

Audiocast regarding the Q3 Interim Report
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FØROYABANKI

**Core income better than expected with
costs and impairments in control**

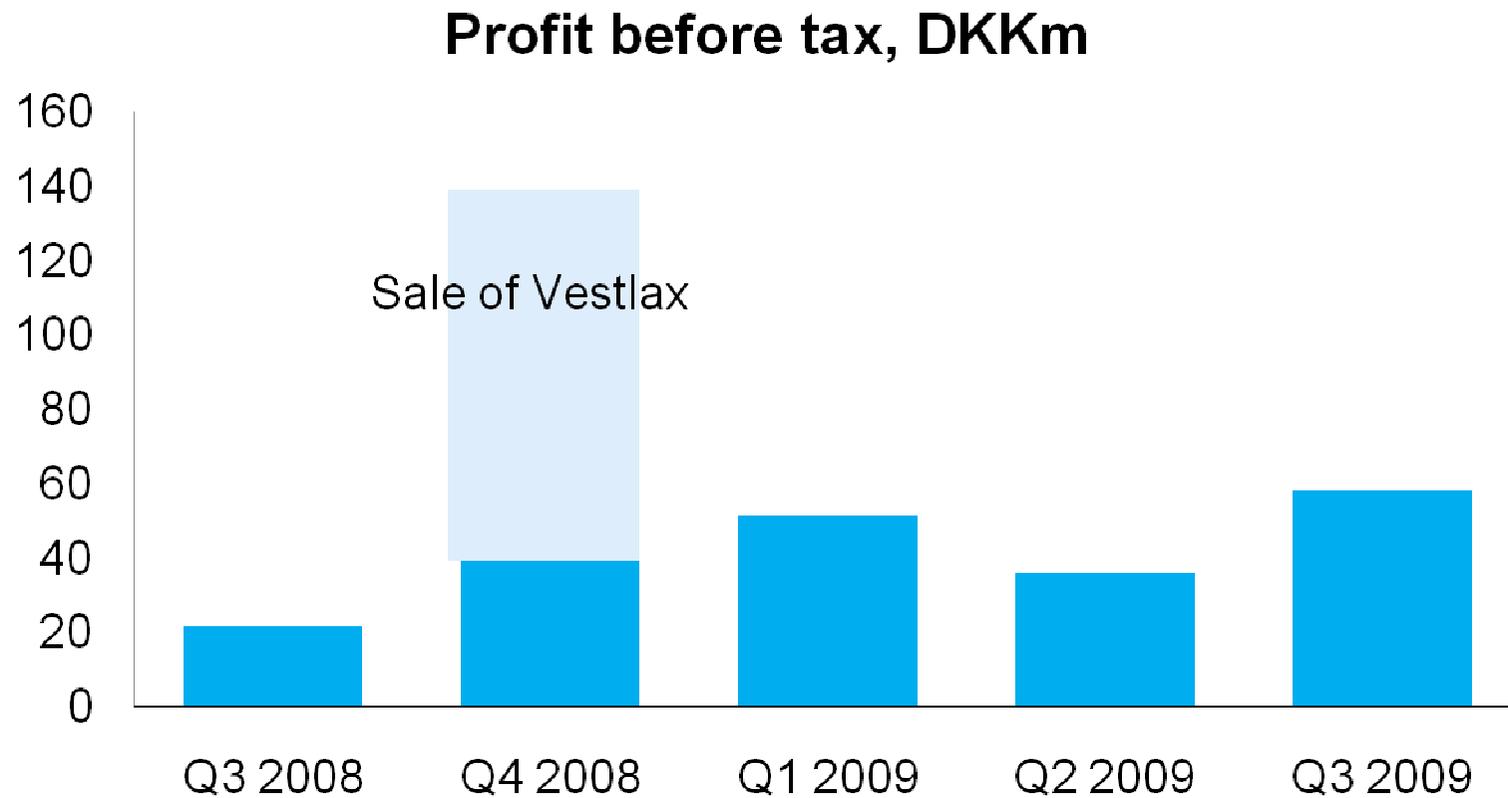
Key messages from the Q3 Report

- Outlook is maintained, DKK 165-195m
- Core earnings never been better, 42% growth YTD
- Costs under control, C/I < 50%
- Cautious credit management reflected in relatively low impairments, 25bp in Q3
- Strengthened product portfolio, DLR Kredit
- Focusing on core banking, divesting Bakkafrost
- Strong capital and liquidity, 25% core capital ratio
- Implementing international growth strategy with focus on the Nordics, 51% of Vørður

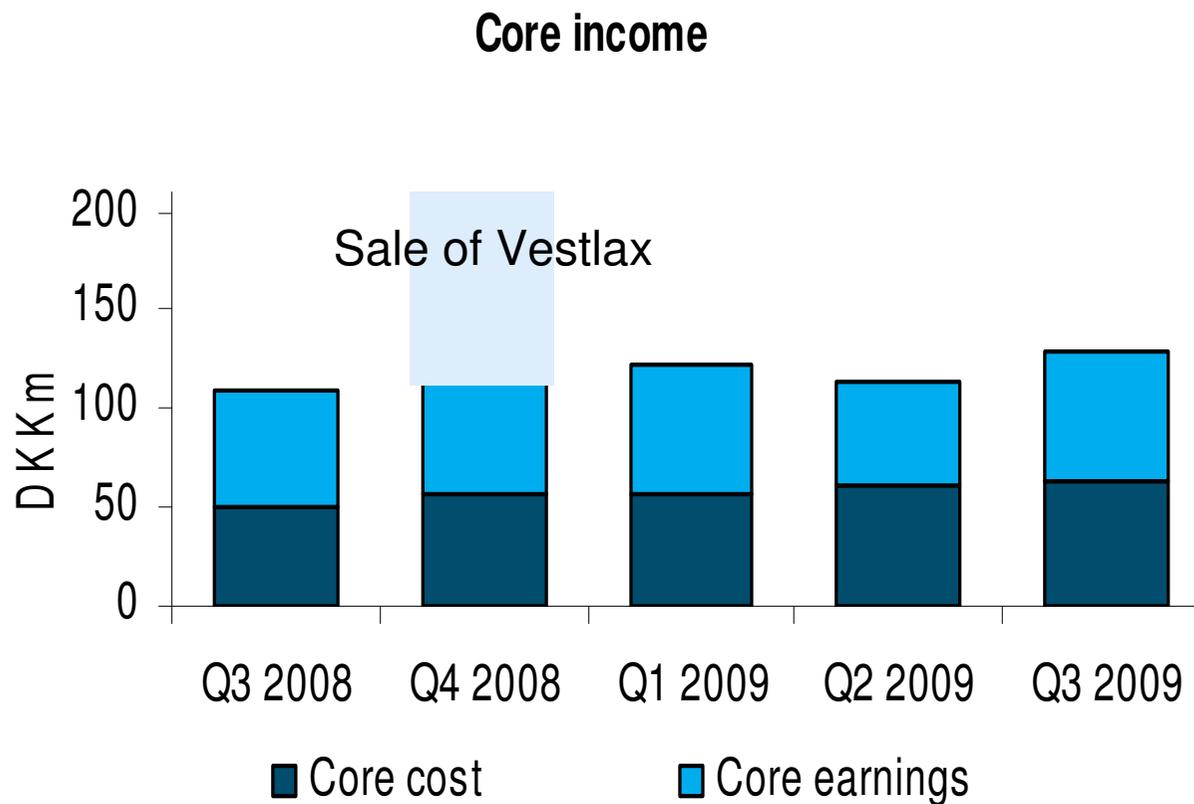
Outlook maintained at DKK 165-195m

- Profit guidance for 2009 of DKK 165–195m in the Annual Report maintained throughout the year
- Internal drivers
 - Increase in core earnings driven by increased interest margin
 - Costs under control
 - Impairments remain at 2008 level
- External platform
 - Outlook for the Faroese economy is positive
 - The economy relatively resilient throughout the economic crisis
 - A turnaround in the global economy can further strengthen this

Quarterly net profit on track...

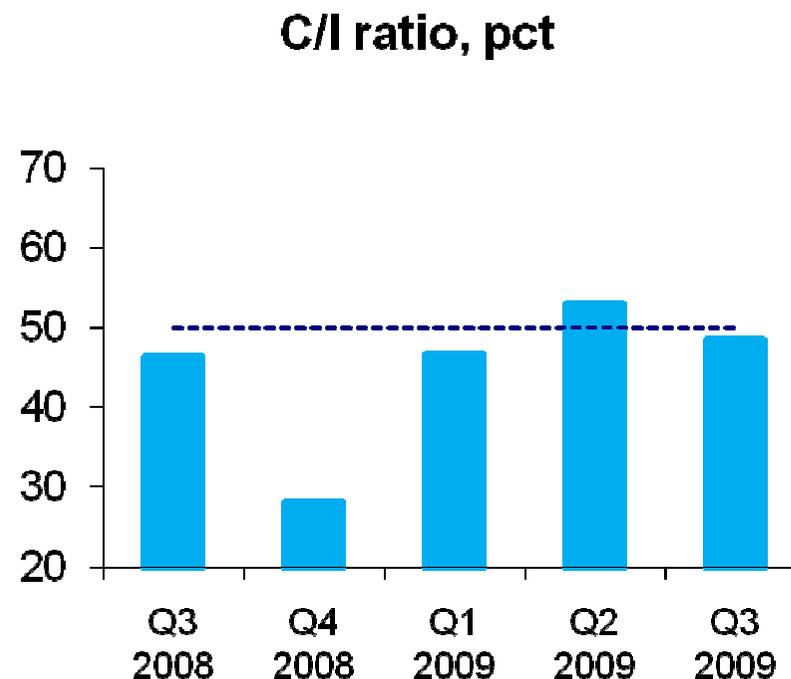


... because core earnings never been better

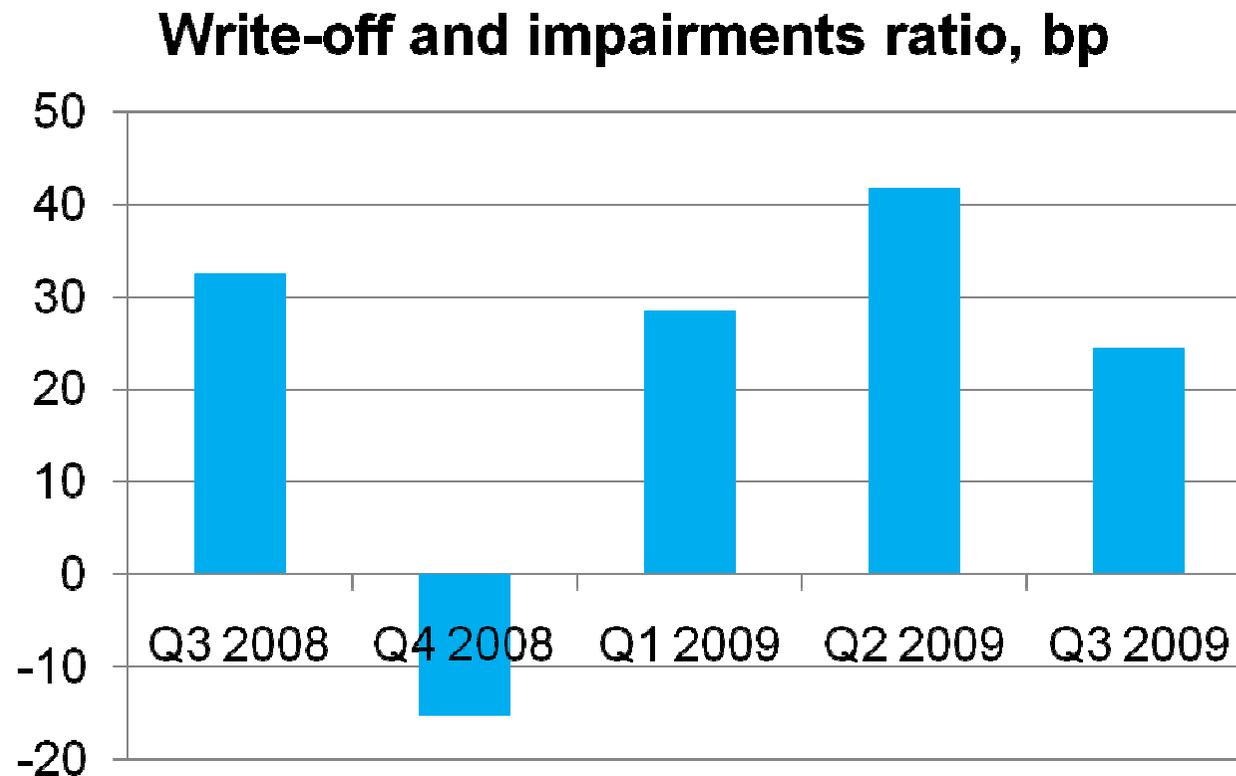


Costs under control, C/I < 50%

- Staff costs and adm. expenses grew 2%, YTD
- Costs related to bank package 20m, YTD

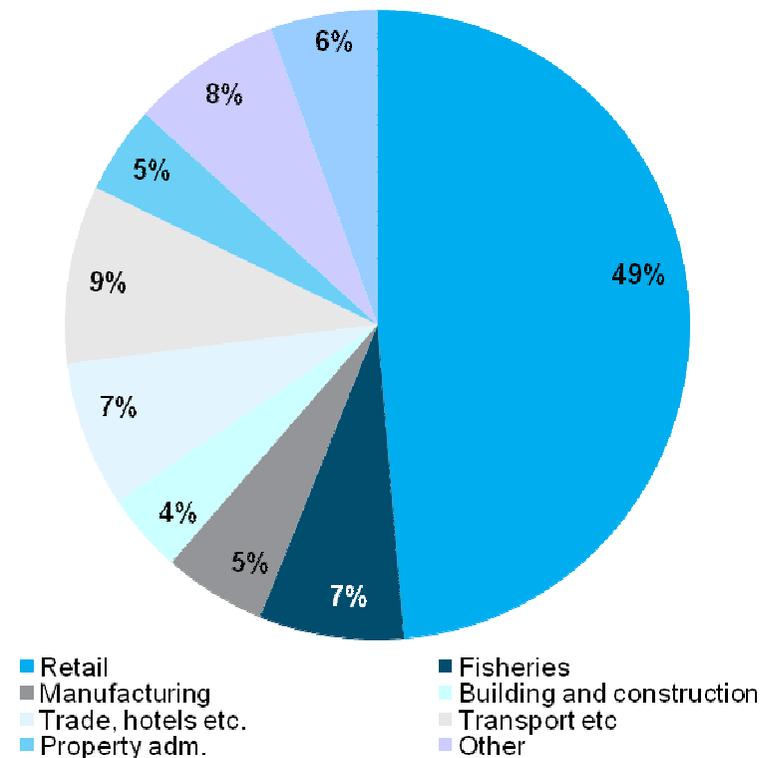


Credit management is reflected in relatively low impairments, 24 bp in Q3



... reflecting a relatively well diversified loan book with 49% to retail customers

- Collateralised retail loan portfolio
 - 80% of lending are first mortgages
 - 90% of mortgages have LTV below 80%
- Diversified corporate loan portfolio
 - No single industry exceed 9%
 - Large exposures only 27% of equity



Strong capital base and liquidity situation

- Capitalisation with core capital ratio of 25%
 - Shareholders equity 1.6 bn
 - Hybrid capital 0.2 bn
 - Risk weighted items 6.8 bn
- Liquidity situation on the markets have normalised, and the bank is actively working on improving the loan/deposit ratio
- Strong platform for acquisitions going forward

Strengthened product portfolio in Q3 with mortgage lending to retail

- First mortgage loans on balance sheet amount to 2.6 bn
- Strategic cooperation with DLR Kredit
- Target is to improve the product offering to customers as well as to improve the loan/deposit ratio going forward

Q3 also included preparatory activities for the divestment of Bakkafrost in H1 2010

- Corporate Finance is preparing the merger and ensuing IPO of Bakkafrost on Oslo Børs in H1 2010
- Føroya Banki will divest the 33% stake in the merged company reflecting focus on core banking
- For 2008 Bakkafrost alone had a net profit of DKK 37 million

Implementing international growth strategy with focus on the Nordics, 51% of Vørður

- Strategic cooperation with the other shareholders secures distribution of insurance products
 - BYR is the largest savings institution
 - Landsbankinn is the largest commercial bank
 - SP is a leasing and investment company
- Insurance company with similar business model as Trygd
 - 13% market share in the retail market and about 10% in corporate segment
 - Premium portfolio is well spread with 70% of premiums coming from retail customers and 30% from small and medium sized businesses
 - Positive return on investment already next year

