

FØROYABANKI

Interim Report

Q3 2009

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Summary

Q3 highlights:

- Pre-tax profit up by 165% to DKK 58m compared to DKK 22m in Q3 2008
- Core earnings up by 13% to DKK 66m compared to 59m in Q3 2008
- Impairments DKK 20m compared to DKK 28m in Q3 2008
- The Group now offers mortgage bond housing finance through DLR
- Føroya Banki group received DKK 203m Hybrid Capital injection from the Danish State
- Acquisition of majority stake in Icelandic non-life insurance company Vörður for DKK 48m

Year to date highlights:

- Pre-tax profit guidance maintained at DKK 165-195m excl. value adjustments and state guarantee
- Net interest and fee income growth projection increased to 15-20%
- Interest and fee income and income from insurance activities up by 29% to DKK 371m
- Core earnings has increased by 42% to DKK 186m from 130m in 2008
- Core cost/income ratio improved to 49% in 2009, compared to 55% in 2008
- The Group's solvency ratio is now 25% compared to 19% in Q3 2008
- Liquidity at the end of Q3 2009 was 234% above the statutory requirements

“We have maintained the steady progress in Q3, improving the bottom line and the solid capital base, while at the same time realizing some major strategic steps in terms of improving the product offering to our customers and implementing our international growth strategy,” – Janus Petersen, CEO.

The Group has continued to improve its results according to the forecast. In Q3 2009 Føroya Banki Group's pre-tax result was DKK 58m and the result year to date 2009 was DKK 146m - in line with the projections, which are maintained.

During Q3 2009 the Group took the first important step in its internationalization strategy by acquiring the majority stake in the non-life insurance company Vörður. Further the Group launched its first mortgage bond product which over time can lift a large part of the bank's existing mortgage loans off balance. Finally the Group received Hybrid Capital injection amounting to DKK 203m from the Danish State.

The main drivers behind the improved result are increased net interest income, strong income from insurance activities, low and declining impairments compared to peers, and continued below 50% core cost/income ratio. The positive development in core earnings has made it possible to offset the increased expenses to Danish state guarantee schemes.

Based on the present solidity and the ability to generate income, the Group will continue to develop its core competences and seek geographical expansion within its present core business over the coming year.

Financial Highlights - Føroya Banki Group

Income statement - Føroya Banki Group	Q1 - Q3	Q1 - Q3	Index	Q3	Q3	Index	Q2	Q1	Q4	Full year
DKK 1,000	2009	2008	09 / 08	2009	2008	09 / 08	2009	2009	2008	2008
Interest income	458,294	482,884	95	142,265	173,358	82	147,185	168,844	175,601	658,485
Interest expenses	148,798	245,216	61	34,042	86,980	39	47,681	67,075	85,860	331,075
Net interest income	309,496	237,668	130	108,223	86,377	125	99,505	101,769	89,741	327,410
Dividends from shares and other investments	2,661	5,428	49	8	34	23	2,616	37	8	5,436
Fee and commission income	29,968	32,660	92	9,111	13,084	70	10,132	10,724	16,009	48,669
Fees and commissions paid	188	127	148	51	44	116	53	84	62	189
Net interest and fee income	341,936	275,630	124	117,291	99,451	118	112,200	112,446	105,697	381,326
Premium income, net of reinsurance	61,494	54,534	113	21,604	19,306	112	20,176	19,714	18,986	73,520
Claims, net of reinsurance	32,337	41,466	78	9,682	8,833	110	14,059	8,595	12,590	54,056
Interest and fee income and income from insurance activities, net	371,093	288,697	129	129,212	109,924	118	118,317	123,564	112,093	400,790
Market value adjustments	35,930	-49,973		11,227	-9,199		15,944	8,759	-23,424	-73,397
Other operating income	-2,018	-2,333	86	-693	-486	142	-604	-722	93,971	91,638
Staff cost and administrative expenses	157,028	154,431	102	53,652	49,443	109	54,019	49,358	49,114	203,546
Depreciation and impairment of property, plant and equipment	3,272	4,491	73	1,777	1,376	129	750	746	1,127	5,618
Other operating expenses	20,146	0		6,936	0		5,885	7,325	7,524	7,524
Impairment charges on loans and advances etc.	75,961	113,604	67	19,543	27,567	71	33,836	22,583	-8,703	104,902
Income from associated and subsidiary undertakings	-3,021	2,820		172	0		-3,193	0	0	2,820
Profit before tax	145,576	-33,315		58,011	21,852	265	35,975	51,590	133,578	100,263
Tax	26,849	15,431	174	10,470	11,415	92	7,093	9,286	-2,896	12,536
Net profit	118,727	-48,746		47,541	10,438	455	28,882	42,305	136,474	87,727
Balance sheet - Føroya Banki Group	Sept. 30	Sept. 30	Index	Sept. 30	Sept. 30	Index	June 30	March 31	Dec 31	Full year
DKK 1,000	2009	2008	09 / 08	2009	2008	09 / 08	2009	2009	2008	2008
Loans and advances at amortised cost	7,297,855	7,754,536	94	7,297,855	7,754,536	94	7,419,643	7,577,552	7,728,560	7,728,560
Bonds at fair value	1,122,733	848,507	132	1,122,733	848,507	132	1,067,046	1,021,154	940,201	940,201
Total assets	9,819,192	9,621,288	102	9,819,192	9,621,288	102	9,567,598	9,803,558	10,066,685	10,066,685
Due to credit institutions and central banks	1,863,685	2,571,826	72	1,863,685	2,571,826	72	1,769,518	2,001,090	2,317,290	2,317,290
Deposits and other debt	5,378,065	5,393,779	100	5,378,065	5,393,779	100	5,485,810	5,472,067	5,494,199	5,494,199
Issued bonds at amortised cost	499,654	0		499,654	0		499,717	499,843	500,000	500,000
Total shareholders' equity	1,620,315	1,396,824	116	1,620,315	1,396,824	116	1,569,034	1,550,346	1,524,042	1,524,042
Total liabilities and equity	9,819,192	9,621,288	102	9,819,192	9,621,288	102	9,567,598	9,803,558	10,066,685	10,066,685

Financial Highlights, continued - Føroya Banki Group

Ratios and key figures Føroya Banki Group	Sept. 30 2009	Sept. 30 2008	Sept. 30 2009	Sept. 30 2008	June 30 2009	March 31 2009	Dec 31 2008	Full year 2008
Solvency								
Solvency ratio, %	25.3	18.9	25.3	18.9	22.1	20.8	20.6	20.6
Core capital ratio, %	25.4	19.0	25.4	19.0	22.2	21.0	20.8	20.8
Risk-weighted Items, DKK mill	6,763	7,306	6,763	7,306	6,805	7,087	7,201	7,201
Profitability								
Return on equity after tax, %	7.6	-3.4	3.0	0.8	1.9	2.8	9.3	5.8
Cost / income, %	63.8	113.9	58.5	78.2	72.4	60.8	26.9	76.2
Cost / income, % (excl. value adjustm. and impairments)	49.3	55.0	48.5	46.4	53.0	46.7	28.0	43.8
Liquidity								
Excess cover relative to statutory liquidity requirements, %	234.2	75.8	234.2	75.8	196.8	193.8	193.0	193.0
Credit risk								
Growth on loans and advances, %	-5.6	2.7	-1.6	1.0	-2.1	-2.0	-0.3	2.4
Gearing of loans and advances	4.5	5.6	4.5	5.6	4.7	4.9	5.1	5.1
Shares								
Earnings per share after tax (nom. DKK 20), DKK	12.3	-4.9	4.9	1.1	3.0	4.4	13.8	8.9
Market price per share (nom. DKK 20), DKK	144	166	144	166	122	122	120	120
Book value per share (nom. DKK 20), DKK	168	141	168	141	163	161	154	154
Other								
Number of full-time employees, end of period	231	238	231	238	231	228	225	225

Outlook for 2009

The outlook for the Group is based on the budget and forecast for the second half of 2009.

In the Annual Report 2008 the Group estimated profit guidance for 2009 within the range of DKK 165–195m before value adjustment, expenses to the Danish state guarantee scheme and tax. This outlook was maintained in the Q1 and H1 2009 reports.

The Group maintains this profit guidance for 2009.

Based on the development in interest margins and lending volume during 2009, the Group has increased its forecasts for net interest and fee income in each of the interim reports published so far. In Q1 2009 the forecasted growth was 5-10% and in H1 2009 10–15% compared to 2008. Now in Q3 2009, the Group increases the forecasted growth in net interest and fee income relative to 2008 to be within the range of 15-20%.

The development in the Faroese economy has only had a limited effect on the impairments on loans and advances.

However the financial crisis has weakened some customer's financial strength due to losses on securities. The Bank has made sufficient impairments on these exposures and the risks on the remaining exposures related to these costumers are considered to be limited.

Based on the relatively positive outlook for the Faroese economy, the Group estimates the

impairments to stay below the level of 2008, and thus maintains its projections made in H1 2009.

The Group participates in the Danish government's guarantee scheme from October 2008, which affects the Group's costs. Due to the fact that potential costs are considerable, but at the moment uncertain, the outlook for 2009 does not include these costs.

The Group's liquidity is excellent and is expected to remain at a comfortable level in 2009.

The Group has a very high solvency ratio of 25% and based on the current outlook for 2009, the Group estimates the solvency ratio to stay on a comfortable level.

The forward-looking statements for the Group and the parent company expressed in this outlook or anywhere else in the report are subjected to risks and uncertainties, both general and specific and can cause the actual results to differ from those contemplated in any of the forward-looking statements.

Please also refer to the risk section in the Annual Report 2008 on pp 38-45, where the most pronounced risks and uncertainties are addressed.

Management's Report

Operational Review

In this section an overview of the Føroya Banki Group's operational activities and focus areas is presented through a presentation of its five main business areas: Retail Banking, Corporate Banking, Corporate Finance, Markets, and Insurance. Over all there has been an increase in net earnings in the Groups business areas so far in 2009.

Q3 has focused on continual streamlining of the present business setup. Some new initiatives, products and projects have been launched, and the Group has tested its ambitions to expand the activities internationally.

Retail

Because of repercussions from the economic downturn, revenue from products and new loans has decreased – resulting in lower transaction based income.

In order to strengthen the customer focus, the Bank has further developed its concept for proactive customer relations management in Q3 2009. This concept of proactive meetings providing the customer with the opportunity to discuss personal finances and the demand for financial services has been revitalized and re-launched in Q3.

In cooperation with the Danish mortgage institute DLR the Bank in Q3 was able to expand the product portfolio to Faroese households by offering bond backed mortgage loans. This new option gives the customers the advantage of housing finance at lower interest rates than the regular first priority bank loan. The Bank expects this to become the preferred housing finance product for retail customers in the future.

Corporate

The demand for loans by the Faroese corporate customers has been dampened with the onset of the international economic crisis. This situation has prompted the Corporate Division to further secure the current loan exposures and to offer other financial services to the customers.

As the Faroese economy has entered into an economic slowdown the outlook for some of the corporate customers has worsened. The Corporate Division is continuously monitoring the portfolio of corporate customers in line with the Bank's prudent credit policy.

As in the Retail area, the Corporate Division in 2009 has put much effort in to pursuing proactive interaction with customers. This is partly done by proactive meeting activities with the corporate customers on their premises in order to identify their needs for financial services.

Corporate Finance

The main areas of responsibility of the Corporate Finance Division are Mergers & Acquisitions,

Equity Capital Market and Financial Consultancy - including overall venture management and advisory services, as well as analyses and due diligence – services that are crucial to our customers to facilitate their decision-making.

Corporate Finance has among other projects in the foregoing quarter been active as joint lead manager in the Bakkafrost/Vestlax merger and listing process. The work with this ongoing project will last until the merged company has been listed on Oslo Stock Exchange H1 2010.

The Corporate Finance division has also acted as lead advisor in Føroya Banki's acquisition of 51% of the shares in the Icelandic insurance company Vørður hf. The acquisition was announced on 5 October 2009.

Markets

The activities in Q3 2009 have been characterised by an increase in customer demand for securities trading compared with the H1 2009, and an internal focus on optimising the business processes in the Bank's new IT platform with SDC. Optimising the business processes has resulted in a cancellation of the direct trading membership on the stock exchange focusing the resources on product development and sales.

The planned pension reform on the Faroes is expected to increase mobility on the market for pension services as well as challenge the dominating position of the life insurance companies. Therefore, the Markets Division has initiated and implemented further development of the competences of staff in the provision of pension services.

Trygd

The 100% owned non-life insurance company Trygd is a full service insurance provider to Retail and corporate customers. In the Retail market the company has steadily grown its market share to around 25 %. On the corporate market the share is somewhat lower.

The company has built up a wide range of insurance products and services to corporate customers, and is committed to increase its marked share.

At the end of 2008 the company stopped providing marine insurance because it wanted to focus on a more balanced insurance risk portfolio for corporate and individuals.

So far Trygd has had a profitable year. The net profit in Q3 2009 is favourable, due to a low claim ratio and stable administrative costs compared to the same period last year.

Adjustments of premiums last year, and a radical reduction of administrative costs, have made the company more profitable. Favourable weather conditions and relatively few costly claims have had a positive impact. Claim costs were lower compared to Q3 2008, resulting in a higher technical insurance result, where especially Q3 2009 has had a positive impact.

Due to the weather conditions, Q4 is often a tough quarter for the non-life insurance business in Faroe Islands. Therefore the expectation for profit in the last quarter of 2009 is somewhat limited.

INTERNATIONAL ACTIVITIES

The Føroya Banki Group's strategic objective to develop its business outside the current market is starting to take form.

Copenhagen Branch

In Q3 2009 the branch has been occupied with converting the IT platform from BEC to SDC. This was fully implemented in late August.

In cooperation with the Markets Division and the Danish asset manager LD Invest, the branch has developed two new pension products for the Danish market.

In Q3 2009 the branch has also developed a sales concept to the pension brokers. In Q4 2009 focus will especially be on direct marketing campaigns to corporate customers and to further develop the relations with the primary sales channel – the pension brokers.

In 2010 the plan is to increase the efforts to attract more deposits from Danish customers.

The Group is focused on further developing the business activities in Denmark and a number of options have been considered. In Q3 2009 considerable effort was put in to the joint bid on Fionia Bank. Although the bid was not successful in terms of winning the tender, it gave the Group an opportunity to make some of the necessary preparations for a successful acquisition. The Group continues to monitor the opportunities on the Danish market for banking services.

Vörður

The intended acquisition of the 51% stake in the Icelandic insurance company Vörður in October 2009 is Føroya Banki Group's first international acquisition. Hereby the Group strengthened its position within the non-life insurance sector as well as expanded geographically in the Nordic region. The Group also expects to realize synergies, which will benefit both Trygd and Vörður.

Vörður is the youngest non-life insurance company in Iceland. Besides Føroya Banki, Landsbankinn – Iceland's largest retail bank - and Byr Sparisjóður – Iceland's largest savings bank – along with the leasing company SP-Fjármögnun hold shares in the company. Vörður has enjoyed a close relationship with its owners and will seek to increase the current distribution of products through them. The Company also sells its products through in-house sales staff and tied agents. The Company has in reality been the only company on the market that has had agreements with broking houses in Iceland.

Vörður offers all non-life products for retail and corporate customers. Life products are offered through a separate company Vörður Líftryggingar (Vörður life). Vörður has about 13% market share in the retail market and about 10% in corporate segment. Its premium portfolio is well spread with 70% of premiums coming from retail customers and 30% from small and medium sized businesses.

In the past three years the company has focused on sales to the retail market and the result is doubled premium volume. 70% of the overall business is in the motor portfolio but focus is set

to balance it to account for less than 50% of the overall premium.

Though the Icelandic economy experiences a serious crisis the Bank considers the prospects for Vörður to be favourable – since more than 90% of households in Iceland still hold jobs and since small and medium sized companies are not as badly affected as the larger ones. Furthermore people are driving less due to the economic downturn resulting in fewer motor claims being notified – leading to improvements in claims ratios.

Special focus is set on increasing market share in small and medium sized companies.

Bakkafrost and Vestlax

As announced in July 2009 the shareholders of the two major Faroese aquaculture companies Bakkafrost and Vestlax have agreed to merge the

two companies as of 1 January 2010. The merged company will seek to be listed on Oslo Stock Exchange in H1 2010.

The preparations for the planned IPO and listing are ongoing and are jointly managed by Føroya Banki Corporate Finance and Nordea Markets (Norway).

Føroya Banki owns 34% of Bakkafrost and 2% of Vestlax, but Føroya Banki also has a convertible loan of DKK 40m in Vestlax, which is expected to be converted into shares taking the combined ownership of Føroya Banki in the merged company to 33,7%.

Sticking to the Banks strategy to focus on core banking activities while reducing high exposures to individual sectors, the Bank has announced that it intends to divest its holdings in the merged company in connection with the pending IPO.

The Faroese economy

By and large the Faroese economy remained afloat through out the third quarter and the projections for the coming year are brighter than one year ago.

Repercussions from the global slowdown have hit the Faroese economy but only to a limited extent. A new report from the Governmental Bank of the Faroes forecasts a rebound in the economy from the nominal contraction of 3% in 2009 (somewhat better than the - 5% forecast in Føroya Banki's 2008 Annual Report) to a positive economic GDP growth of 3% in 2010.

If the projections from the Governmental Bank prove to be correct, the Faroese economy will be relatively mildly hit by the international crisis bearing in mind that the economy grew very fast prior to the credit crisis with growth rates amounting to 11% in 2006 and 5% in 2007.

One of the countercyclical drivers in the economy is the aqua-culture industry, which has increased its production by 38% and revenue by 51% over the first seven months of 2009 compared to the same months of 2008. Salmon is now the single most valuable export of the country. This offsets to a degree the negative impact from the fisheries sector caused by lower fish stocks and prices, and the slump in the housing and construction sector.

The unemployment rate, which was down to 1% last summer, has taken a step up and by August reached 4% - up from 3.4% in May. However the level of unemployment is low compared to most countries.

Paid wages has declined by 4% compared to 2008, but the level has stabilized since the summer 2009.

Private consumption is expected to increase by 3% in 2010 (following an expected drop by 10% in 2009) and private investments are expected to increase by 18% in 2010. Consumer prices have decreased by 0.6% over the last quarter.

The public budget 2010 is projected to show a deficit of 768m DKK, corresponding to about 6% of GDP. The deficit is mainly caused by the slump in VAT and tariff income from construction activities and consumption. The government has also chosen to increasing expenditure in order to sustain economic activity.

The public sector is expected to increase its investments by 4%, but despite the deficit the government remains well bolstered to implement further expansive policies if necessary.

Compared to last year the total export of goods and services – excluding sale of fishing vessels – has decreased by 1% in 2009 compared to 2008 and 9% compared to the equivalent period in 2007. Export of salmon products was DKK 729m an increase by 43% and aquaculture now accounts for 35% of total export.

Total imports have decreased by 32% in 2009. It is especially fuel, production components, goods and machinery for direct consumption that has experienced considerable decline. This reflects the halt in activity and cautiousness of households.

The trade balance in 2009 is expected to improve considerably closing in to balance, while the balance of payments will have a high surplus of almost 10% of GDP – thus increasing the foreign net assets of the Faroe Islands.

After some years with population growth the increase has stopped. In August inhabitants in the Faroe Islands were 48.603 - the same as in August 2008.

Outlook

The economic fundamentals for the Faroese economy are basically sound with relatively high activity and employment, net foreign assets and low public debt as well as a positive trend in trade and payment balances.

The Faroese Governmental Bank forecasts GDP growth of 3% in 2010. The average

unemployment rate for 2009 will be around 3.5%, and is expected to stay below 5% in 2010.

However there are risks to watch out for. The public budget deficit has to be addressed sooner rather than later. Some of the fishing stocks are not in a good condition and the potential for increasing value in aquaculture is dubious due to capacity constraints and the fact that prices already are high.

Source:

The Faroese Governmental Bank: "Economic Assessment", 30 October 2009, www.landsbankin.fo

Financial Review

INCOME STATEMENT

The financial result in Q3 2009 is in line with Føroya Banki Group projections posed in the beginning of the year and realized in the subsequent interim reports.

Føroya Banki Group's favourable development in its core business is the main explanation for the Q3 2009 result. The net profit for Q3 2009 was DKK 48m compared to 10m in the same quarter in 2008.

Over the first three quarters of 2009 the net result was DKK 119m, compared to DKK -49m same period 2008.

Increased income

The Bank's interest income in Q3 2009 has been reduced by 18% to DKK 142m compared to DKK 173m in Q3 2008. The decrease is caused by a general reduction in the interest rates and by a lower level of loans to customers.

On the other hand interest expenses decreased more than interest income in Q3 2009; by 61% or DKK 53m, from DKK 87m in Q3 2008 to DKK 34m in Q3 2009. The reduction in interest expenses is primarily caused by lower interest rates in general, but in particular the externally funded Euro determined loans benefit most from lower interest rates.

Net interest income is DKK 108m in Q3 2009 corresponding to an increase of 25% compared to Q3 2008. This is DKK 9m or 9% higher than in Q2 2009. The Group has thus been able to maintain

its interest margin – taking into account the extra costs that have been levied through Danish state guarantee schemes.

The corresponding figures for the first three quarters of 2009 are in line with the Q3 2009 result. Interest income has fallen by 5% to DKK 458m while expenses have decreased by 39% to DKK 149m.

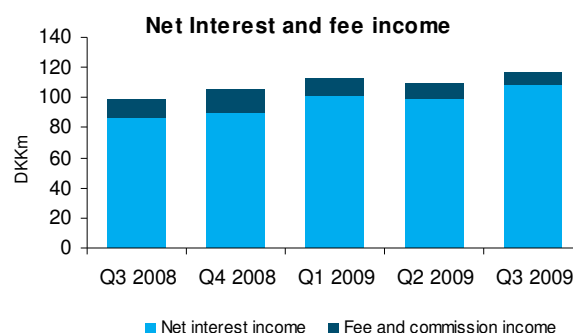


Figure 1 Net interest and fee income

The result for the first three quarters of 2009 is a net interest income of DKK 309m, which is 30% improvement compared to same period 2008.

Net interest and fee income for Q3 2009 is DKK 117m, an increase of 18% relative to Q3 2008. Fee and commission income in Q3 2009 was DKK 9m, a 30% decrease relative to DKK 13m in Q3 2008. This development is explained by a general decline in activities.

Net interest and fee income for the first three quarters of Q3 2009 was DKK 342m or 24% higher compared to DKK 276m in the same period in 2008.

In the H1 2009 outlook, the group revised the projections for net interest and fee income stated in the Annual Report 2008 and later revised in the Q1 Report 2009. The Group now increases the forecast for growth in net interest and fee income to 15-20% from the 10-15% in the H1 2009 report and 5-10% in the Q1 2009 report.

The insurance activities in Trygd in Q3 2009 had a positive effect on the Group's core income in line with the first half of 2009. The net contribution from insurance activities in Q3 2009 is DKK 12m or DKK 2m more than in Q3 2008. This was mainly caused by a 12% increase in net premiums, while net claims rose by 10%.

For the first three quarters of 2009 Trygd has improved the contribution compared to the same period last year. Net income has increased by 123% or DKK 16m, from DKK 13m in at the end of Q3 2008 to DKK 29m at the end of Q3 2009.

The real estate broker Skyn has cut down on its activities because of the slowdown in real estate sales. The realized result was negative by DKK 0.3m.

Seen over the last nine months, the Group has experienced progress in interest and fee income and income from insurance activities by DKK 82m to DKK 371m compared to DKK 289m in 2008. This corresponds to a 29% increase.

Improved value adjustments

Value adjustments on the Group's portfolio of bonds and shares have rebounded in the third quarter of 2009, from being negative in Q3 2008 by DKK -9m to a positive contribution of DKK 11m in Q3 2009.

From the beginning of the year value adjustments are up from DKK -50m in the first three quarters of 2008 to DKK 36m in the first three quarters of 2009 – a positive impact on the profit and loss statement by DKK 86m compared to the first three quarters of 2008.

Given the limited investment it is mainly the shares that have performed well over the year with DKK 12m. But the portfolio of bonds that has increased along with the Groups improving liquidity, has also contributed well with a positive value adjustments of DKK 17m.

Though the value adjustments for the year so far are positive it is worth emphasising that Groups main objective with regards to investments, is low-risk placement of liquidity. Therefore there is no element of proprietary trading involved and thus the Groups projections do not involve the proceeds from value adjustments.

Stable operating expenses

The operating expenses in general have not changed much over the year. In Q3 2009, expenses to staff and administration have increased to DKK 54m from DKK 49m corresponding to growth of 9% compared to Q3 2008. Looking at the first three quarters of 2009 the increase in staff costs and administrative expenses are up from DKK 154m during the same period 2008 to DKK 157m corresponding to 2%.

Other operating expenses cover the participation in the inter bank guarantee scheme for the Danish banking sector. The total amount paid for the first three quarters of 2009 amounted to DKK 20m. The state guarantee scheme was implemented in Q4 2008 thus there was no comparable cost for

the same period last year. The group estimates the costs related to the State Guarantee Scheme to total DKK 27m for 2009.

Furthermore due to the state guarantee scheme the Bank is liable to pay its share of losses related to potential foreclosure of Danish banks in case of the losses in the Danish banking sector exceed the initial guarantee amount of 15bn. These sector related costs increase the pressure on the Group to maintain a higher level of income compared to earlier years.

Improving core earnings

The Group's core earnings (*earnings excl. value adjustments and impairments*) have improved in Q3 2009 and reached DKK 66m, which is 23% up compared to the DKK 54m in H1 2009 and 13% up from the DKK 59m in Q3 2008.

The corresponding figures for the first three quarters of 2009 were DKK 186m compared to DKK 130m at the end of Q3 2008, an increase of DKK 55m or 42%.

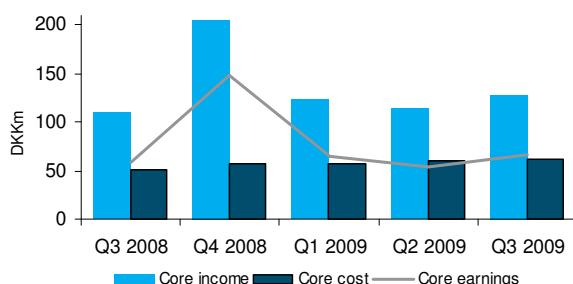


Figure 2 Core earnings

The main reason for the increase YTD 2009 compared to 2008 is the growth in net interests of DKK 72m and an increase in net premium income from insurance activities of DKK 16m. The

improvement in core earnings has been a trend throughout 2009. Included in the core earnings are the DKK 20m expenses to the State Guarantee Scheme.

Favourable cost / income ratio

The core cost/income ratio reached 49% in Q3 2009 compared to 53% in Q2 2009. The corresponding ratio year to date is 49% compared to 55% at the end of Q3 2008

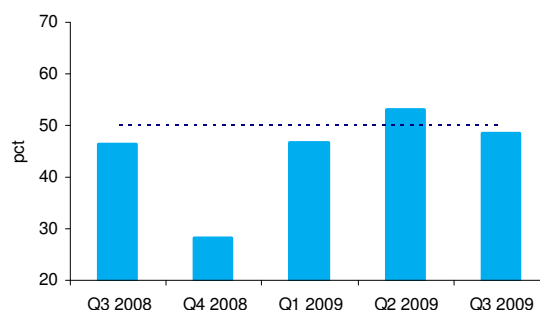


Figure 3 Cost/Income ratios

The core C/I ratio thus is in line with the Group's long term goal of sustaining a core cost income ratio below 50%. This reflects the Group's focus on effective banking through cost consciousness.

Impairment charges on loans and advances in line with projections

Impairment charges on loans and advances have in Q3 2009 amounted to DKK 20m which is 29% less than in Q3 2008. Total impairments at the end of Q3 2009 are DKK 76m, a 33% decline from the DKK 114m at the end of Q3 2008.

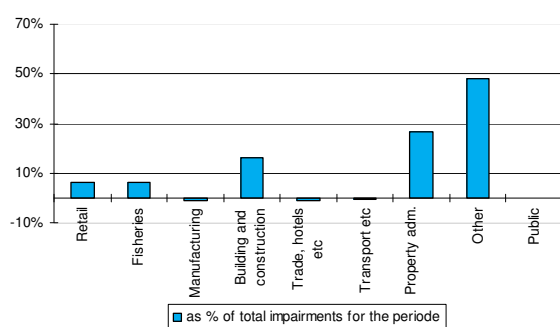


Figure 4 Impairments for 2009

The Group has made impairments for potential losses to the extent deemed necessary. A well-diversified loan portfolio defines the Group's credit risk management policy and this continues to be the pursuit.

The Group's accumulated impairment charges on loans amounted to DKK 358m.

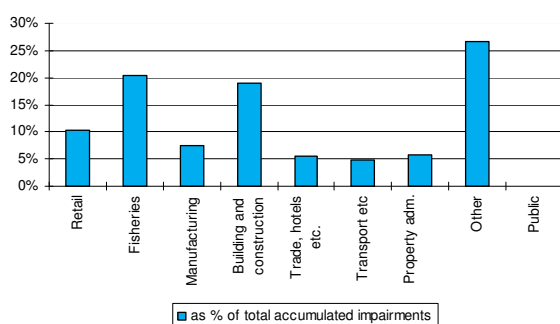


Figure 5 Accumulated impairments

The slowdown in the Faroese economy has only had a limited effect on the level of impairments on loans and advances although the probability for impairments has increased to a limited extent.

Due to the relatively modest unemployment rate of 4% and the fact that Faroese household debt is relatively low at 60% of GDP – compared to e.g. 120% in Denmark - the retail customers are performing well. Furthermore 80% of the retail

portfolio is granted against first mortgages in houses and of this portfolio 90% of the loans are secured within 80% of the value of the property. Thus the Bank considers the risk in retail portfolio very low.

The impairments are not due to problems with the Bank's customers in general but are concentrated on a limited number of customers in the segments investments companies (others), building and construction, and fisheries companies. The problems of these companies are due to different reasons but are in most cases not linked to the slowdown in the Faroese economy.

A part of the impairments are directly linked to the international financial crisis. Although it has been the Bank's credit policy to generally refrain from investment credits and from financing investments in securities the Bank has financed a few investment companies based on their high solvency. The financial crisis has had a negative effect on some of these exposures, since the customers have realized losses on securities to an extent that has considerably weakened their financial strength. The Bank has made impairments on these exposures that are considered sufficient and the risks on the remaining exposures related to these customers are considered to be limited.

The Bank's exposures in the building and construction sector are generally sound, since the Bank's main exposures are with the leading construction companies in the Faroes, which are generally well consolidated and unharmed by the slowdown in building activity. Some of these companies have even had the strength to

successfully compete in international markets in 2009.

The Bank has financed one larger housing development, and unfortunately this project has been hit by delays and increased costs and the Bank has made sufficient impairments on this project. The impairments related to the building and construction sector are nearly all explained in this single project.

Furthermore the Bank has made some impairments on fisheries companies that are engaged in vessels fishing in Faroese waters. The Bank's exposures on fisheries in Faroese waters stands for about half of the Bank's exposures in fisheries. A part of this fleet has experienced lower income due to declined prices and catches, but most of the fleet is well consolidated and is able to survive for a long period with low prices and catches.

The other half of the Bank's exposures to fisheries are to large efficient vessels fishing in international waters that are very profitable.

The Bank has made sufficient impairment on fisheries and considers the risk in this segment as limited.

BALANCE SHEET

ASSETS

The Group's total assets have increased since H1 2009 and on 30 September 2009 they amounted to DKK 9,819m, which is 2% or DKK 252m higher than the preceding quarter. This is mainly due to the DKK 203m payment of hybrid capital from the Danish state.

Compared to Q3 2008, total assets have increased by 2% but compared to the beginning of the year there has been a decrease in the balance sheet amounting to DKK 247m or 2%. The decrease is mainly due to the falling loans and advances, which has continued to fall during the third quarter because of the declining demand and continuous down-payment on loans.

An indicator for the liquidity situation can be monitored in the development in the cash and security portfolio.

Cash in hand, bonds and shares have continued to improve in Q3 2009 amounting to almost DKK 400m. In addition to the hybrid capital the growth is mainly a result of the experienced decline in loans and advances.

Cash in hand at the end of Q3 2009 compared to the same period 2008 has increased by DKK 415m followed by another DKK 274m increase in the Bank's bonds portfolio.

Loans and Advances

Loans and advances have decreased by 457m or 6% from DKK 7,755m at the end of Q3 2008 to DKK 7,298m at the end of Q3 2009. The decline

in Q3 2009 was DKK 122m and compared to the beginning of the year the decline is DKK 431m.

The decrease in lending in Q3 2009 is mainly due to the Group's ongoing effort to diversify its loan portfolio through loan syndications in order to reduce its risks. As a consequence of this effort large exposures have decreased from 68% of the Group's equity in H1 2009, to 28% in Q3 2009.

The distribution of total loans in sectors is split up in retail 49%, corporate 45% and public exposures 6%. Compared to one year ago retail exposure has increased by 1%, the corporate sector decreased by 2% and the public sector increased by 1%.

At the end of Q3 2009 more than 80% of the retail portfolio was secured by first priority mortgages in houses. 90% of all mortgage loans have a loan to value of less than 80%.

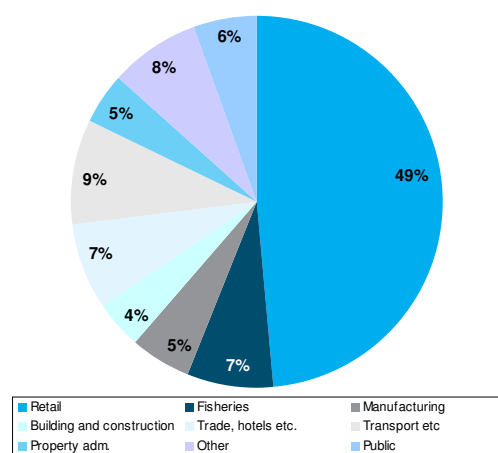


Figure 6 Loans and advances specified by sector

In the current business environment retail customers are largely unaffected, while corporate

clients on the other hand are feeling the negative impact of the more cautious consumer behaviour, and therefore pose a higher risk to the Group. Føroya Banki will continue to monitor the progression in order to minimize potential losses. By September 30 2009 the household's due on loans corresponded to the comparable average level since the end of 2007.

The strategy of bringing down individual and branch exposure for the corporate sector is close to a level satisfactory to the Group. Hence the goal is to maintain alertness and be focused on further steps that could further improve the risk profile.

In this quest the ambition of the Group to increase the geographical dispersion of the loan portfolio to other markets is in high priority.

Bonds and shares

As has been the case for many years, the bond portfolio is largely invested in highly liquid Danish mortgage bonds. At the end of Q3 2009 the total investment in bonds amounted to DKK 1,123m, which is DKK 56m higher than compared to H1 2009 and an increase of 32% or DKK 274m compared to Q3 2008.

The equity portfolio was reduced considerably during 2008, mostly because of the market conditions. But since the beginning of the year the invested amount has been stable, but its content has been changed and now to a large extent consists of the Group's own shares. These were acquired for the purpose of paying for the participation in the Danish State guarantee scheme. The OMX C20 index has experienced

strong turn-around, but because the Group's portfolio is so focused on own shares, the performance of the Bank is not comparable with the index. Excluding the Group's own shares the result is somewhat better, but still not able to beat the index.

The turbulence from 2008 has continued with large fluctuations from month to month, but so far the positive trend has taken the lead.

The earlier insecurity regarding the valuation of bonds and shares has diminished over the past months.

LIABILITIES

Loans from Credit Institutions and Central Banks

Loans from credit institutions, central banks and issued bonds amounted to DKK 2,363m at the end of Q3 2009 a decrease of 8% compared to DKK 2,572m in Q3 2008. At year end 2008 the amount was DKK 2,817m i.e. a decrease of 16% at the end of Q3 2009.

In the next 6 months two loans amounting to 1.4bn of loans will mature. The first amount DKK 245m is due in December 2009 and the second amount DKK 1,150m is due in March 2010. A part of the total amount is planned to be refinanced, while the Group will also draw on the comfortable level of liquidity.

Loans from credit institutions and depositors are all floating-rated. There is no significant currency risk on the Group in this respect because the currency risk is covered with swaps.

Deposits

The deposits at the end of Q3 2009 amounted to DKK 5,378m, which is DKK 108m lower than at the end of H1 2009. Compared to Q3 2008 there are minor changes, but from the beginning of the year 2009 deposits have declined by about 2% or 116m. It is the Group's strategic aim to increase deposits; hence the attention is on turning the downward trend around.

Equity

The Group's equity by 30 September 2009 is DKK 1,620m, compared to DKK 1,524 at the end of

2008 and DKK 1,397m at the end of Q3 2008. The return on equity in Q3 2009 after tax was 3%, which compares to 0.8% for Q3 2008. Earnings per share after tax were 4.9.

Hybrid capital from the Danish state

As announced on June 29 2009 Føroya Banki applied for Hybrid Core Capital from the Danish Credit Package, corresponding to the maximum of 3 per cent possible of the Bank's risk weighted assets.

On 21 September the Group was approved for receiving hybrid capital injection from the Danish state and there by increased the capital base by DKK 203m. The interest rate on the loan is 10.56%. The Group's solvency and the core capital ratio there by increased by 3 per cent to 25.3% and 25.4% respectively.

CAPITAL AND LIQUIDITY

Solvency

At the end of Q3 2009, the solvency ratio was 25% compared to 21% at year-end 2008 and 19% at the end of Q3 2008.

Total risk-weighted items amounted to DKK 6,763m on 30 September 2009 compared to DKK 7,201m at 31 December 2008. The decline in Risk Weighted Assets is caused by the decline in credit risk and in reduced market risk.

Liquidity

The Group's excess liquidity coverage relative to statutory requirements at the end of Q3 2009 was

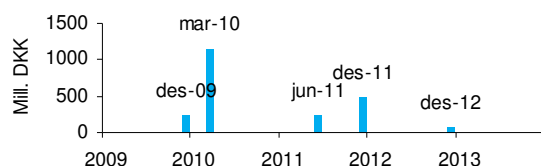
234% compared to 197% at the end of H1 2009 and compared to 76% at the end of Q3 2008.

Due to the forth-standing issue of refinancing, the Group has given extra attention to the issue by working up a level of liquidity by which the level of refinancing is kept on a relatively low level. Thus at this point, the Group is able to repay all of the maturing loans over the next 12 months without any refinancing. It has to be mentioned that included in the 12 months scenario is the un-drawn DKK 673m temporary credit facility from the Danish Central Bank that will fall out in September 2010.

Funding

In December 2009 and March 2010 two externally funded loans amounting to DKK 1.4bn will mature. Though the liquidity situation is very comfortable, the Group is planning to refinance a share of the outstanding amounts.

The current funding strategy involves funding ambitions on a number of areas, involving deposits, mortgage bonds, pension's savings and external funding.



Figur 7 External funding profile

Attached to the funding strategy, the Group has applied for prolonged guarantee from the Danish state as offered in the Second Bank package. Through this the Group has the option - at an

extra cost - to collect funding guaranteed by the Danish state up until the end of 2013.

At the moment there does not seem to be a problem with regards to refinance. Thus the Group is confident that it will be able to acquire the necessary means for funding, for both refinancing and for additional funding as it might be needed if the aspired growth plans should materialize.

Other Issues

Extraordinary general meeting

In relation to the application for State provided hybrid capital, an extraordinary general meeting was held in August to approve the decision taken by the board. The meeting unanimously backed up the application.

Filing against the company

In relation to the Group's Annual General Meeting at 30 March 2009, some shareholders filed a law suit against the Bank regarding the lawfulness of the interpretation of the Group's statutes at the election of the Board of Directors.

It is the Bank's opinion that the election was lawful and that the complaint does not contain any new information that has not already been taken into account by the Bank. Accordingly, the dispute will now be tried by the court.

In order to meet the accusations from some shareholders at the annual general meeting in March regarding the validity of the election of the board, a scheduled election to the board was performed. The result was that only the present members of the board gave notice for election and

thus were re-elected without contest from other candidates. The lawfulness of the elected Board of directors is therefore not contested anymore.

SDC

Following the letter of intent signed on 23 April 2009 wherein SDC is to become the Group's main supplier of IT systems expectedly from March 2010, the project is going forward as planned.

The objective of the agreement is that the IT platform of the financial institutions will be converted from the present suppliers P/F Elektron and BEC to SDC.

In September it was announced that SDC and BEC have signed a letter of intent to merge, but this is not expected to affect the ongoing plans and project.

Events after closing date

Vörður

On 5 October Føroya Banki and the owners of Vörður an Icelandic non-life insurance company signed a Share Purchase Agreement wherein it is agreed that Føroya Banki shall acquire the majority (51 percent) of Vörður.

The takeover does not give rise to a revision of the financial result previously provided for 2009, but is expected to contribute positively to the financial results from 2010.

Financial Highlights – 5-years summary – Føroya Banki Group

Income statement DKK, 1,000	Føroya Banki Group			P/F Føroya Banki, previous GAAP		
	Q1 - Q3 2009	Q1 - Q3 2008	Full year 2008	Q1 - Q3 2007	Q1 - Q3 2006	Q1 - Q3 2005
Interest income	458,294	482,884	658,485	353,399	232,686	222,597
Interest expenses	148,798	245,216	331,075	141,222	59,204	47,476
Net interest income	309,496	237,668	327,410	212,178	173,483	175,121
Dividends from shares and other investments	2,661	5,428	5,436	2,467	1,417	455
Fee and commission income	29,968	32,660	48,669	29,624	24,753	13,719
Fee and commissions paid	188	127	189	278	201	180
Net interest and fee income	341,936	275,630	381,326	243,991	199,451	189,115
Premium income, net of reinsurance	61,494	54,534	73,520			
Claims, net of reinsurance	32,337	41,466	54,056			
Interest and fee income and income from insurance activities, net	371,093	288,697	400,790	243,991	199,451	189,115
Market value adjustments	35,930	-49,973	-73,397	21,683	2,597	6,232
Other operating income	-2,018	-2,333	91,638	-3,492	-1,387	1,043
Staff costs and administrative expenses	157,028	154,431	203,546	161,952	107,603	97,036
Depreciation and impairment of property, plant and equipment	3,272	4,491	5,618	5,709	5,129	4,889
Other operating expenses	20,146	0	7,524	8	14	0
Impairment charges on loans and advances etc. *	75,961	113,604	104,902	-28,978	-2,634	-2,062
Income from associated and subsidiary undertakings	-3,021	2,820	2,820	10,735	6,012	2,529
Profit before tax	145,576	-33,315	100,263	134,225	96,562	99,056
Tax	26,849	15,431	12,536	27,770	16,730	19,811
Net profit for the period	118,727	-48,746	87,727	106,455	79,832	79,245

Financial Highlights – 5-years summary, continued

Balance sheet	Føroya Banki Group			P/F Føroya Banki, previous GAAP		
	Sept. 30	Sept. 30	Full year	Sept. 30	Sept. 30	Sept. 30
DKK 1,000	2009	2008	2008	2007	2006	2005
Cash in hand and demand deposits with central banks	930,216	515,157	831,374	273,098	152,767	162,029
Due from credit institutions and central banks	125,515	99,535	139,405	240,124	64,025	195,784
Loans and advances at amortised cost	7,297,855	7,754,536	7,728,560	6,812,637	4,959,502	3,650,565
Bonds at fair value	1,122,733	848,507	940,201	845,066	884,219	1,937,474
Shares, etc.	80,521	115,865	91,610	163,305	117,402	47,087
Assets under insurance contracts	18,834	23,356	22,959	0	0	0
Holdings in associates	24,825	27,846	27,846	34,399	4,713	4,921
Holdings in subsidiaries	0	0	0	118,362	128,370	123,281
Total land and buildings	136,645	137,429	137,222	61,070	61,851	62,896
investment property	2,500	2,500	2,500			
domicile property	134,146	134,929	134,722			
Other property, plant and equipment	6,195	7,523	7,095			
Current tax assets	0	0	21			
Deferred tax assets	15,236	105	15,419			
Assets held for sale	19,148	23,885	33,184			
Own shares	0	0	0	8,681	-53	-56
Other assets	32,798	59,232	80,891	35,452	25,630	41,066
Prepayments	8,672	8,311	10,898	7,165	6,874	5,443
Total assets	9,819,192	9,621,288	10,066,685	8,599,358	6,405,299	6,230,491
Shareholders' equity and liabilities						
Due to credit institutions and central banks	1,863,685	2,571,826	2,317,290	1,680,143	320,074	70,965
Deposits and other debt	5,378,065	5,393,779	5,494,199	5,392,518	4,826,854	4,442,245
Issued bonds at amortised cost	499,654	0	500,000			
Liabilities under insurance contracts	52,896	47,305	47,270			
Current tax liabilities	54,343	2,704	2,072			
Other liabilities	116,435	179,126	151,627	171,927	89,230	77,137
Deferred income	12,233	13,294	15,140	0	0	0
Total amounts due	7,977,310	8,208,034	8,527,597	7,244,587	5,236,159	4,590,347
Provisions for liabilities						
Provisions for deferred tax	10,965	10,922	11,226	0	0	0
Other provisions for liabilities	7,361	5,507	3,819	2,797	3,199	3,698
Total provisions	18,326	16,430	15,045	2,797	3,199	3,698
Subordinated debt						
Subordinated debt	203,240	0	0	0	0	0
Shareholders' equity (Tier 1)						
Share capital	200,000	200,000	200,000	200,000	200,000	100,000
Reserve, Equity Method	0	0	0	2,839	10,912	9,402
Retained earnings	1,420,315	1,196,824	1,324,042	1,149,135	955,029	1,527,045
Proposed dividends	0	0	0	0	0	0
Total shareholders' equity	1,620,315	1,396,824	1,524,042	1,351,974	1,165,941	1,636,446
Total liabilities and equity	9,819,192	9,621,288	10,066,685	8,599,358	6,405,299	6,230,491
Contingent liabilities	430,310	429,635	508,901	410,158	325,712	151,176

Financial Highlights – 5-years summary, continued

Ratios and key figures	Føroya Banki Group			P/F Føroya Banki, previous GAAP		
	Sept. 30 2009	Sept. 30 2008	Full year 2008	Sept. 30 2007	Sept. 30 2006	Sept. 30 2005
Solvency						
Solvency ratio, %	25.3	18.9	20.6	19.2	23.6	44.7
Core capital ratio, %	25.4	19.0	20.8	19.3	23.7	44.8
Profitability						
Return on equity before tax, %	9.3	-2.3	6.7	10.3	8.6	6.2
Return on equity after tax, %	7.6	-3.4	5.8	8.2	7.1	5.0
Income / cost ratio, DKK	1.57	0.88	1.31	1.97	1.88	1.99
Market risk						
Interest rate risk, %	1.4	2.3	2.2	2.0	1.9	2.1
Foreign exchange position, %	0.8	7.3	1.3	4.3	9.9	5.6
Foreign exchange risk, %	0.0	0.1	0.0	0.0	0.0	0.0
Credit risk						
Large exposures as a percentage of equity, %	27.7	130.0	84.7	173.2	114.2	0.0
Impairment and provisioning ratio, %	4.5	3.5	3.4	3.6	6.5	9.9
Write-off and impairments ratio, %	0.9	1.3	1.2	-0.4	0.0	0.0
Growth on loans and advances, %	-5.6	2.7	2.4	26.0	21.8	0.4
Gearing of loans and advances	4.5	5.6	5.1	5.0	4.3	2.2
Liquidity						
Loans, advances and impairments in relation to deposits, %	142.4	149.3	145.8	131.4	110.4	91.6
Excess cover relative to statutory liquidity requirements, %	234.2	75.8	193.0	76.7	93.3	358.2
Shares						
Earnings per share before tax, DKK (1)	75.2	-16.8	50.6	67.1	48.3	99.1
Earnings per share after tax, DKK (1)	61.3	-24.6	44.3	53.2	39.9	79.2
Book value per share, DKK (1)	837	704	769	676	583	1,636
Market price / Book value per share, DKK (1)	0.86	1.18	0.78	1.63	N/A	N/A
P/E Ratio, DKK (1)	11.7	-33.8	13.6	20.7	N/A	N/A

These ratios and key figures have been prepared in correspondence with regulations from the Danish Financial Supervisory Authority.

(1) In accordance with the guidelines from the Danish Financial Supervisory Authority the denomination of the shares has been converted from DKK 20 to DKK 100. The conversion affects the figures from 1 January 2007.

Statement by the Executive Board and the Board of Directors

Today we have reviewed and approved P/F Føroya Banki's Interim Report for the first three quarters of 2009.

The consolidated financial statements for the first three quarters of 2009 have been prepared in accordance with IAS 34, Interim Financial Reporting as approved by the EU, while the interim financial statements of the Parent Company have been prepared in accordance with the Faroese Financial Business Act. Furthermore the Interim Report has been prepared in accordance with additional Faroese disclosure requirements for interim reports of listed financial companies and in accordance with the financial reporting requirements of the OMX Nordic Exchanges in Iceland and in Copenhagen.

The interim report has not been audited or reviewed.

We consider the accounting policies applied to be appropriate, such that the Interim Financial Report gives a true and fair view of the Group's and the Parent Company's assets, shareholders' equity and liabilities and financial position at 30 September 2009, and of the results of the Group's and the Parent Company's operations and the Group's consolidated cash flows for the financial period 1 January to 30 September 2009.

In addition, we also consider the Management's report to give a fair presentation of the development in the Group's activities and financial affairs, the profit for the period and the Group's financial position as a whole, as well as a description of the significant risks and elements of uncertainty that may affect the Group.

Tórshavn, 5 November 2009

Executive Board

Janus Petersen

Súni Schwartz Jacobsen

Board of Directors

Klaus Rasmussen
Chairman

Jens Erik Christensen

Wilhelm E. Petersen

Keld Søndergaard Holm

Olav Enomoto

Sigmar Jacobsen

Income Statement - Føroya Banki Group

N: DKK 1,000	Q1 - Q3 2009	Q1 - Q3 2008	Q3 2009	Q3 2008	Full year 2008
4 Interest income	458,294	482,884	142,265	173,358	658,485
5 Interest expenses	148,798	245,216	34,042	86,980	331,075
Net interest income	309,496	237,668	108,223	86,377	327,410
6 Dividends from shares and other investments	2,661	5,428	8	34	5,436
7 Fee and commission income	29,968	32,660	9,111	13,084	48,669
Fee and commissions paid	188	127	51	44	189
Net interest and fee income	341,936	275,630	117,291	99,451	381,326
Premium income, net of reinsurance	61,494	54,534	21,604	19,306	73,520
Claims, net of reinsurance	32,337	41,466	9,682	8,833	54,056
Interest and fee income and income from insurance activities, net	371,093	288,697	129,212	109,924	400,790
8 Market value adjustments	35,930	-49,973	11,227	-9,199	-73,397
Other operating income	-2,018	-2,333	-693	-486	91,638
9 Staff costs and administrative expenses	157,028	154,431	53,652	49,443	203,546
Depreciation and impairment of property, plant and equipment	3,272	4,491	1,777	1,376	5,618
Other operating expenses	20,146	0	6,936	0	7,524
Impairment charges on loans and advances etc. *	75,961	113,604	19,543	27,567	104,902
Income from associated and subsidiary undertakings	-3,021	2,820	172	0	2,820
Profit before tax	145,576	-33,315	58,011	21,852	100,263
Tax	26,849	15,431	10,470	11,415	12,536
Net profit for the period	118,727	-48,746	47,541	10,438	87,727
EPS Basic for the period, DKK**	12.26	-4.92	4.79	1.08	8.85
EPS Diluted for the period, DKK **	12.26	-4.92	4.79	1.08	8.85

* Impairment charges on loans and advances are specified in note 7 to the balance sheet for P/F Føroya Banki

** Based on average number of shares outstanding, see the specification of shareholders equity

Statement of comprehensive income - Føroya Banki Group

DKK 1,000	Q1 - Q3 2009	Q1 - Q3 2008	Q3 2009	Q3 2008	Full year 2008
Net gains not recognised in the income statement	77	0	0	0	0
Total	77	0	0	0	0
Net profit for the period	118,727	-48,746	47,541	10,438	87,727
Total comprehensive income for the period	118,804	-48,746	47,541	10,438	87,727

Balance Sheet - Føroya Banki Group

Note	DKK 1,000	Sept. 30 2009	Sept. 30 2008	Full year 2008
Assets				
	Cash in hand and demand deposits with central banks	930,216	515,157	831,374
10	Due from credit institutions and central banks	125,515	99,535	139,405
11, 12	Loans and advances at amortised cost	7,297,855	7,754,536	7,728,560
13	Bonds at fair value	1,122,733	848,507	940,201
14	Shares, etc.	80,521	115,865	91,610
	Assets under insurance contracts	18,834	23,356	22,959
	Holdings in associates	24,825	27,846	27,846
	Holdings in subsidiaries	0	0	0
	Total land and buildings	136,645	137,429	137,222
	investment property	2,500	2,500	2,500
	domicile property	134,146	134,929	134,722
	Other property, plant and equipment	6,195	7,523	7,095
	Current tax assets	0	0	21
	Deferred tax assets	15,236	105	15,419
	Assets held for sale	19,148	23,885	33,184
	Other assets	32,798	59,232	80,891
	Prepayments	8,672	8,311	10,898
	Total assets	9,819,192	9,621,288	10,066,685
Shareholders' equity and liabilities				
15, 16	Due to credit institutions and central banks	1,863,685	2,571,826	2,317,290
17, 18	Deposits and other debt	5,378,065	5,393,779	5,494,199
19	Issued bonds at amortised cost	499,654	0	500,000
	Liabilities under insurance contracts	52,896	47,305	47,270
	Current tax liabilities	54,343	2,704	2,072
	Other liabilities	116,435	179,126	151,627
	Deferred income	12,233	13,294	15,140
	Total amounts due	7,977,310	8,208,034	8,527,597
Provisions for liabilities				
	Provisions for pensions and similar obligations	0	0	0
	Provisions for deferred tax	10,965	10,922	11,226
	Other provisions for liabilities	7,361	5,507	3,819
	Total provisions for liabilities	18,326	16,430	15,045
Subordinated debt				
	Subordinated debt	203,240	0	0
Shareholders' equity (Tier 1)				
	Share capital	200,000	200,000	200,000
	Revaluation reserve	0	0	0
	Reserve, Equity Method	0	0	0
	Retained earnings	1,420,315	1,196,824	1,324,042
	Proposed dividends	0	0	
	Total shareholders' equity	1,620,315	1,396,824	1,524,042
	Total liabilities and equity	9,819,192	9,621,288	10,066,685
20	Contingent liabilities			
	Guarantees, etc.	356,632	429,635	435,223
	Other commitments	73,677	0	73,677
	Total	430,310	429,635	508,901

Shareholders Equity - Føroya Banki Group

Changes in shareholders' equity:

	Share capital	Proposed dividends	Retained earnings	Total
DKK 1,000				
Shareholders' equity at January 1, 2009	200,000	0	1,324,042	1,524,042
Total comprehensive income for the period			118,804	118,804
Dividends paid		0		0
Acquisition of own shares			-47,660	-47,660
Sale of own shares			25,129	25,129
Shareholders' equity at September 30, 2009	200,000	0	1,420,315	1,620,315

	Share capital	Proposed dividends	Retained earnings	Total
DKK 1,000				
Shareholders' equity at January 1, 2008	200,000	45,000	1,234,664	1,479,664
Total comprehensive income for the period			-48,746	-48,746
Dividends paid		-45,000		-45,000
Acquisition of own shares			-34,107	-34,107
Sale of own shares			45,015	45,015
Shareholders' equity at September 30, 2008	200,000	0	1,196,824	1,396,824

Shares

	Q1 - Q3 2009	Q1 - Q3 2008	Full year 2008
DKK 1,000			
Net profit for the period	118,727	-48,746	87,727
Average number of shares outstanding	9,681	9,916	9,911
Number of dilutive shares issued	0	0	0
Average number of shares outstanding, diluted	0	0	0
Net profit for the period per share, DKK	12.26	-4.92	8.85
Diluted net profit for the period per share, DKK	12.26	-4.92	8.85

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 the beginning of the period, numbers in 1,000	10,000	10,000	10,000
Increase in share capital	0	0	0
Issued shares at 30 September	10,000	10,000	10,000
Shares outstanding at end of period	9,661	9,928	9,866
Group's average holding of own shares	319	84	89
Average shares outstanding at the end of the period	9,681	9,916	9,911

Capital base and solvency - Føroya Banki Group

DKK 1,000	Sept. 30 2009	Sept. 30 2008	Full year 2008
Core capital inclusive of hybrid core capital after deduction	1,720,003	1,390,077	1,496,906
Base capital after deduction	1,708,092	1,383,435	1,484,989
Risk-weighted items not included in the trading portfolio	6,209,172	6,683,019	6,674,214
Risk-weighted items with market risk etc.	553,692	623,430	526,678
Total risk-weighted items	6,762,864	7,306,449	7,200,892
Core capital after deduction of % of risk-weighted items	25.4%	19.0%	20.8%
Solvency ratio	25.3%	18.9%	20.6%
Core Capital and Shareholders' equity			
Share capital	200,000	200,000	200,000
Net profit	118,727	-48,746	87,727
Retained earnings	1,301,588	1,245,571	1,236,315
Shareholders' equity	1,620,315	1,396,824	1,524,042
Deduction of net profit, Q2 and Q3 2009	76,422	0	0
Deduction of deferred tax assets	15,219	105	15,219
Deduction of insurance subsidiaries	11,911	6,642	11,917
Core capital exclusive of hybrid core capital after deduction	1,516,763	1,390,077	1,496,906
Hybrid core capital	203,240	0	0
Core capital inclusive of hybrid core capital after deduction	1,720,003	1,390,077	1,496,906
Base capital			
Core capital inclusive of hybrid core capital after deduction	1,720,003	1,390,077	1,496,906
Deduction of insurance subsidiaries	11,911	6,642	11,917
Base capital after deduction	1,708,092	1,383,435	1,484,989

The Q1 2009 Interim Report has been audited by the groups independent auditors. Thus, according to the Faroese Banking act. section 129, the net profit fore Q1 2009 is included in the core capital 30.09.2009.

The Føroya Banki Group holds a licence to operate as a bank and is therefore subject to a capital requirement under the Faroese Financial Business Act. 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 core capital and subordinate capital. The core capital corresponds largely to the carrying amount of the equity, not including intangible assets, investments in insurance subsidiaries, holdings in credit institutions etc.

The difference between the carrying amount of equity and the core capital appears from the solvency statement below. Subordinate investments may, in certain circumstances, be included in the capital base. For details, see sections 123, 132 and 136 of the Faroese Financial Business Act. The subordinate capital is described in note 13. The capital management policy aims to ensure efficient use of capital in relation to risk tolerance and general business trends. The Group must have sufficient capital to meet the statutory capital requirements.

Cash flow statement - Føroya Banki Group

	Q1 - Q3	Q1 - Q3	Full year
DKK 1,000	2009	2008	2008
Net profit for the period	118,727	-48,746	87,727
Adjustment of non-liquid operating items	85,713	258,414	135,110
Cash flow from operating capital	-390,813	-315,164	-579,737
Cash flow from operating activities	-186,374	-105,496	-356,899
Acquisition/sale of tangible assets	-259	-961	-1,228
Cash flow from investing activities	-259	-961	-1,228
Issue of bonds	-346	0	500,000
Acquisition/sale of own shares	-22,532	10,907	1,696
Increase in subordinated debt	203,240	0	0
Dividends paid	0	-45,000	-45,000
Cash flow from financing activities	180,363	-34,093	456,696
Cash flow for the period	-6,270	-140,550	98,569
Cash in hand and demand deposits with central banks, and due from credit institutions, etc. at the beginning of the year	1,062,001	872,210	872,210
Cash flow for the period	-6,270	-257,517	98,569
Cash and due etc. at the end of the period	1,055,731	614,692	970,779
Cash and due etc. at the end of the period			
Cash in hand and demand deposits with central banks	930,216	515,157	831,374
Due from credit institutions, etc.	125,515	99,535	139,405
Total	1,055,731	614,692	970,779

Notes – Føroya Banki Group

Note 1 Significant accounting policies

The consolidated financial statement for the first three quarters of 2009 has been prepared in accordance with IAS 34 “Interim Financial Reporting” supplemented by additional Faroese disclosure requirements for quarterly reports of listed financial companies and in accordance with the financial reporting requirements of the OMX Nordic Exchanges in Iceland and in Copenhagen.

The application of IAS 34 means that the disclosure of figures is less detailed than the disclosure in a full annual report and that the valuation principles laid down by the international financial reporting standards (IFRS) are applied.

The Group has decided to present its accounts in accordance with the IFRS with effect from 1 January 2009 and to restate comparative figures for 2008.

Føroya Banki has issued an IFRS Reconciliation Document which describes the new accounting policy of the Group and the effect of the transition to IFRS in details. The IFRS Reconciliation Document is available at www.foroya.fo, investor relations.

Note 2 DKK 1,000

Operating segments 30.09.2008	Retail & Corporate banking	Markets & Treasury	Other*	Total
Net interest income and income from insurance activities, net	218.070	57.559	13.068	288.697
Profit before tax	-6.831	-8.442	-18.042	-33.315

* Other includes Trygd, Skyn, eliminations, and Føroya Banki's overhead costs

Operating segments 30.09.2009	Retail & Corporate banking	Markets & Treasury	Other*	Total
Net interest income and income from insurance activities, net	339.990	-1.691	32.795	371.093
Profit before tax	147.805	29.076	-31.305	145.576

* Other includes Trygd, Skyn, eliminations, and Føroya Banki's overhead costs

Note 3 Føroya Banki Group, overview

	Proportion of share capital	Activity
P/F Trygd	100%	insurance company
P/F Skyn	100%	real estate
Føroya Bank Holding A/S	100%	no activity

Notes to the income statement - Føroya Banki Group

Note	DKK 1,000	Q1 - Q3 2009	Q1 - Q3 2008	Full Year 2008
4	Interest income and premiums on forwards			
	Credit institutions and central banks	10.085	18.421	18.590
	Loans and advances	428.360	431.603	619.761
	Bonds	34.418	31.285	16.059
	Total derivatives of which:	-14.577	1.574	4.054
	<i>Currency contracts</i>	-9.944	465	1.271
	<i>Interest rate contracts</i>	-4.633	1.110	2.783
	<i>Other transactions</i>	0	0	0
	Other contracts	8	0	21
	Total interest income	458.294	482.884	658.485
	Of which accounted for by income from genuine sale and repurchase transactions:			
	Credit institutions and central banks	0	0	0
5	Interest expenses			
	Credit institutions and central banks	44.374	100.361	134.879
	Deposits	92.554	144.855	196.195
	Issued Bonds	11.870	0	1
	Total interest expenses	148.798	245.216	331.075
	Of which interest expenses on genuine sale and repurchase transactions are carried under:			
	Credit institutions and central banks	0	0	0
6	Dividends from			
	Shares	977	3.744	3.752
	Associates	1.684	1.684	1.684
	Total	2.661	5.428	5.436
7	Fee and commission income			
	Securities trading & custody accounts	1.194	2.124	2.815
	Credit transfers	8.431	9.589	12.501
	Loan commissions	10.151	10.508	15.576
	Guarantee provisions	4.099	5.870	7.891
	Other fees and commissions	6.092	4.570	9.886
	Total	29.968	32.660	48.669
8	Value adjustments			
	Loans and advances	17.460	6.194	23.041
	Bonds	17.475	-11.341	-4.913
	Shares	12.136	-37.703	-69.814
	Foreign exchange	6.414	2.644	2.902
	Total derivatives of which:	-17.556	-9.767	-24.613
	<i>Currency Swaps</i>	-356	-3.798	-1.572
	<i>Interest Swaps</i>	-17.200	-6.194	-23.041
	<i>Other contracts</i>	0	224	0
	Total value adjustments	35.930	-49.973	-73.397
9	Employee and administrative expenses			
	Board of Directors	1.215	1.313	1.718
	Executive Board	3.845	3.846	5.106
	Total	5.060	5.158	6.824
	Employee expenses:			
	Salaries	70.197	81.662	101.496
	Pensions	6.202	6.709	8.618
	Social security expences	5.791	6.045	8.197
	Total	82.190	94.417	118.311
	Total employee expenses	87.250	99.575	125.135
	Total employee expenses	87.250	99.575	125.135
	Employee exp. incl. under the item "Claims, net of reinsurance"	-3.621	-3.804	-5.139
	Other administrative expenses	73.398	58.661	83.549
	Total employee and administrative expenses	157.028	154.431	203.546

Notes to the balance sheet - Føroya Banki Group

Note	DKK 1,000	Sept. 30 2009	Sept. 30 2008	Full Year 2008
10	Due from credit institutions etc. specified by maturity			
	On demand	125,515	94,112	139,405
	3 months and below	0	0	0
	3 months to 1 year	0	5,422	0
	Total	125,515	99,535	139,405
11	Loans and advances specified by sectors			
	Public authorities	6%	5%	5%
	Corporate sector:			
	Fishing industry	7%	9%	9%
	Manufacturing industries etc.	5%	5%	5%
	Building and construction etc.	4%	4%	4%
	Trade, hotels and restaurants	7%	8%	7%
	Transport, mail and telephone	9%	9%	9%
	Property administration, purchase and sale and business services	5%	5%	5%
	Other industries	8%	8%	10%
	Total corporate sector	46%	49%	50%
	Retail customers	49%	46%	45%
	Total	100%	100%	100%
12	Loans and advances specified by maturity			
	On demand	218,838	124,205	115,771
	3 months and below	263,670	255,089	303,456
	3 months to 1 year	500,592	594,480	521,706
	Over 1 year to 5 years	1,767,416	1,835,817	1,793,244
	Over 5 years	4,547,338	4,944,945	4,994,383
	Total loans and advances	7,297,855	7,754,536	7,728,560
13	Bonds			
	Listed	1,122,733	848,507	940,201
	Unlisted	0	0	0
	Total bonds	1,122,733	848,507	940,201
14	Shares			
	Listed	52,944	104,855	72,550
	Other investments	27,577	11,010	19,060
	Total shares	80,521	115,865	91,610

Notes to the balance sheet - Føroya Banki Group

Note	DKK 1,000	Sept. 30 2009	Sept. 30 2008	Full Year 2008
15	Due to credit institutions and central banks specified by institution			
	Due to central banks	39,902	0	16,777
	Due to credit institutions	1,823,783	2,571,826	2,300,512
	Total	1,863,685	2,571,826	2,317,290
16	Due to credit institutions and central banks specified by maturity			
	On demand	151,008	146,943	113,650
	3 months and below	245,652	419,640	100,000
	3 months to 1 year	1,154,377	0	562,251
	Over 1 year to 5 years	312,648	2,005,243	1,541,388
	Total	1,863,685	2,571,826	2,317,290
17	Deposits specified by type			
	On demand	2,008,658	2,120,011	2,026,549
	At notice	1,249,032	1,333,208	1,262,632
	Time deposits	1,501,396	1,381,732	1,602,655
	Special deposits	618,979	558,828	602,362
	Total deposits	5,378,065	5,393,779	5,494,199
18	Deposits specified by maturity			
	On demand	2,008,658	2,120,011	2,058,953
	3 months and below	3,210,661	3,152,881	3,289,762
	3 months to 1 year	22,306	3,284	635
	Over 1 year to 5 years	130,376	117,451	144,849
	Over 5 years	6,064	152	0
	Total deposits	5,378,065	5,393,779	5,494,199
19	Issued bonds at amortised cost			
	3 months to 1 year	499,654	0	500,000
	Total issued bonds	499,654	0	500,000
20	Contingent liabilities			
	Guarantees, etc.:			
	Financial guarantees	11,063	11,183	11,183
	Other guarantees	345,570	418,451	424,040
	Total guarantees, etc.	356,632	429,635	435,224
	Other commitments	73,677	0	73,677
	Total	430,310	429,635	508,901

Other notes - Føroya Banki Group

21 Provisions of security

The Bank has deposited bonds at a total market value of DKK 55m with Danmarks Nationalbank (The Danish Central Bank) in connection with clearing

22 Related party transactions

There were no unusual transactions between related parties in 2009. There have been intercompany transactions with the group enterprises and associates in 2009. These transactions typically included financing, commission for referred business, sale of services and other shared costs.

These transactions took place on market terms.

23 Shareholders

At the end of the period the following shareholders had notified the authorities the they hold 5% or more of the Bank's share capital:

- Fíggingargrunnurin frá 1992 (Faroe Islands)
- Sp/F Blábjørg (Faroe Islands)
- Sp/F Lagerinn Føroyar (Faroe Islands)
- Sp/F 14 (Faroe Islands)

Interim Financial Statements - P/F Føroya Banki

The interim financial statements of P/F Føroya Banki (the “Parent Company”) are prepared in accordance with the Faroese Financial Business Act and the executive order of the Danish FSA on financial reports of credit institutions etc. in force in the Faroes.

The rules are identical to the Group’s valuation principles under IFRS. Holdings in subsidiary undertakings are valued according to the equity method, and tax payable by the undertakings is expensed under the item “Income from associated and subsidiary undertakings”.

Financial Highlights – 5-years summary - P/F Føroya Banki

Income statement DKK, 1,000	Q1 - Q3	Q1 - Q3	Full year	P/F Føroya Banki, previous GAAP		
	2009	2008		Q1 - Q3	Q1 - Q3	Q1 - Q3
				2007	2006	2005
Interest income	456,796	478,375	656,454	353,399	232,686	222,597
Interest expenses	150,997	245,194	335,404	141,222	59,204	47,476
Net interest income	305,799	233,182	321,050	212,178	173,483	175,121
Dividends from shares and other investments	2,661	5,428	5,436	2,467	1,417	455
Fee and commission income	30,028	32,660	48,691	29,624	24,753	13,719
Fee and commissions paid	188	127	189	278	201	180
Net interest and fee income	338,299	271,143	374,989	243,991	199,451	189,115
Premium income, net of reinsurance						
Claims, net of reinsurance						
Interest and fee income and income from insurance activities, net	338,299	271,143	374,989	243,991	199,451	189,115
Market value adjustments	35,341	-49,744	-73,596	21,683	2,597	6,232
Other operating income	-2,444	-3,021	90,655	-3,492	-1,387	1,043
Staff costs and administrative expenses	145,175	141,850	188,108	161,952	107,603	97,036
Depreciation and impairment of property, plant and equipment	3,269	4,384	5,476	5,709	5,129	4,889
Other operating expenses	20,146	0	7,524	8	14	0
Impairment charges on loans and advances etc. *	75,961	113,604	104,902	-28,978	-2,634	-2,062
Income from associated and subsidiary undertakings	14,910	6,975	12,132	10,735	6,012	2,529
Profit before tax	141,555	-34,485	98,171	134,225	96,562	99,056
Tax	22,828	14,261	10,443	27,770	16,730	19,811
Net profit for the period	118,727	-48,746	87,727	106,455	79,832	79,245

Financial Highlights – 5-years summary - P/F Føroya Banki

Balance sheet DKK 1,000	Sept 30 2009	Sept 30 2008	Full year 2008	Sept. 30 2007	Sept. 30 2006	Sept. 30 2005
Cash in hand and demand deposits with central banks	930,216	515,157	831,374	273,098	152,767	162,029
Due from credit institutions and central banks	125,351	99,535	139,405	240,124	64,025	195,784
Loans and advances at amortised cost	7,297,855	7,755,333	7,729,211	6,812,637	4,959,502	3,650,565
Bonds at fair value	1,061,599	802,641	893,988	845,066	884,219	1,937,474
Shares, etc.	80,521	115,865	91,610	163,305	117,402	47,087
Assets under insurance contracts	0	0	0	0	0	0
Holdings in associates	24,825	27,846	27,846	34,399	4,713	4,921
Holdings in subsidiaries	91,683	91,139	72,252	118,362	128,370	123,281
Total land and buildings	134,652	135,432	135,226	61,070	61,851	62,896
investment property	19,823	19,823	19,823	0	0	0
domicile property	114,829	115,610	115,403	0	0	0
Other property, plant and equipment	5,381	7,238	6,844	0	0	0
Current tax assets	0	0	0	0	0	0
Deferred tax assets	15,219	0	15,219	0	0	0
Assets held for sale	19,148	23,885	33,184	0	0	0
Own shares	0	0	0	8,681	-53	-56
Other assets	29,958	55,621	102,532	35,452	25,630	41,066
Prepayments	7,361	7,450	9,790	7,165	6,874	5,443
Total assets	9,823,770	9,637,143	10,088,479	8,599,358	6,405,299	6,230,491
Shareholders' equity and liabilities						
Due to credit institutions and central banks	1,863,685	2,571,826	2,317,290	1,680,143	320,074	70,965
Deposits and other debt	5,464,232	5,477,383	5,585,422	5,392,518	4,826,854	4,442,245
Issued bonds at amortised cost	499,654	0	500,000	0	0	0
Current tax liabilities	48,250	0	0	0	0	0
Other liabilities	106,067	174,679	146,864	171,927	89,230	77,137
Total amounts due	7,981,888	8,223,889	8,549,575	7,244,587	5,236,159	4,590,347
Provisions for liabilities						
Provisions for pensions and similar obligations						
Provisions for deferred tax	10,965	10,922	11,043	0	0	0
Other provisions for liabilities	7,361	5,507	3,819	2,797	3,199	3,698
Total provisions	18,326	16,430	14,862	2,797	3,199	3,698
Subordinated debt						
Subordinated debt	203,240	0	0	0	0	0
Shareholders' equity (Tier 1)						
Share capital	200,000	200,000	200,000	200,000	200,000	100,000
Reserve, Equity Method				2,839	10,912	9,402
Retained earnings	1,420,315	1,196,824	1,324,042	1,149,135	955,029	1,527,045
Total shareholders' equity	1,620,315	1,396,824	1,524,042	1,351,974	1,165,941	1,636,446
Total liabilities and equity	9,823,770	9,637,143	10,088,479	8,599,358	6,405,299	6,230,491
Contingent liabilities	430,310	429,635	508,901	410,158	325,712	151,176

Financial Highlights – 5-years summary - P/F Føroya Banki

Ratios and key figures	Sept 30 2009	Sept 30 2008	Full year 2008	Sept. 30 2007	Sept. 30 2006	Sept. 30 2005
Solvency						
Solvency ratio, %	25.3	18.9	20.6	19.2	23.6	44.7
Core capital ratio, %	25.4	19.0	20.8	19.3	23.7	44.8
Profitability						
Return on equity before tax, %	9.0	-2.4	6.5	10.3	8.6	6.2
Return on equity after tax, %	7.6	-3.4	5.8	8.2	7.1	5.0
Income / cost ratio, DKK	1.58	0.87	1.32	1.97	1.88	1.99
Market risk						
Interest rate risk, %	1.4	2.3	2.2	2.0	1.9	2.1
Foreign exchange position, %	0.8	7.3	1.3	4.3	9.9	5.6
Foreign exchange risk, %	0.0	0.1	0.0	0.0	0.0	0.0
Credit risk						
Large exposures as a percentage of equity, %	27.7	130.0	84.7	173.2	114.2	0.0
Impairment and provisioning ratio, %	4.5	3.5	3.4	3.6	6.5	9.9
Write-off and impairments ratio, %	0.9	1.3	1.2	-0.4	0.0	0.0
Growth on loans and advances, %	-5.6	2.7	2.4	26.0	21.8	0.4
Gearing of loans and advances	4.5	5.6	5.1	5.0	4.3	2.2
Liquidity						
Loans, advances and impairments in relation to deposits, %	140.1	147.0	143.5	131.4	110.4	91.6
Excess cover relative to statutory liquidity requirements, %	230.2	71.5	193.0	76.7	93.3	358.2
Shares						
Earnings per share before tax, DKK (1)	73.1	-17.4	49.8	67.1	48.3	99.1
Earnings per share after tax, DKK (1)	61.3	-24.6	44.3	53.2	39.9	79.2
Book value per share, DKK (1)	837	704	769	676	583	1,636
Market price / Book value per share, DKK (1)	0.86	1.18	0.78	1.63	N/A	N/A
P/E Ratio, DKK (1)	11.7	-33.8	13.6	20.7	N/A	N/A
Other						
Average number of full-time employees	205	210	206	208	198	202

These ratios and key figures have been prepared in correspondence with regulations from the Danish Financial Supervisory Authority.

As of 01.01.2009 The Bank complies with the Faroese Banking act. issued Desember 14 2007. Consequently, according section 89 in the executive order, the comparative figures in 2008 are prepared according the new Banking act. It has not been practically possible to prepare the comparative figures in 2007, 2006 and 2005 according the new Banking act., thus these figures are not fully comparable with the figures in 2008 and 2009.

(1) In accordance with the guidelines from the Danish Financial Supervisory Authority the denomination of the shares has been converted from DKK 20 to DKK 100. The conversion affects the figures from 1 January 2007.

Income Statement - P/F Føroya Banki

Note	DKK 1,000	Q1 - Q3 2009	Q1 - Q3 2008	Q3 2009	Q3 2008	Full year 2008
2	Interest income	456,796	478,375	141,698	169,835	656,454
3	Interest expenses	150,997	245,194	34,540	84,955	335,404
	Net interest income	305,799	233,182	107,158	84,880	321,050
	Dividends from shares and other investments	2,661	5,428	8	34	5,436
4	Fee and commission income	30,028	32,660	9,238	13,084	48,691
	Fee and commissions paid	188	127	51	44	189
	Net interest and fee income	338,299	271,143	116,353	97,953	374,989
5	Market value adjustments	35,341	-49,744	11,231	-9,239	-73,596
	Other operating income	-2,444	-3,021	-834	-820	90,655
6	Staff costs and administrative expenses	145,175	141,850	49,873	45,224	188,108
	Depreciation and impairment of property, plant and equipment	3,269	4,384	1,776	1,341	5,476
	Other operating expenses	20,146	0	6,936	0	7,524
7	Impairment charges on loans and advances etc.	75,961	113,604	19,543	27,567	104,902
	Income from associated and subsidiary undertakings	14,910	6,975	7,703	6,094	12,132
	Profit before tax	141,555	-34,485	56,326	19,856	98,171
	Tax	22,828	14,261	8,785	9,418	10,443
	Net profit for the period	118,727	-48,746	47,541	10,438	87,727
	EPS Basic for the period, DKK*	12.26	-4.92	4.79	1.08	8.85
	EPS Diluted for the period, DKK *	12.26	-4.92	4.79	1.08	8.85

0

Statement of comprehensive income - P/F Føroya Banki

DKK 1,000	Q1 - Q3 2009	Q1 - Q3 2008	Q3 2009	Q3 2008	Full year 2008
Net gains not recognised in the income statement	77	0	0	0	0
Total	77	0	0	0	0
Net profit for the period	118,727	-48,746	47,541	10,438	87,727
Total comprehensive income for the period	118,804	-48,746	47,541	10,438	87,727

Balance Sheet - P/F Føroya Banki

Note	DKK 1,000	Sept 30 2009	Sept 30 2008	Full year 2008
Assets				
	Cash in hand and demand deposits with central banks	930,216	515,157	831,374
	Due from credit institutions and central banks	125,351	99,535	139,405
7	Loans and advances at amortised cost	7,297,855	7,755,333	7,729,211
7	Bonds at fair value	1,061,599	802,641	893,988
	Shares, etc.	80,521	115,865	91,610
	Assets under insurance contracts	0	0	0
	Holdings in associates	24,825	27,846	27,846
	Holdings in subsidiaries	91,683	91,139	72,252
	Total land and buildings	134,652	135,432	135,226
	investment property	19,823	19,823	19,823
	domicile property	114,829	115,610	115,403
	Other property, plant and equipment	5,381	7,238	6,844
	Current tax assets	0	0	0
	Deferred tax assets	15,219	0	15,219
	Assets held for sale	19,148	23,885	33,184
	Other assets	29,958	55,621	102,532
	Prepayments	7,361	7,450	9,790
	Total assets	9,823,770	9,637,143	10,088,479
Shareholders' equity and liabilities				
	Due to credit institutions and central banks	1,863,685	2,571,826	2,317,290
	Deposits and other debt	5,464,232	5,477,383	5,585,422
	Issued bonds at amortised cost	499,654	0	500,000
	Liabilities under insurance contracts	0	0	0
	Current tax liabilities	48,250	0	0
	Other liabilities	106,067	174,679	146,864
	Deferred income	0	0	0
	Total amounts due	7,981,888	8,223,889	8,549,575
Provisions for liabilities				
	Provisions for pensions and similar obligations	0	0	0
	Provisions for deferred tax	10,965	10,922	11,043
	Other provisions for liabilities	7,361	5,507	3,819
	Total provisions	18,326	16,430	14,862
Subordinated debt				
	Subordinated debt	203,240	0	0
Shareholders' equity (Tier 1)				
	Share capital	200,000	200,000	200,000
	Revaluation reserve	0	0	0
	Reserve, Equity Method	0	0	0
	Retained earnings	1,420,315	1,196,824	1,324,042
	Proposed dividends	0		
	Total shareholders' equity	1,620,315	1,396,824	1,524,042
	Total liabilities and equity	9,823,770	9,637,143	10,088,479
Contingent liabilities				
7	Guarantees, etc.	356,632	429,635	435,223
7	Other commitments	73,677	0	73,677
	Total	430,310	429,635	508,901

Notes to the Income Statement - P/F Føroya Banki

Note	DKK 1,000	Q1 - Q3 2009	Q1 - Q3 2008	Full Year 2008
2	Interest income and premiums on forwards			
	Credit institutions and central banks	8,587	13,913	16,559
	Loans and advances	428,360	431,603	619,761
	Bonds	34,418	31,285	16,059
	Total derivatives of which:	-14,577	1,574	4,054
	<i>Currency contracts</i>	-9,944	465	1,271
	<i>Interest rate contracts</i>	-4,633	1,110	2,783
	<i>Other transactions</i>	0	0	0
	Other contracts	8	0	21
	Total interest income	456,796	478,375	656,454
	Of which accounted for by income from genuine sale and repurchase transactions:			
	Credit institutions and central banks	0	0	0
3	Interest expenses			
	Credit institutions and central banks	44,316	100,361	139,208
	Deposits	94,812	144,833	196,195
	Issued Bonds	11,870	0	1
	Total interest expenses	150,997	245,194	335,404
	Of which interest expenses on genuine sale and repurchase transactions are carried under:			
	Credit institutions and central banks	0	0	0
4	Fee and commission income			
	Securities trading & custody accounts	1,194	2,124	2,815
	Credit transfers	8,431	9,589	12,501
	Loan commissions	10,151	10,508	15,576
	Guarantee provisions	4,099	5,870	7,891
	Other fees and commissions	6,152	4,570	9,908
	Total	30,028	32,660	48,691
5	Value adjustments			
	Loans and advances	17,460	6,194	23,041
	Bonds	16,886	-11,112	-5,112
	Shares	12,136	-37,703	-69,814
	Foreign exchange	6,414	2,644	2,902
	Total derivatives of which:	-17,556	-9,767	-24,613
	<i>Currency Swaps</i>	-356	-3,798	-1,572
	<i>Interest Swaps</i>	-17,200	-6,194	-23,041
	<i>Other contracts</i>	0	224	0
	Total value adjustments	35,341	-49,744	-73,596
6	Employee and administrative expenses			
	Board of Directors	1,215	1,313	1,718
	Executive Board	3,845	3,846	5,106
	Total	5,060	5,158	6,824
	Employee expenses:			
	Salaries	61,680	72,319	85,818
	Pensions	5,485	5,908	7,648
	Social security expenses	5,126	5,362	7,437
	Total	72,291	83,590	100,903
	Other administrative expenses	67,823	53,102	80,381
	Total employee and administrative expenses	145,175	141,850	188,108

Notes to the Balance Sheet - P/F Føroya Banki

Note	DKK 1,000	Sept 30 2009	Sept 30 2008	Full Year 2008
7	Changes in impairments and provisions on loans and guarantees			
	Impairment charges and provisions for guarantees, beginning of period	284.172	176.872	176.872
	Impairment/provisions for the period	140.558	190.748	278.948
	Reversal of impairments previous periods	-64.573	-83.539	-170.617
	Other changes	0	0	0
	Written-off, previously impaired	-1.636	-568	-1.032
	Total impairment balance and provisions, end of period	358.521	283.513	284.172
	Impairment/provisions for the period	75.985	107.209	105.396
	Recognised loss not already covered by impairment charges/provisions	198	72	234
	Recoveries of claims previously written off	-222	-377	-728
	Net effect on the Income Statement	75.961	106.904	104.902
	Individual loan impairment charges, beginning of the period	255.150	176.860	176.860
	Impairment for the period	133.238	120.862	203.790
	Reversal of impairments previous periods	-47.617	-83.535	-124.469
	Other changes	0	0	0
	Written-off, previously impaired	-1.636	-568	-1.032
	Individual impairment charges and provisions, end of the period	339.136	213.619	255.150
	Collective impairment charges, beginning of period	29.022	11	11
	Impairment for the period	7.320	69.886	75.158
	Reversal of impairments previous periods	-16.956	-4	-46.148
	Collective impairment charges, end of period	19.386	69.893	29.022
	Changes in impairments and provisions on other assets and other contingent liabilities			
	Impairment charges and provisions, beginning of period	11.069	0	0
	Impairment/provisions for the period	0	6.700	11.069
	Reversal of impairments previous periods	0	0	0
	Other changes	0	0	0
	Written-off, previously impaired	-7.250	0	0
	Total impairment balance and provisions, end of period	3.819	6.700	11.069
	Impairment/provisions for the period	0	6.700	11.069
	Recognised loss not already covered by impairment charges/provisions	0	0	0
	Recoveries of claims previously written off	0	0	0
	Net effect on the Income Statement	0	6.700	11.069
	Individual impairment charges, beginning of the period	11.069	0	0
	Impairment for the period	0	6.700	11.069
	Reversal of impairments previous periods	0	0	0
	Other changes	0	0	0
	Written-off, previously impaired	-7.250	0	0
	Individual impairment charges and provisions, end of the period	3.819	6.700	11.069

Additional Information

In connection with the publication of the Q3 2009 results Føroya Banki will host a conference call for analysts and investors and publish a presentation on the website.

The conference call will take place on Thursday November 5th, at 13:00 (GMT), 14:00 (CET).

If you would like to participate in the audio cast, please dial the relevant number below a few minutes before the conference starts:

UK participants dial: + 44 208 817 9301

Danish participants dial: + 45 327 147 67

US participants dial: + 1 718 354 1226

International Participants dial: + 44 (0) 208 817 9301

The presentation will be accessible on the website at www.foroya.fo.

Contacts

Janus Petersen, CEO

Tel.: +298 330 330

Investor Relations: ir@foroya.fo

Address

Føroya Banki

Húsagøta 3

FO-100 Tórshavn

Tel.: +298 330 330

Reg.No. 10

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