

OMX the Nordic Exchange Reykjavík
OMX Copenhagen Stock Exchange

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FØROYABANKI

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Føroya Banki applies for hybrid core capital from the Credit Package

Føroya Banki is well capitalised with a high solvency ratio and a solid excess capital relative to the regulatory requirements. The Bank's core capital ratio was 21.0 per cent as of 31. March 2009.

In recent years the Bank has experienced a balanced and controlled development reflected in a loan portfolio characterised by high credit quality and good diversification on segments, industries and single exposures.

The Board of Directors prioritises that the Bank holds a solid capital base to resist any future effects of the ongoing financial crisis and the ensuing international economic set-back. This is deemed to be the case with the current capital base.

The Board of Directors is also focused on, that the Bank has the necessary capital base to fulfil its strategic goals and continuous business developments, whereof a participation in the current consolidation in the Danish banking sector is seen as a vital element. In this expected and necessary consolidation process Føroya Banki has a natural role to play having the 9th largest market capitalisation of the banks listed on the Nasdaq OMX Copenhagen stock exchange.

On this background, the Board of Directors has decided to apply for hybrid core capital from the Credit Package with reference to the governmental stipulation on capital injection in credit institutions.

The Bank applies for the maximal possible loan amount equivalent to 3 per cent of the risk weighted assets. In terms of the Bank's interim report for Q1 2009 this corresponds to DKK 212 million. In case of the Bank's application for hybrid core capital is approved, the core capital ratio of the Bank will be increased from 21 to 24 per cent.

Further information:

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