		3,169	
Total incl. credit institutions and central banks	16,499		15,142	

Credit exposure by geographical area										Table 2
(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
Total	12,915	100%	9,844	846	2,225	11,973	100%	9,263	743	1,967

Credit exposure

The credit exposure generated by lending activities comprises items subject to credit risk that form part of the Group's core banking business. Credit exposures include loans and advances, unused credits and guarantees. The credit exposure generated by trading and investment activities comprises items subject to credit risk that form part of the Group's trading activities, including derivatives. The following tables list separate information for each of the two portfolios.

Credit exposure relating to lending activities

Table 1 breaks down the Group's credit exposure in its core banking activities by segment and business sector. Exposures include loans and advances, credits, unused credits and guarantees.

Exposures to the fisheries sector were DKK 620m at the end of 2025. This represents 4.8% of total exposures. Property administration DKK 1,926m representing 14.9% of total exposures, and DKK 225m was related to the aquaculture industry. This represents 1.7% of total exposures. No single industry except property administration exceeded 10% of total exposures.

Credit exposure broken down by geographical area

The Bank's loans are mainly granted to domestic customers in the Faroe Islands and Greenland. Table 2 provides a geographical breakdown of total exposures.

Classification of customers

The Group monitors exposures regularly to identify signs of weakness in customer earnings and liquidity as early as possible. The processes of assigning and updating classifications based on new information about customers form part of the Group's credit procedures.

The classification of customers is performed in connection to the quarterly impairment testing of the loan portfolio. All customers that meet a small number of objective criteria are classified in this exercise. The classification is also used as a means of determining the Bank's solvency requirement. The classification categories are as follows:

- 3 and 2a — Portfolio without weakness
- 2b15 and 2b30 - Portfolio with some weakness
- 2c — Portfolio with significant weakness
- 1 — Portfolio with impairment/provision (OEI)

As shown in table 3, more than 99% of total exposures are individually classified.

For further information on impaired portfolios, see table 8.

Concentration risk

In its credit risk management, the Group identifies concentration ratios that may pose a risk to its credit portfolio.

Under CRR (EU) nr. 575/2013 § 395, exposure to a single customer or a group of related customers, after deduction of particularly secure claims, may not exceed 25% of the Total capital. The Group submits quarterly reports to the Danish FSA on its compliance with these rules. In 2025, none of the Group's exposures exceeded these limits.

The Group's overall target is for no industry to make up more than 10% of the Group's total exposure, see table 1, except for the industry group "Trade" and "Property administration, etc." which may be up to 15%. In addition, the Group's long-term target is for no single exposure (on a Group basis) to make up more than 10% of the Group's Total capital. In exceptional cases, exposures may be above 10%, but only for customers of a very high credit quality, and where the Group has acceptable collateral. At the end of 2025 the Group has no customer with an exposure exceeding 10% of the Total capital.

Quality of loan portfolio excl. financial institutions 2025		Table 3
		Total
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
Total	Exposure in DKKm	12,915
Quality of loan portfolio excl. financial institutions 2024		
		Total
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
Total	Exposure in DKKm	11,973

Collateral

The Group applies various instruments available to reducing the risk on individual transactions, including collateral in the form of tangible assets, netting agreements and guarantees. The most important instruments that can be used to reduce risk are charges on tangible and intangible assets, guarantees and netting agreements under derivative master agreements, as further described in the section Liquidity risk.

Collateral provided to the Group.

Table 4 shows collateral for exposures excluding exposures with impairment or past due exposures. Collateral amounts to DKK 9,058m. The types of collateral most frequently provided are real estate (86%), ships/ aircraft (11%) and motor vehicles (2%) (see table 5) 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 for residential purposes, haircuts reflect the expected costs of a forced sale and a margin of safety. This haircut is 20% of the estimated market value. In general, collateral for loans to public authorities is not taken if there is no mortgage in real estate. For unlisted securities, third-party guarantees (excluding guarantees from public authorities and banks), collateral in movables and floating charges, the haircut is 100%.

Table 4 shows the Bank's total credit exposure and the collateral for the loans granted divided into personal, corporate and the public sector. Unsecured exposures accounted for 13% of personal exposures and 32% of corporate exposures at the end of 2025. Most of the Bank's exposure is granted against collateral in real estate.

Credit exposure and collateral 2025					Table 4
(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%

Collateral		Table 5
	2025	2024
Cars	2%	2%
Real Estate	86%	87%
Aircrafts & Ships	11%	10%
Other	2%	2%
Total	100%	100%

Distribution of past due amount					Table 6				
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	
Total	12,915	30	2	2,357	11,973	198	2	2,646	
Past due in % of exposure		0.2%	0.0%			1.7%	0.0%		

Loans and advances specified by maturity			Table 7
(DKKm)	2025	2024	
On demand	156	536	
3 months and below	272	258	
3 months to 1 year	1,019	803	
Over 1 year to 5 years	2,458	2,281	
Over 5 years	5,764	5,209	
Total	9,670	9,086	

As shown in table 6, DKK 2m is more than 90 days past due. The Group tests the entire loan portfolio for impairment charges four times per year. 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 an impairment in creditworthiness, stage 3 exposures as well as certain other weak exposures, the Group determines the expected credit losses individually.

The Group determines the individual impairment charge by calculating 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. Loans and advances where the Group has not determined an individual impairment charge, the expected credit loss is calculated in accordance with the function described above and then impaired.

As the expected credit loss, especially for exposures categorised as stage 1 or 2, primarily are based on historical information, the Executive Management and the Board of Directors may add a discretionary increase in impairments to cover credit losses expected not to be covered by the calculations described above, e.g. due to an expected or emerging economic crisis in one or more sectors and/or in one or more geographic locations.

Table 8 provides a breakdown of individual impairments, stage 3, and statistical based impairments, stage 1 and 2 including DKK 116.5m impaired at the Executive Management's discretion. Table 9 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.

A further breakdown by maturity of loans and advances can be found in table 7. There are no aggregated data on the collateral behind matured loans and advances.

Specification of individual and statistic impairments						Table 8
2025			2024			
DKKm	Loans gross	Impairments	DKKm	Loans gross	Impairments	
Individual impairments:			Individual impairments:			
Faroe Islands	70	19	Faroe Islands	200	21	
Greenland	21	10	Greenland	190	38	
Total	91	29	Total	390	59	
Statistic impairments:			Statistic impairments:			
Faroe Islands	8,723	84	Faroe Islands	7,549	70	
Greenland	1,030	61	Greenland	1,324	48	
Total	9,753	146	Total	8,873	119	

Distribution of impairments at the Executive Management's discretion						Table 9
2025						
(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	
Total	96.2	20.3	0.0	0.0	116.5	
2024						
(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	
Total	74.4	27.0	0.0	0.0	101.5	

Market Risk

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.

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 a 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

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.

Reporting of Market risk	
	Board of Directors
Monthly	Overview of - Interest risk - Exchange risk - Equity market risk - Liquidity risk - Deposits
	Executive Board
Monthly	Overview of - Interest risk - Exchange risk - Equity market risk - Liquidity risk - Deposits
Daily	Overview of - Funding risk - Deposits - Liquidity risk

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, controls and reports market risk to the Board of Directors and the Executive Board on a daily and monthly basis.

Market risk

Table 10 shows the likely after-tax effects on the Bank's share capital from likely market changes.

- 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.

Interest rate risk

The Group's policy is to invest some of its excess liquidity in LCR compliant bonds. Therefore, Føroya Banki holds a large 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 corporate customers. The interest rate risk from these loans is hedged with interest rate swaps on a one-to-one basis. Table 11 shows the Group's overall interest rate risk measured as the expected loss on interest rate positions that would result from parallel upward shift of the yield curve.

Likely after tax effects from changes in markets value				Table 10	
	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%

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

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 are effectively hedged using a matching cross currency swap.

Interest rate risk before tax broken down by currency	Table 11	
(DKK m)		
	<u>2025</u>	<u>2024</u>
DKK	10	20
SEK	0	0
EUR	0	0
Total	10	20

Foreign exchange position	Table 12	
(DKK m)		
	<u>2025</u>	<u>2024</u>
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

Equity risk	Table 13	
(DKK m)		
	<u>2025</u>	<u>2024</u>
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
Total	280	286

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.

Liquidity Risk

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 % at 31. December 2025 and a Net Stable Funding Ratio (NSFR) of 160,6% Føroya Banki's liquidity position remains robust.

Control and management

Liquidity risk is a fundamental part of the Group's business strategy. The Group's liquidity is monitored and managed by the Finance Department daily in accordance with the limits set by the Board of Directors and reported to the Executive Board by the Finance Department. 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 monitoring, controlling and reporting on liquidity. The Group has implemented contingency plans to ensure that it is ready to respond to unfavorable liquidity conditions.

Exposures related to trading and investment activities	Table 14	
(DKK m)		
	<u>2025</u>	<u>2024</u>
Bonds at fair value	1,106	1,757
Derivatives with positive fair value	21	23
Equity	280	286
Total	1,407	2,066

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.

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.

Twelve-month liquidity

The Bank's 12-month funding requirements are based on projections for 2025 and takes the market outlook into account.

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 15 shows assets and liabilities including interests by a maturity structure. To minimize

liquidity risk, Føroya Banki's policy is to have strong liquidity from different funding sources.

Funding sources

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

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.

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

Remaining maturity, incl. interests							Table 15
(DKK 1,000)							
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	
Total assets	3,696,831	307,981	1,510,786	11,924,469	280,011	17,720,078	
2025							
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	
Total	7,397,182	1,580,328	1,582,893	2,331,352		12,891,754	
Off-balance sheet items							
Financial Guarantees	177,076					177,076	
Other commitments	428,665					428,665	
Total	605,741					605,741	
Remaining maturity, incl. interests							
(DKK 1,000)							
2024	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	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	
Total assets	3,637,731	295,326	1,522,454	11,554,524	285,845	17,295,880	
2024							
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	
Total	6,859,150	1,317,040	2,044,152	2,301,789		12,522,132	
Off-balance sheet items							
Financial Guarantees	177,076					177,076	
Other commitments	428,665					428,665	
Total	605,741					605,741	

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, NordikLiv.

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.

Likely effects from changes in markets value		Table 16	
(DKKm)	Change	2025	2024
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
Interest rate risk (parallel shift) Total	100 bp	6.0	6.5

Distribution of Trygd's portfolio		Table 17	
	2025	2024	
Commercial lines	35.0%	35.2%	
Personal lines	65.0%	64.8%	

The Group has defined internal procedures to minimize the possible loss regarding insurance liabilities. The insurance companies evaluate their insurance risk on a regular basis for the purpose of optimizing 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 17).

Insurance risk

The insurance companies cover the insurance liabilities through a portfolio of securities and investment assets exposed to market risk.

The insurance companies have invested in investment securities and cash and cash equivalents in the effort to balance the exposure to market and currency risk (see table 18).

Capital requirements

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

Financial assets linked to insurance risk in Trygd		Table 18	
(DKK 1,000)	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	
Total	302,060	261,652	

Run-off gains/losses in Trygd		Table 19			
(DKKm)	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
Total	7.43	0.17	-2.27	-3.46	-9.24

Contractual maturity for the insurance segment							Table 20
(DKK 1,000)							
2025	On demand	0-12 months	1-5 years	Over 5 years	No stated maturity	Total	
Assets							
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	
Total financial assets	297,685	8,404				306,089	
Liabilities							
Technical provision		155,497				155,497	
Account payable		19,237				19,237	
Total financial liabilities		174,734				174,734	
Assets - liabilities	297,685	-166,330				131,355	
Contractual maturity for the insurance segment							
(DKK 1,000)							
2024	On demand	0-12 months	1-5 years	Over 5 years	No stated maturity	Total	
Assets							
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	
Total financial assets	255,030	10,095				265,125	
Liabilities							
Technical provision		159,268				159,268	
Account payable		15,020				15,020	
Total financial liabilities		174,288				174,288	
Assets - liabilities	255,030	-164,193				90,837	

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 at least annual 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 organised 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 21 below.

Sensitivity analysis DKK 1,000	Table 21	
	2025	2024
Effect of change in:		
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.

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.

Note

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Highlights, ratios and key figures, five year summary - Føroya Banki Group¹

DKK 1,000	2025	2024	Index 25 / 24	2023	2022	2021
Net interest income	388,103	442,251	88	419,461	274,334	268,580
Dividends from shares and other investments	21,077	11,997	176	6,115	6,475	3,429
Net fee and commission income	87,884	78,752	112	81,680	88,113	79,360
Net interest and fee income	497,064	533,000	93	507,257	368,922	351,370
Net insurance result	66,055	47,747	138	45,925	34,133	33,895
Interest and fee income and income from insurance activities, net	563,119	580,747	97	553,182	403,056	385,264
Market value adjustments	34,785	45,343	77	54,614	-25,611	4,391
Other operating income	14,836	9,694	153	9,294	7,472	11,009
Staff cost and administrative expenses	256,533	248,369	103	243,670	225,642	232,567
Impairment charges on loans and advances etc.	-3,982	-1,072	371	-10,043	-46,629	-76,561
Net profit continuing operations	288,317	310,427	93	307,533	164,407	193,356
Net profit discontinued operations	0	0		0	0	78,983
Net profit	288,317	310,427	93	307,533	164,407	272,340
Loans and advances	9,669,773	9,086,392	106	8,882,855	8,083,343	7,624,093
Bonds at fair value	1,106,209	1,757,200	63	1,396,516	1,591,453	1,880,565
Intangible assets	4,415	5,084	87	1,702	2,402	2,684
Assets held for sale	2,207	2,207		0	24,200	0
Total assets	14,934,717	14,511,644	103	12,944,835	12,167,073	11,789,746
Amounts due to credit institutions and central banks	505,739	823,455	61	719,105	858,172	838,608
Issued bonds at amortised cost	903,790	981,190	92	986,134	547,584	348,938
Deposits and other debt	10,948,209	10,003,348	109	8,702,192	8,335,662	7,899,659
Total shareholders' equity	2,015,313	2,076,037	97	1,850,609	1,798,857	2,035,853
Ratios and key figures	Dec. 31	Dec. 31		Dec. 31	Dec. 31	Dec. 31
	2025	2024		2023	2022	2021
Solvency						
Total capital, incl. MREL capital, ratio, %	36.3	36.3		41.1	29.7	29.6
Total capital ratio, %	24.6	25.2		29.4	24.8	27.5
Tier 1 capital ratio, %	23.3	23.8		28.0	23.5	26.0
CET 1 capital	23.3	23.8		25.8	21.4	23.8
RWA, DKK mill	7,732	7,180		6,819	7,195	6,841
Profitability						
Return on shareholders' equity before tax, %	17.4	19.5		20.7	10.8	11.1
Return on shareholders' equity after tax, %	14.1	15.8		16.9	8.6	12.6
Income / Cost ratio	2.4	2.5		2.6	2.0	2.5
Cost / income, % (excl. value adjustm. and impairments)	45.5	43.5		44.7	56.0	60.4
Return on assets	1.9	2.1		2.4	1.4	2.3
Market risk						
Interest rate risk, %	0.6	1.2		0.8	1.0	-0.4
Foreign exchange position, %	1.0	0.8		0.6	0.7	0.8
Foreign exchange risk, %	0.0	0.0		0.0	0.0	0.0
Liquidity						
Loans and advances plus impairment charges as % of deposits	89.9	92.6		104.1	99.2	99.5
Net Stable Funding Ratio (NSFR), %	160.6	154.5		151.8		
Liquidity Coverage Ratio (LCR), %	306.4	337.4		228.2	225.2	191.4
Credit risk						
Large exposures as % of capital base	0.0	13.6		22.0	26.1	25.9
Impairment and provisioning ratio, %	1.7	1.8		1.8	1.9	2.6
Write-off and impairments ratio, %	0.0	0.0		-0.1	-0.5	-0.8
Growth on loans and advances, %	6.4	2.3		9.9	6.0	0.2
Gearing of loans and advances, %	4.8	4.4		4.8	4.5	3.7
Shares						
Earnings per share after tax, DKK	30.1	32.4		32.1	17.2	28.5
Book value per share, DKK	210.5	216.8		193.3	187.7	212.7
Proposed dividend per share DKK	21.0	36.5		8.3	26.0	40.2
Market price per share, DKK	286.0	162.0		164.5	136.0	140.5
Market price / earnings per share DKK	9.5	5.0		5.1	7.9	4.9
Market price / book value per share DKK	1.4	0.7		0.9	0.7	0.7
Other						
Number of full-time employees, end of period	201	207		207	200	195

1) Regarding the implementation of IFRS 17 the highlights in 2021 have not been corrected.

Note

49 Highlights, ratios and key figures, five year summary - P/F Føroya Banki

(cont'd)

DKK 1,000	2025	2024	Index 25 / 24	2023	2022	2021
Net interest income	388,103	442,251	88	419,462	274,639	267,718
Dividends from shares and other investments	21,077	11,997	176	6,115	6,475	3,429
Net fee and commission income	99,399	89,774	111	92,181	101,775	91,754
Net interest and fee income	508,578	544,022	93	517,759	382,889	362,900
Market value adjustments	34,785	45,343	77	54,614	-25,611	6,813
Other operating income	5,644	2,614	216	2,201	2,452	4,968
Staff cost and administrative expenses	247,441	239,470	103	234,956	219,350	211,855
Depreciation and impairment of property, plant and equipment	8,417	8,748	96	7,236	3,331	6,088
Impairment charges on loans and advances etc.	-3,982	-1,072	371	-10,043	-46,629	-76,561
Income from associated and subsidiary undertakings	48,990	33,016	148	32,614	20,752	5,094
Net profit continuing operations	288,317	310,427	93	307,533	164,407	193,356
Net profit discontinued operations	0	0		0	0	78,983
Net profit	288,317	310,427	93	307,533	164,407	272,340
Loans and advances	9,669,773	9,086,392	106	8,882,855	8,083,343	7,624,093
Bonds at fair value	900,434	1,559,697	58	1,217,642	1,449,713	1,683,517
Intangible assets	466	1,084	43	1,702	2,402	2,684
Assets held for sale	2,207	2,207		0	24,200	0
Total assets	14,774,546	14,346,463	103	12,796,250	12,056,877	11,674,564
Amounts due to credit institutions and central banks	505,739	823,455	61	719,105	858,172	838,608
Issued bonds at amortised cost	903,790	981,190	92	986,134	547,584	348,938
Deposits and other debt	10,956,570	10,014,704	109	8,709,586	8,351,065	7,914,185
Total shareholders' equity	2,015,313	2,076,037	97	1,850,609	1,798,857	2,035,853
Ratios and key figures	Dec. 31	Dec. 31		Dec. 31	Dec. 31	Dec. 31
	2025	2024		2023	2022	2021
Solvency						
Total capital, incl. MREL capital, ratio, %	36.3	36.3		41.1	29.7	29.6
Total capital ratio, %	24.6	25.2		29.4	24.8	27.5
Tier 1 capital ratio, %	23.3	23.8		28.0	23.5	26.0
CET 1 capital	23.3	23.8		25.8	21.4	23.8
RWA, DKK mill	7,732	7,180		6,819	7,195	6,841
Profitability						
Return on shareholders' equity before tax, %	16.9	19.2		20.5	10.6	11.0
Return on shareholders' equity after tax, %	14.1	15.8		16.9	8.6	12.6
Income / Cost ratio	2.4	2.5		2.6	2.1	2.7
Cost / income, % (excl. value adjustm. and impairments)	45.4	43.1		44.2	55.1	58.7
Return on assets	2.0	2.2		2.4	1.4	2.3
Market risk						
Interest rate risk, %	0.2	0.8		0.5	0.9	0.5
Foreign exchange position, %	1.0	0.8		0.6	0.7	0.8
Foreign exchange risk, %	0.0	0.0		0.0	0.0	0.0
Liquidity						
Loans and advances plus impairment charges as % of deposits	89.9	92.5		104.0	99.0	99.3
Liquidity Coverage Ratio (LCR), %	306.4	337.4		228.2	225.2	191.4
Net Stable Funding Ratio (NSFR), %	160.6	154.5		151.8		
Credit risk						
Large exposures as % of capital base	0.0	13.6		22.0	26.1	25.9
Impairment and provisioning ratio, %	1.7	1.8		1.8	1.9	2.6
Write-off and impairments ratio, %	0.0	0.0		-0.1	-0.5	-0.8
Growth on loans and advances, %	6.4	2.3		9.9	6.0	0.2
Gearing of loans and advances	4.8	4.4		4.8	4.5	3.7
Shares						
Earnings per share after tax, DKK	30.1	32.4		32.1	17.2	28.5
Book value per share, DKK	210.5	216.8		193.3	187.7	212.7
Proposed dividend per share DKK	21.0	36.5		8.3	26.0	40.2
Market price per share, DKK	286.0	162.0		164.5	136.0	140.5
Market price / earnings per share DKK	9.5	5.0		5.1	7.9	4.9
Market price / book value per share DKK	1.4	0.7		0.9	0.7	0.7
Other						
Number of full-time employees, end of period	173	177		176	169	164

Definitions of key financial ratios

Key financial ratio

Earnings per share (DKK)

Diluted earnings per share (DKK)

Return on average shareholders' equity (%)

Net profit for the year divided by average shareholders' equity during the year.

Cost/income ratio (%)

Income/cost ratio (%)

Solvency ratio

Core (tier 1) capital ratio

Core (tier 1) capital

Hybrid core capital

Total capital

Supplementary capital

Risk-weighted assets

Dividend per share (DKK)

Share price at December 31

Book value per share (DKK)

Number of full-time-equivalent staff at December 31

Definition

Net profit for the year divided by the average number of shares outstanding during the year.

Net profit for the year divided by the average number of shares outstanding during the year, including the dilutive effect of share options and conditional shares granted as share-based payments.

Net profit for the year divided by average shareholders' equity during the year.

Operating expenses divided by total income (excl. value adjustments and impairments).

Operating expenses divided by total income.

Total income divided by operating expenses.

Total capital, less statutory deductions, divided by risk-weighted assets.

Core (tier 1) capital, including hybrid core capital, less statutory deductions, divided by risk-weighted assets.

Core (tier 1) capital consists primarily of paid-up share capital, plus retained earnings, less intangible assets.

Hybrid core capital consists of loans that form part of core (tier 1) capital. This means that hybrid core capital is used for covering losses if shareholders' equity is lost.

The total capital consists of shareholders' equity and supplementary capital, less certain deductions, such as deduction for goodwill.

Supplementary capital may not account for more than half of the total capital. Supplementary capital consists of subordinated loan capital that fulfils certain requirements. For example, if the Group defaults on its payment obligations, lenders cannot claim early redemption of the loan capital.

Total risk-weighted assets and off-balance-sheet items for credit risk, market risk and operational risk as calculated in accordance with the Danish FSA's rules on capital adequacy as applied in the Faroe Islands.

Proposed dividend for the year divided by the number of shares in issue at the end of the year.

Closing price of Føroya Banki shares at the end of the year.

Shareholders' equity at December 31 divided by the number of shares in issue at the end of the year.

Number of full-time-equivalent staff (part-time staff translated into full-time staff) at the end of the year.

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

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