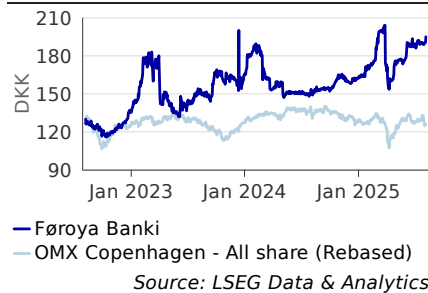


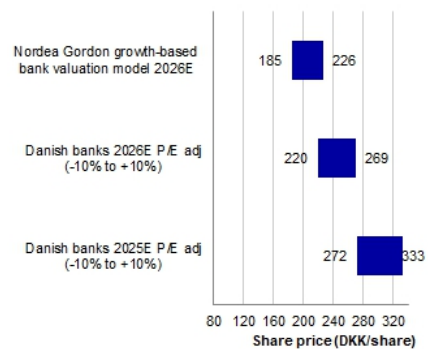
KEY DATA

Stock country	Denmark
Bloomberg	FOBANK DC
Reuters	FORBANK.CO
Share price, close	DKK 195
Free float	0.65
Market cap. (m)	EUR 250/DKK 1,861
Company website	www.banknordik.com
Next report date	5 August 2025

PERFORMANCE



VALUATION APPROACH



ESTIMATE CHANGES

DKK/m	2025E	2026E	2027E
Total revenue	8%	3%	3%
Total costs	-2%	-1%	-1%
Loan losses	-1%	0%	0%
PTP	8%	3%	3%
DPS (ord. DKK)	8%	3%	3%
EPS (adj.)	9%	4%	4%

Source: Company data and Nordea estimates

Nordea IB & Equity - Analysts

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A strong Q2 result leaves us at top of guidance range

Føroya Banki reported Q2 2025 net profit of DKK 93m, DKK 15m (19%) above our estimate. The key positive in the report was impressive lending growth of ~5% q/q; we had expected 1%. Combined with a temporary tailwind on funding costs, net interest income came in 12% ahead of our estimate. We also find it encouraging to see total costs 5% below our estimate, leaving cost inflation at ~0% y/y. Led by the very strong Q2 results, we raise our 2025 net profit estimate by 8% to DKK 265m, i.e. at the top of the DKK 235-265m guidance range for 2025. We raise 2026E-27E net profit by 3%. Our new Gordon growth-based fair value range is DKK 185-226 (175-214).

Very strong lending growth during Q2

Føroya Banki reported net interest income of DKK 84m, DKK 9m (~12%) above our estimate in Q2, supported by robust lending growth of ~5% q/q across both the Faroese market and the Greenlandic market. We find it encouraging to see broadly similar growth rates for both the Faroese and Greenlandic lending. This reinforces management's emphasis on growing its Greenlandic market share. NII was supported by a temporary drop in funding costs during the quarter due to the timing effects of new funding issues. We hence forecast Q3 NII of DKK 81m, down ~4% q/q, amid a normalisation of funding costs.

2025E net profit up 8%; 2026E-27E net profit up 3%

Led by the stronger-than-expected Q2 performance, we lift 2025E net profit by ~8%, to DKK 265m, placing us at the top end of the DKK 235-265m guidance range. We also increase 2026E-27E net profit by ~3%, mainly led by us lifting 2026E-27E NII by 4%. We also trim 2026E-27E costs by ~1%.

A strong step in the right direction

Although Føroya Banki's 2026 ROE and cost/income targets of 12% and 53% remain ambitious, Q2 represents a meaningful step in the right direction, demonstrating tangible progress on revenue growth and cost control. We estimate a 2026 ROE of 11% and a 2026 cost/income ratio of ~56%. We note, however, that only DKK 25m (5%) higher total income than we estimate for 2026 would be enough to reach the company's targets. While we consider this realistic and within reach, we need to see more quarters with elevated lending growth and/or income growth before we pencil this into our estimates. Our 2026E CET1 ratio of 23.1% is also in line with the 2026 target of 23%. Føroya Banki is trading at 2026E adjusted P/E of 8.7x, ~15% below Danish peers on average.

SUMMARY TABLE - KEY FIGURES

DKK/m	2021	2022	2023	2024	2025E	2026E	2027E
Total revenue	407	447	528	502	529	510	526
Total costs	236	244	259	273	280	285	288
Loan loss ratio	-1.01%	-0.59%	-0.12%	-0.01%	0.18%	0.31%	0.39%
PTP	340	207	379	366	328	273	275
RoE	12.7%	7.91%	16.8%	15.0%	13.1%	11.0%	10.9%
RoTBV	9.18%	7.63%	16.5%	14.8%	12.8%	10.8%	10.7%
P/E (adj.)	6.80	8.87	5.22	5.35	7.19	8.68	8.58
P/BV	66.1%	71.7%	85.1%	74.7%	94.0%	92.7%	90.0%
P/TBV	0.66	0.72	0.85	0.75	0.94	0.93	0.90
BIS III CT1 ratio	23.8%	21.6%	25.8%	23.8%	23.2%	23.1%	23.0%
DPS (ord. DKK)	40.3	26.1	8.36	36.6	19.4	16.1	16.3
Dividend yield (ord.)	28.7%	19.2%	5.08%	22.6%	9.95%	8.28%	8.37%
Total payout ratio	1.42	1.64	0.26	1.19	0.70	0.70	0.70

Source: Company data and Nordea estimates

Q2 2025 results

Q2 2025 RESULTS VS. OUR ESTIMATES

DKKm	Actual	NDA	Deviation		Actual	q/q	Actual	y/y
	Q2 25	Q2 25E	vs. Actual		Q1 25	growth	Q2 24	growth
Net interest income	84	75	9	12%	76	10%	90	-6%
Net fee and commission income	19	18	1	7%	20	-5%	17	11%
Net insurance income	27	19	8	42%	16	74%	15	82%
Other income	24	11	13	-	13	84%	10	-
Total Income	154	123	31	25%	125	23%	132	17%
Total Expenses	-68	-72	4	-5%	-69	-1%	-68	0%
Profit before loan losses	86	51	35	68%	56	54%	63	36%
Loan losses	-2	0	-2	-	-5	-61%	7	-
Operating profit	84	51	33	64%	51	65%	70	20%
Earnings from investment portfolio	30	40	-10	-25%	25	21%	35	-15%
Non-recurring and industry solutions	0	5	-5	-	0	-	0	-
Pre tax profit	115	96	19	20%	76	52%	105	9%
Discontinued operations before tax	0	0	0	-	0	-	0	-
Taxes	-21	-18	-3	17%	-15	46%	-18	17%
Net profit	93	78	15	19%	61	52%	87	7%
CET1 ratio	22.7%	23.2%	-0.5 pp		23.6%	-0.9 pp	25.6%	-2.9 pp

Source: Company data and Nordea estimates

Estimates

CHANGES TO OUR ESTIMATES

DKKm	New estimates			Old estimates			Change (%)			Change (DKK)		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Net interest income	321	322	329	303	309	317	6%	4%	4%	17	12	13
Net fee and commission income	78	81	85	77	80	83	2%	2%	2%	1	1	1
Net insurance income	72	62	65	65	62	65	12%	1%	1%	8	1	1
Other income	58	45	46	45	45	46	29%	0%	0%	13	0	0
Total Income	529	510	526	490	496	511	8%	3%	3%	39	14	15
Total Expenses	-280	-285	-288	-286	-289	-291	-2%	-1%	-1%	5	4	3
Profit before loan losses	249	226	237	204	207	219	22%	9%	8%	45	18	18
Loan losses	-17	-31	-40	-18	-31	-40	-1%	0%	0%	0	0	0
Operating profits	232	195	197	187	176	179	24%	10%	10%	45	18	18
Earnings from investment portfolio	96	78	78	111	88	88	-13%	-11%	-11%	-15	-10	-10
Non-recurring and industry solutions	0	0	0	5	0	0	-100%	-	-	-5	0	0
Profit before tax	328	273	275	302	264	267	8%	3%	3%	25	8	8
Discontinued operations before tax	0	0	0	0	0	0	-	-	-	0	0	0
Taxes	-62	-52	-52	-58	-50	-51	8%	3%	3%	-5	-2	-2
Net profit	265	221	223	245	214	217	8%	3%	3%	21	7	7
EPS adj, DKK	27.1	22.5	22.7	24.8	21.6	21.9	9%	4%	4%	2	1	1
DPS, DKK	19.4	16.1	16.3	17.9	15.6	15.8	8%	3%	3%	2	0	0
CET1 ratio	23.2%	23.1%	23.0%	23.6%	23.5%	23.4%	-	-	-	0	0	0

Source: Company data and Nordea estimates

Reported numbers and forecasts

ANNUAL KEY DATA

DKKm	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
SHARE DATA											
EPS	19.4	26.6	21.7	17.5	28.5	15.9	32.1	30.7	27.7	23.1	23.3
EPS (adj.)	19.4	19.9	22.9	16.9	20.7	15.3	31.5	30.3	27.1	22.5	22.7
BVPS	186	208	239	238	213	190	193	217	207	210	217
TVBS	186	207	237	238	212	190	193	216	207	210	216
DPS (tot., DKK)	4.00	7.32	0.00	52.1	40.3	26.1	8.36	36.6	19.4	16.1	16.3
Dividend pay-out ratio	20.6%	36.7%	0.00%	308%	195%	170%	26.5%	121%	71.5%	71.8%	71.8%
Share repurchases (per share)	0.00	0.00	1.61	0.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total payout ratio	0.21	0.27	0.07	3.03	1.42	1.64	0.26	1.19	0.70	0.70	0.70
Share price (period end)	106	109	109	152	141	136	165	162	195	195	195
Market cap. (m)	1,040	1,038	1,034	1,451	1,345	1,302	1,575	1,551	1,867	1,867	1,867
Dil. number of shares	9.81	9.57	9.49	9.55	9.57	9.57	9.57	9.57	9.57	9.57	9.57
VALUATION (x)											
P/E	5.45	4.09	5.02	8.69	4.93	8.55	5.12	5.27	7.04	8.46	8.37
P/E (adj.)	5.45	5.44	4.75	8.99	6.80	8.87	5.22	5.35	7.19	8.68	8.58
P/BV	57.1%	52.3%	45.7%	63.9%	66.1%	71.7%	85.1%	74.7%	94.0%	92.7%	90.0%
P/TBV	0.57	0.52	0.46	0.64	0.66	0.72	0.85	0.75	0.94	0.93	0.90
Dividend yield (tot.)	3.77%	6.74%	0.00%	34.3%	28.7%	19.2%	5.08%	22.6%	9.95%	8.28%	8.37%
Total yield	3.77%	6.74%	1.47%	34.8%	28.7%	19.2%	5.08%	22.6%	9.95%	8.28%	8.37%
CAPITAL RATIOS (%)											
BIS II Trans. CET1-ratio	0.17	0.18	0.19	0.23	0.24	0.22	0.26	0.24	0.23	0.23	0.23
BIS II Trans. Capital ratio	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
BIS III CET	1,731	1,874	2,023	2,206	1,629	1,556	1,758	1,712	1,786	1,845	1,905
BIS III REA	9,895	10,621	10,764	9,774	6,841	7,195	6,819	7,180	7,709	7,985	8,270
BIS III CT1 ratio	17.5%	17.6%	18.8%	22.6%	23.8%	21.6%	25.8%	23.8%	23.2%	23.1%	23.0%
BIS III T1-ratio	0.17	0.18	0.20	0.24	0.26	0.24	0.28	0.24	0.23	0.23	0.23
BIS III Capital ratio	0.20	0.20	0.22	0.26	0.27	0.25	0.29	0.25	0.24	0.24	0.24
Tang. Equity/Assets	0.12	0.12	0.12	0.13	0.17	0.15	0.14	0.14	0.13	0.13	0.13
Tang. Equity/Lending	0.19	0.20	0.23	0.30	0.27	0.22	0.21	0.23	0.20	0.20	0.20
Leverage ratio	0.11	0.11	0.11	0.13	0.14	0.13	0.14	0.12	0.12	0.12	0.12
CREDIT QUALITY											
Impaired loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loan loss reserves	511	607	496	328	321	315	309	303	297	291	285
Coverage ratio	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Loan loss reserves / Total loans	5.48%	6.23%	5.00%	3.74%	4.22%	4.01%	3.64%	3.37%	3.13%	2.90%	2.75%
Impaired loans / Total loans	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Collective/total provisions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Perf. Impaired loans/Impaired loans	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Loan loss ratio	-0.64%	-1.14%	-1.06%	-0.06%	-1.01%	-0.59%	-0.12%	-0.01%	0.18%	0.31%	0.39%
Growth loan loss reserves (y/y)	-24.6%	18.7%	-18.3%	-33.9%	-1.99%	-1.99%	-1.99%	-2.00%	-2.00%	-2.00%	-2.00%
Growth impaired loans (y/y)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
PROFITABILITY											
Adjusted for non-rec. Items											
RoE	10.1%	10.2%	10.3%	7.10%	9.17%	7.62%	16.5%	14.8%	12.8%	10.8%	10.6%
RoTBV	10.1%	10.2%	10.3%	7.12%	9.18%	7.63%	16.5%	14.8%	12.8%	10.8%	10.7%
C/I	-71.3%	-71.9%	-71.9%	-61.4%	-58.0%	-54.6%	-49.0%	-54.4%	-53.0%	-55.8%	-54.8%
NII-margin	4.15%	3.83%	3.67%	2.87%	3.32%	3.34%	4.16%	3.62%	3.31%	3.14%	3.11%
REVENUE DISTRIBUTION											
Adjusted for non-rec. Items											
Net Interest Income	59.7%	58.8%	55.5%	64.9%	62.1%	58.7%	66.7%	64.8%	59.3%	61.7%	61.3%
Net Commission Income	28.7%	27.1%	28.8%	15.5%	19.5%	19.7%	14.6%	14.7%	14.8%	15.9%	16.1%
Net result from financial transactions	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net insurance income	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other Income	4.85%	7.24%	7.43%	6.08%	8.38%	8.60%	6.06%	8.21%	11.0%	8.82%	8.82%

Source: Company data and Nordea estimates

ANNUAL INCOME STATEMENT AND BALANCE SHEET

DKKm	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
INCOME STATEMENT											
Net Interest Income	387	373	367	258	260	270	360	331	321	322	329
Net Commission Income	186	172	189	60.0	79.4	88.1	77.0	73.8	78.1	81.3	84.5
Net result from financial transactions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net insurance income	43.6	43.6	52.8	45.2	33.9	52.1	59.7	56.6	72.4	62.4	65.5
Other income	31.4	46.0	48.9	23.5	34.1	38.5	32.0	41.2	58.1	45.0	46.4
Total revenue	648	635	658	387	407	447	528	502	529	510	526
Staff costs	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other operating costs	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Depreciation	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total costs	462	457	473	237	236	244	259	273	280	285	288
Profit before loan losses	186	179	185	149	171	203	269	229	249	226	237
Loan losses	60.0	111	106	4.96	76.6	46.6	10.0	1.07	-17.4	-31.0	-40.0
Write-downs on assets	-18.0	72.0	-13.3	0.00	88.9	0.00	-8.93	0.00	0.00	0.00	0.00
Operating profit	234	324	261	207	340	207	379	366	328	273	275
Taxes	-43.7	-66.2	-54.3	-40.4	-67.0	-54.9	-71.8	-72.0	-62.3	-51.8	-52.3
Discontinued operations	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Minority interest	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net profit to equity	191	257	207	166	272	152	308	294	265	221	223
BALANCE SHEET											
Cash / Interbank	251	180	252	208	1,292	1,443	1,796	2,696	2,420	2,420	2,420
Loans to credit institutions	617	914	878	1,178	445	390	260	311	359	359	359
Loans to the public	9,537	9,956	9,909	7,608	7,624	8,083	8,883	9,086	9,842	10,194	10,558
Goodwill and other intangibles	0.00	6.68	9.96	2.43	2.68	2.40	1.70	5.08	4.83	4.83	4.83
Total assets	15,785	16,700	18,173	17,290	11,790	12,190	12,945	14,512	14,784	15,136	15,500
Interbank/owed to credit institutions	360	299	54.9	28.0	839	858	719	823	815	815	815
Deposits	13,083	13,878	15,164	7,733	7,902	8,360	8,735	10,065	10,455	10,455	10,455
Subordinated loans	223	223	224	225	99.4	99.5	99.6	99.8	99.9	99.9	99.9
Minority interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	2.00	2.00
Shareholders equity	1,820	1,987	2,263	2,271	2,036	1,817	1,851	2,076	1,985	2,013	2,075
Total equity and liabilities	15,785	16,700	18,173	17,290	11,792	12,190	12,945	14,512	14,784	15,136	15,500
Loans to deposits	72.9%	71.7%	65.3%	98.4%	96.5%	96.7%	102%	90.3%	94.1%	97.5%	101%
Non-mortg. loans to deposits	72.9%	71.7%	65.3%	98.4%	96.5%	96.7%	102%	90.3%	94.1%	97.5%	101%
LCR	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
NSFR	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
GROWTH (Y/Y)											
Adjusted for non rec.items											
Net interest income	-6.47%	-3.58%	-2.25%	-31.2%	0.73%	3.87%	34.3%	-7.69%	-3.63%	0.26%	2.46%
Net commission income	-3.08%	-7.45%	10.0%	-68.3%	32.3%	11.0%	-12.6%	-4.18%	5.92%	4.00%	4.00%
Total Revenues	1.07%	-2.03%	3.57%	-41.2%	5.33%	9.84%	18.1%	-4.91%	5.38%	-3.63%	3.03%
Staff costs	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Total expenses	0.12%	-1.16%	3.60%	-49.9%	-0.46%	3.40%	6.12%	5.52%	2.60%	1.50%	1.25%
Profit before loan losses	3.52%	-4.21%	3.50%	-19.2%	14.5%	18.7%	32.6%	-14.9%	8.70%	-9.41%	5.29%
Operating profit	13.3%	3.90%	7.16%	-20.7%	64.1%	-39.0%	83.1%	-3.43%	-10.6%	-16.8%	1.07%
Net profit to equity	16.8%	1.39%	13.1%	-26.4%	22.7%	-25.7%	106%	-3.93%	-10.5%	-17.1%	1.10%
Loans to the public	4.34%	4.39%	-0.47%	-23.2%	0.21%	6.02%	9.89%	2.29%	8.31%	3.58%	3.58%
Deposits	3.27%	6.07%	9.26%	-49.0%	2.18%	5.80%	4.49%	15.2%	3.87%	0.00%	0.00%
Assets	1.50%	5.79%	8.82%	-4.86%	-31.8%	3.40%	6.19%	12.1%	1.88%	2.38%	2.41%
REA growth (BIS Trans)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
REA growth (BIS III)	1.07%	7.34%	1.34%	-9.19%	-30.0%	5.18%	-5.23%	5.30%	7.36%	3.58%	3.58%

Source: Company data and Nordea estimates

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Analyst Shareholding

Nordea analysts do not hold shares in the companies that they cover. No holdings or other affiliations by analysts or associates.

Previous rating changes in the past 12 months

Date	To	From
No rating changes		

Distribution of recommendations

Recommendation	% distribution
Buy	59%
Hold	38%
Sell	2%

As of 01 July 2025

Recommendation structure and fair value sensitivity (absolute ratings)

Buy:	Positive share price potential versus our fair value and we see a compelling investment case to buy the share.
Sell:	Negative share price potential versus our fair value and we see a compelling investment case to sell the share.
Hold:	Share in line with our fair value and/or no compelling investment case.

We calculate our fair values by weighting DCF, DDM, SOTP, asset-based and other standard valuation methods. When applicable, we set a 12-month target price by applying an appropriate premium/discount and/or other relevant adjustment to our fair value to reflect the share price potential we see within the coming 12 months. Our fair values are sensitive to changes in valuation assumptions, of which growth, margins, tax rates, working capital ratios, investment-to-sales ratios and cost of capital are typically the most sensitive.

It should be noted that our fair values would change by a disproportionate factor if changes are made to any or all valuation assumptions, owing to the non-linear nature of the standard valuation models applied (mentioned above). As a consequence of the standard valuation models we apply, changes of 1-2 percentage points in any single valuation assumption can change the derived fair value by as much as 30% or more. Dividend payouts are included in the target price. All research is produced on an ad hoc basis and will be updated when the circumstances require it.

Nordea ESG rating methodology

For a description of the methodology used in our proprietary ESG ratings, please refer to <https://research.nordea.com/esg-methodology.pdf>

Completion Date

06/08/2025 06:20 CEST

Market-making obligations and other significant financial interest

Nordea has no market-making obligations in Føroya Banki shares.

As of today, Nordea Abp holds no positions of 0.5% or more of shares issued by Føroya Banki.

As of the publication of this report, the issuer does not hold a position exceeding 5% of the total shares issued in Nordea Abp.

Investment banking transactions and/or services

Nordea has been lead or co-lead manager in a public disclosed offer of financial instruments issued by Føroya Banki over the previous 12 months.

Distribution of recommendations (transactions)*

Recommendation	% distribution
Buy	57%
Hold	39%
Sell	4%

As of 01 July 2025

* Companies under coverage with which Nordea has ongoing or completed public investment banking transactions.

Equity risk rating

Nordea risk rating: Føroya Banki

4

As a measure of the company's operational risk we, apply a risk rating scale of 1-5 where 1 is the lowest risk and 5 is the highest. The risk rating is calculated using a weighted average of earnings/cash flow predictability, earnings quality and backwardlooking asset beta. For the most illiquid stocks, the risk rating is also adjusted for liquidity risk. The risk rating is then converted to asset beta and used to calculate the cost of capital. It is thus implicitly included in our fair value calculations.

Issuer Review

This report has not been reviewed by the Issuer prior to publication.

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