

28 January 2025

## Commissioned research: Føroya Banki – Intriguing 2025 net profit guidance

Marketing material commissioned by Føroya Banki

This afternoon just before market close, Føroya Banki announced its 2025 net profit guidance range of DKK 210-240m. We had expected DKK 190-220m, and we estimate 2025E net profit of DKK 218m. The bank, however, builds its guidance on rate cuts of 75bp during 2025, while we pencil in 125bp into our forecasts. Each rate cut of 25bp less than we estimate would likely add DKK ~3-4m to 2025E net profit. The bank also includes an assumption of a 2025 loan loss ratio of ~30bp. We estimate 38bp. The difference of ~8bp equals DKK ~5-6m on 2025E net profit. If we were to use the same assumptions as the bank, our 2025 net profit estimate would hence correspond to DKK ~230m on an apples-to-apples basis versus the 2025 guidance range of DKK 210-240m. As highlighted in [our preview](#) this morning, we note that the bank has exceeded the top-end of its guidance range six out of the last seven years.

### SUMMARY TABLE - KEY FIGURES

DKKm	2021	2022	2023	2024E	2025E	2026E
Total revenue	407.1	447.2	528.3	525.7	498.8	511.8
Total costs	236.1	244.1	259.0	270.7	274.7	277.5
LL-ratio	-0.01	-0.01	0.00	0.00	0.00	0.00
PTP	339.5	207.2	379.3	383.4	269.1	274.3
RoE	12.7%	7.91%	16.8%	15.8%	10.9%	11.4%
RoTBV	9.18%	7.63%	16.5%	15.6%	10.9%	11.5%
P/E (adj)	6.80	8.87	5.22	5.28	7.40	7.26
P/BV	66.1%	71.7%	85.1%	77.7%	83.1%	82.9%
P/TBV	0.66	0.72	0.85	0.78	0.83	0.83
BIS III CT1-ratio	23.8%	21.6%	25.8%	24.2%	23.3%	23.3%
DPS (ord. SEK)	40.3	26.1	8.36	36.7	22.7	16.2
Dividend yield (ord)	28.7%	19.2%	5.08%	21.8%	13.5%	9.64%
Total payout ratio	1.42	1.64	0.26	1.14	1.00	0.70

Source: Company data and Nordea estimates

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