

FÓROYABANKI

Interim Report **for the six months** **to 30 June 2007**

Stock Exchange Announcement No. 7/2007
13 August, 2007

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Financial Highlights

NET PROFIT FOR THE PERIOD DKK 1,000	First half 2007	First half 2006	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Dec. 31 2006
Interest income, etc.	220,606	149,822	115,336	105,270	94,741	82,864	75,607	327,427
Interest expenses, etc.	87,926	37,230	51,636	36,290	29,488	21,974	20,906	88,692
Net interest income	132,679	112,592	63,699	68,980	65,253	60,891	54,701	238,736
Dividends from shares and other investments	2,377	1,318	2,280	97	131	99	1,151	1,548
Fee and commission income, etc.	20,841	15,508	10,838	10,003	10,211	9,245	9,088	34,964
Fees and commissions paid	174	138	108	66	79	63	58	280
Net interest and fee income	155,723	129,280	76,709	79,014	75,517	70,171	64,882	274,968
Value adjustments of securities and foreign exchange, etc.	11,111	-13,991	-1,561	12,672	4,835	16,588	-9,927	7,432
Other operating income	-2,108	-1,604	-940	-1,168	-604	217	-1,206	-1,991
Results from net financials	164,727	113,685	74,209	90,518	79,747	86,977	53,749	280,409
Employee and administrative expenses	91,375	70,886	46,749	44,626	46,750	36,717	37,418	154,353
Amortisation, depreciation and writedowns	3,993	3,119	1,410	2,583	2,477	2,009	1,754	7,606
Other operating expenses	8	14	0	8	0	0	14	14
Provisions for bad and doubtful debts (net)	-21,983	-1,446	-16,811	-5,172	-65,335	-1,188	1,315	-67,969
Income from groups and associates	10,340	4,410	5,048	5,292	1,034	1,602	2,301	7,046
Profit from ordinary activities before tax	101,674	45,521	47,909	53,765	96,889	51,041	15,548	193,451
Tax	17,482	7,831	7,716	9,766	17,312	8,899	2,384	34,042
Net profit	84,192	37,690	40,193	43,999	79,577	42,141	13,164	159,409

BALANCE SHEET DKK 1,000	June 30 2007	June 30 2006	June 30 2007	Mar. 31 2007	Dec. 31 2006	Sept. 30 2006	June 30 2006	Dec. 31 2006
Loans and advances	6,240,863	4,671,686	6,240,863	5,803,633	5,408,119	4,959,502	4,671,686	5,408,119
Bonds, etc.	858,548	1,046,641	858,548	772,975	864,119	884,219	1,046,641	864,119
Investments in associates	34,399	4,713	34,399	34,399	35,026	4,713	4,713	35,026
Investments in group enterprises	117,967	126,768	117,967	112,919	113,416	128,370	126,768	113,416
Total assets	7,775,828	6,369,713	7,775,828	7,150,077	7,212,876	6,405,299	6,369,713	7,212,876
Due to credit institutions and central banks	1,488,681	290,498	1,488,681	841,717	1,243,066	320,074	290,498	1,243,066
Deposits	4,849,648	4,872,456	4,849,648	4,908,917	4,646,731	4,826,854	4,872,456	4,646,731
Total equity	1,329,711	1,123,800	1,329,711	1,289,517	1,245,519	1,165,941	1,123,800	1,245,519

RATIOS AND KEY FIGURES	First half 2007	First half 2006	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Dec. 31 2006
Solvency ratio	20.8	25.1	20.8	23.0	23.8	23.6	25.1	23.8
Core capital ratio	20.9	25.2	20.9	23.1	23.8	23.7	25.2	23.8
Risk-weighted Items (DKK mill.)	5,925	4,296	5,925	5,384	5,214	4,565	4,296	5,214
Return on equity after tax, pct.	6.5	3.4	3.1	3.5	6.6	3.7	1.2	13.7
Cost / income (1)	54.5	62.7	60.8	49.3	60.9	43.7	69.9	56.3
Excess cover relative to statutory liquidity requirements, pct.	51.0	103.4	51.0	62.3	132.2	93.3	103.4	132.2
Growth on loans and advances, pct.	15.4	14.7	7.5	7.3	9.0	6.2	7.0	32.8
Gearing of loans and advances	4.7	4.2	4.7	4.5	4.3	4.3	4.2	4.3
Earnings per share after tax (nom. DKK 20) (2)	8.4	3.8	4.0	4.4	8.0	4.2	1.3	15.9
Market price per share (nom. DKK 20) (2)	236	N/A	236	N/A	N/A	N/A	N/A	N/A
Book value per share (nom. DKK 20) (2)	133	112	133	129	125	117	112	125

(1) Provisions for bad and doubtful debts are not included in the calculation.

(2) As of 1 January 2007, the denomination of the shares is changed from DKK 100 to DKK 20 per share

The amount of shares is correspondingly increased from 2,000,000 to 10,000,000. For the sake of comparison, the 2006 share denomination has been converted to DKK 20 per share.

Management's Report

- *Net profit* amounted to DKK 84.2m for the first half of 2007, compared to DKK 37.7m in H1 2006. Net profit amounted to DKK 40.2m for the second quarter compared to DKK 13.2m in Q2 2006.
- *Net interest and fee income* amounted to DKK 155.7m in H1 2007, a 20% increase from DKK 129.3m for the same period of 2006.
- *Loans and advances* increased from DKK 5,408m to DKK 6,241m or by DKK 833m (15%) during the first six months of 2007. Loans and advances increased by DKK 1,569m or by 34% from 30 June 2006 to 30 June 2007.
- *Provisions for debts (net)* for H1 2007 was a net positive entry of DKK 22m compared to a net positive entry of DKK 1.4m in H1 2006.
- *Value adjustments* amounted to DKK 11.1m in H1 2007 compared to negative adjustments of DKK 14.0m for H1 2006 – a DKK 25.1m improvement.
- *Employee and administrative expenses* were DKK 91.4m in H1 2007, increasing by 29% over the same period of last year.
- Deposits amounted to DKK 4,850m at 30 June 2007, increasing by DKK 202.9m from 31 December 2006, or by 4%.
- Expectations for full-year profit before provisions and tax remain unchanged in the range of DKK 145m-165m. Profit before tax is expected to reach a similar level of 145m-165m. This is slightly higher than previously communicated and relates to more favourable developments in provisions than previously expected.

Financial Results

P/F Føroya Banki recorded a net profit of DKK 84.2m for the first half of 2007 compared to DKK 37.7m in H1 2006.

Income

Net interest income amounted to DKK 132.7m in H1 2007, an 18% improvement from DKK 112.6m in H1 2006. The increase was attributable to continued growth in lending, which more than compensated for steadily narrowing lending margins during the first half-year of 2007. Corporate customers, primarily customers with onshore businesses, and retail customers drove the increase in lending in the first half of 2007.

Interest expenses increased sharply compared to the first half-year 2006. The reasons were a more competitive market for deposits and increased borrowings from credit institutions to fund the strong growth in lending. Interest expenses were, however, also impacted by non-recurring expenses. The Bank paid an initial charge of DKK 7m in connection with the raising of a DKK 1,150m syndicated bullet loan. In connection with the flotation, the Bank offered its customers an interest premium on deposits used to purchase shares. The related costs amounted to DKK 2m.

Net fee income for the first half of 2007 totalled DKK 20.7m, an increase of 34% over the same period of last year. This is consistent with the ongoing optimisation of the Bank's fee policy. An additional factor of the increase in income was growing income from guarantee commission and income from the Bank's Corporate Finance operations. Net fee income for the second quarter amounted to DKK 10.7m, an increase of 19% compared to the second quarter of 2006.

Value adjustments amounted to DKK 11.1m for the first half year 2007 compared to negative adjustments of DKK 14.0m for H1 2006. The increase was largely attributable to unrealised gains in the first quarter of 2007 relating to some of the Bank's securities. The market prices of these same securities fell in Q2 2007, which explains the loss recorded in the second quarter of 2007.

Income from groups and associates amounted to DKK 10.3m for the first half-year of 2007 compared to DKK 4.4m in the same period of 2006. The increase can be explained by a profit from the sale of 2.2% of the share capital in P/F Bakkafrost. The subsidiary P/F Trygd achieved first-half results that were largely identical to those of H1 2006. The increase in income from groups

and associates was DKK 3.3m higher than the income for the full-year 2006.

Operating Expenses

Employee and administrative expenses for H1 2007 totalled DKK 91.4m, which was an increase of 29% from the same period of last year. This was primarily due to non-recurring expenses in connection with the flotation of the Bank, increased expenses in connection with a greater focus on various business areas and from expenses in connection with re-branding the Bank.

Employee and administrative expenses amounted to DKK 46.7m in Q2 2007, an increase of 25% relative to Q2 2006. The cost/income ratio declined from 63% at 30 June 2006 to 54% at 30 June 2007. This is consistent with the Bank's objective of achieving a cost/income ratio of less than 50%.

Provisions for debts (net)

The Bank recorded provisions for debts (net) for the first half year as a net positive entry, amounting to DKK 22m compared to a net positive entry amounting to DKK 1.4m in H1 2006. The positive entry was due to persistently favourable economic conditions, which led to a low level of new provisions and allowed reversals of prior-year charges.

Capital and Solvency

Equity

Equity was DKK 1,330m at 30 June 2007, compared to DKK 1,246m at 31 December 2006. The change reflects primarily the recognition of the net profit for the period.

The H1 2007 return on equity was 6.5% compared to 3.4% in H1 2006. Earnings per share after tax for H1 2007 were 8.4 DKK.

Solvency

At 30 June 2007 the solvency ratio was 20.8% compared to 23.8% at 31 December 2006.

The increase in risk-weighted items from DKK 5,214m at 31 December 2006 to DKK 5,925m at 30 June 2007 was attributable primarily to lending growth.

Balance Sheet

The Bank's total assets at 30 June 2007 amounted to DKK 7,776m increasing by DKK 563m or 8% since 31 December 2006.

Loans and advances

Loans and advances increased from DKK 5,408m to DKK 6,241m or by DKK 833m (15%) during the first six months of 2007. Loans and advances to retail customers increased by 14%, whereas loans and advances to corporate customers increased by 19%. Approximately 80% of the increase in loans to corporate customers are loans to various onshore businesses. Approximately 60% of the increase in loans to retail customers related to housing loans.

Loans and advances increased by DKK 1,569m or 34% from 30 June 2006 to 30 June 2007.

Bonds

Bonds decreased by DKK 188m or 18% from 30 June 2006 to 30 June 2007. The reduction of the portfolio of bonds was primarily a consequence of the growth in loans.

Loans from credit institutions and central banks

Loans from credit institutions and central banks amounted to DKK 1,489m at 30 June 2007 compared to DKK 1,243m at 31 December 2006. This increase of DKK 246m, or 20%, was attributable to the obtaining of a syndicated loan to fund the increase in lending generated during the period.

Deposits

Deposits amounted to DKK 4,850m at 30 June 2007 increasing by DKK 203m from the beginning of the year, or by 4%. Deposits fell by DKK 23m relative to 30 June 2006, because special-term deposits were withdrawn from the Bank in the final quarter of 2006.

Investments in group enterprises

Investments in group enterprises decreased from DKK 127m at 30 June 2006 to DKK 118m at 30 June 2007 or by 7%. This was due to a decrease of the equity in the subsidiary P/F Trygd following a dividend distribution by the company.

Syndicated Loan

To ensure liquidity and to finance the intended DKK 1,200m growth in lending, the Bank raised a syndicated bullet loan of DKK 1,150m (EUR 155m) in April 2007. A large amount of the loan

has been used as a down-payment of other loans from credit institutions.

Listing on OMX

The Financing Fund of 1992 started the process of floating the Bank in November of 2006 and a prospectus was published on 4 June 2007. On 21 June 2007, the Bank was listed on the stock exchanges in Iceland and Denmark. There was substantial interest in the flotation and the offering was 26 times oversubscribed. Following the listing, the Bank now has more than 15,000 shareholders.

Outlook for 2007

In accordance with previous guidance, Føroya Banki expects total profits before provisions and tax for 2007 in the range of DKK 145m-165m.

In the Q1 interim report, Føroya Banki upgraded its projection of net interest and fee income to DKK 320m-340m and profit before provisions and tax to DKK 145m-165m on the basis of trends in its business scope and a positive economic outlook. Based on the results of the first half of 2007, the Bank maintains these projections. However, based on a more favourable development in provisions than expected, profit before tax is revised upwards by DKK 10m to a level of DKK 145m-165m.

Tórshavn, 13 August 2007

Financial Highlights – 5-years summary

NET PROFIT FOR THE PERIOD DKK 1,000	First half 2007	First half 2006	Dec. 31 2006	First half 2005	First half 2004	First half 2003
Interest income, etc.	220,606	149,822	327,427	147,487	147,643	159,315
Interest expenses, etc.	87,926	37,230	88,692	31,175	28,978	34,621
Net interest income	132,679	112,592	238,736	116,312	118,665	124,694
Dividends from shares and other investments	2,377	1,318	1,548	431	329	265
Fee and commission income, etc.	20,841	15,508	34,964	10,076	8,572	10,586
Fees and commissions paid	174	138	280	112	121	82
Net interest and fee income	155,723	129,280	274,968	126,707	127,444	135,463
Value adjustments of securities and foreign exchange, etc.	11,111	-13,991	7,432	15,396	-4,109	1,752
Other operating income	-2,108	-1,604	-1,991	378	267	15,645
Results from net financials	164,727	113,685	280,409	142,481	123,602	152,860
Employee and administrative expenses	91,375	70,886	154,353	66,951	63,242	60,902
Amortisation, depreciation and writedowns	3,993	3,119	7,606	3,865	2,725	1,624
Other operating expenses	8	14	14	0	0	79
Provisions for bad and doubtful debts (net)	-21,983	-1,446	-67,969	1,048	19,290	116,793
Income from groups and associates	10,340	4,410	7,046	2,908	2,903	-2,434
Profit from ordinary activities before tax	101,674	45,521	193,451	73,525	41,248	-28,972
Tax	17,482	7,831	34,042	14,705	8,257	-5,700
Net profit	84,192	37,690	159,409	58,820	32,991	-23,272

BALANCE SHEET DKK 1,000	June 30 2007	June 30 2006	Dec. 31 2006	June 30 2005	June 30 2004	June 30 2003
Cash in hand and demand deposits with central banks	99,835	107,056	201,877	281,906	167,998	180,217
Due from credit institutions, etc.	166,509	200,767	331,612	188,542	100,671	41,656
Loans and advances	6,240,863	4,671,686	5,408,119	3,508,413	3,517,740	3,315,609
Bonds, etc.	858,548	1,046,641	864,119	1,799,977	1,457,660	1,593,817
Shares, etc.	158,107	121,256	134,813	18,418	11,118	3,240
Investments in associates	34,399	4,713	35,026	4,921	3,677	4,330
Investments in group enterprises	117,967	126,768	113,416	123,660	124,207	112,247
Tangible assets	62,394	62,657	60,762	62,208	65,300	65,318
Own shares	6,260	-53	0	-56	12	-12
Other assets	22,211	22,000	57,115	31,828	30,635	38,877
Prepayments	8,734	6,222	6,016	5,420	5,305	5,275
Total assets	7,775,828	6,369,713	7,212,876	6,025,237	5,484,324	5,360,575
Due to credit institutions and central banks	1,488,681	290,498	1,243,066	77,696	87,956	63,363
Deposits	4,849,648	4,872,456	4,646,731	4,266,050	3,802,796	3,792,749
Other liabilities	104,891	79,659	74,462	61,627	45,996	30,435
Deferred income	0	0	0	0	0	1
Provisions for commitments	2,898	3,300	3,099	3,842	4,475	5,171
Total liabilities	6,446,117	5,245,913	5,967,357	4,409,215	3,941,223	3,891,720
Share capital	200,000	200,000	200,000	100,000	100,000	100,000
Reserves	9,099	10,912	2,839	9,402	4,198	178
Retained profit for the period	84,192	37,690	152,363	58,820	32,991	-23,272
Brought forward from prior years	1,036,420	875,197	890,317	1,447,800	1,405,913	1,391,950
Total equity	1,329,711	1,123,800	1,245,519	1,616,022	1,543,102	1,468,855
Total liabilities and equity	7,775,828	6,369,713	7,212,876	6,025,237	5,484,324	5,360,575
Off-balance sheet items	425,871	270,784	359,081	144,298	173,989	211,804

Financial Highlights – 5-years summary

RATIOS AND KEY FIGURES	First half 2007	First half 2006	Dec. 31 2006	First half 2005	First half 2004	First half 2003
Solvency ratio	20.8	25.1	23.8	47.8	45.3	46.4
Core capital ratio	20.9	25.2	23.8	47.8	45.4	46.5
Return on equity before tax, pct.	7.9	4.1	16.6	4.6	2.7	-2.0
Return on equity after tax, pct.	6.5	3.4	13.7	3.7	2.2	-1.6
Income / cost ratio, DKK (1)	1.84	1.60	1.77	2.05	1.92	2.40
Interest rate risk, pct.	2.4	1.7	1.1	1.9	2.0	2.6
Foreign exchange position, pct.	7.2	10.9	11.8	4.1	4.0	1.8
Foreign exchange risk, pct.	0.0	0.0	0.0	0.0	0.0	0.0
Loans, advances and provisions in relation to deposits, pct.	134.4	103.5	122.9	92.1	107.4	103.4
Excess cover relative to statutory liquidity requirements, pct.	51.0	103.4	132.2	367.6	273.4	296.4
Large exposures as a percentage of equity	162.7	100.5	126.5	0.0	37.3	11.0
Share of amounts due on which interest rates have been reduced, pct.	0.3	0.5	0.4	1.2	1.6	1.6
Provisioning ratio	4.0	7.0	5.0	10.4	13.4	14.9
Write-off and provisioning ratio	-0.3	0.0	-1.1	0.0	0.5	2.9
Growth on loans and advances, pct.	15.4	14.7	32.8	-3.5	0.2	-2.8
Gearing of loans and advances	4.7	4.2	4.3	2.2	2.3	2.3
Earnings per share before tax, DKK (2)	50.8	22.8	96.7	73.5	41.2	-29.0
Earnings per share after tax, DKK (2)	42.1	18.8	79.7	58.8	33.0	-23.3
Book value per share, DKK (2)	665	562	623	1,616	1,543	1,469
Market price / Book value per share, DKK (2)	1.78	N/A	N/A	N/A	N/A	N/A
Market price / Earnings pr. share after tax, DKK (2)	28.1	N/A	N/A	N/A	N/A	N/A

These highlights have been prepared in correspondence with regulations from the Danish Financial Supervisory Authority.

(1) Provisions for bad and doubtful debts are not included in the calculation.

(2) 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.

The Interim Financial Statement for the first six months of 2007 is prepared in accordance with the Faroese Banking Act and with the executive order and guidelines of the Danish Financial Supervisory Authority on presentation of financial statements by banks as applied in the Faroes and in accordance with the financial reporting requirements of the OMX Nordic Exchanges in Iceland and in Copenhagen.

The net profit after tax, according to the Income Statement, amounted to DKK 84.2 mill. for the period from 1 January to 30 June 2007. Total equity, according to the Balance Sheet, amounted to DKK 1,330 mill. at the end of the period, including share capital amounting to DKK 200 mill. The return on equity of the Bank calculated according to the Danish Banking Act, was 6.5% after tax.

We consider the accounting policies used to be appropriate, such that the Interim Financial Statement gives a true and fair view of the Bank's assets, liabilities and financial position at 30 June 2007, and of the results of the operations and cash flows for the period 1 January to 30 June 2007.

Tórshavn, 13 August 2007

Executive Board

Janus Petersen

Súni Schwartz Jacobsen

Board of Directors

Jóhan Páll Joensen

Jens Erik Christensen

Graham D. Stewart

Eyðhild Skaalum

Olav Enomoto

Sigmar Jacobsen

Internal Auditor's Review Report

To the Shareholders of P/F Føroya Banki

According to an agreement with the Bank's Board of Directors, we have reviewed the accompanying Interim Balance Sheet of P/F Føroya Banki as of 30 June 2007, and the related Interim Statement of Income, Interim Cash Flows and Notes for the six months ending 30 June 2007. The Interim Financial Statement is the responsibility of the Bank's management. Our responsibility is to issue a report on the Financial Statement based on our review.

Basis of Opinion

We conducted our review in accordance with generally accepted review standards as applied on the Faroe Islands. This standard requires that we plan and perform the review to obtain limited assurance as to whether the preliminary financial information is free of material misstatements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Opinion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Statements do not give a true and fair view of the financial position of the Bank as of 30 June 2007, and of the results of its operations and its cash flows for the six months ending 30 June 2007 in accordance with the Faroese Banking Act and with the executive order and guidelines of the Danish Financial Supervisory Authority on presentation of financial statements by banks as applied on the Faroes and in accordance with the financial reporting requirements of the OMX Nordic Exchanges in Iceland and in Copenhagen.

Tórshavn, 13 August 2007

Petur A. Johannesen
Chief Auditor

Accounting Policies

The financial statements of P/F FØROYA BANKI have been prepared in accordance with the Faroese Banking Act and with the executive order and guidelines of the Danish Financial Supervisory Authority on presentation of financial statements by banks as applied on the Faroe Islands.

According to § 116 of the executive order with reference to the Faroese Banking Act, no consolidated financial statements have been prepared. The Bank has as of 30 June 2007 three subsidiaries. P/F Trygd is a non-life insurance company and is therefore not consolidated with the Bank. P/F Skyn is a real estate brokerage. The management considers P/F Skyn to be non-material and the company is therefore not consolidated with the Bank. P/F Vestlax is an aquaculture corporation, which the Bank has taken over with the purpose of reconstructing and selling the company. Consequently it is not to be consolidated.

The Bank has not changed its accounting policies from those followed in the Annual Report for 2006. The Annual Report for 2006 provides a full version of the Bank's accounting policies, and is available upon request from the Banks registered office at Húsagøta 3, Tórshavn or at www.foroya.fo.

Income Statement

Notes	DKK 1,000	First half 2007	First half 2006	Dec. 31 2006
1	Interest income, etc.	220,606	149,822	327,427
2	Interest expenses, etc.	87,926	37,230	88,692
	Net interest income	132,679	112,592	238,736
3	Dividends from shares and other investments	2,377	1,318	1,548
	Fee and commission income, etc.	20,841	15,508	34,964
	Fees and commissions paid	174	138	280
	Net interest and fee income	155,723	129,280	274,968
4	Value adjustments of securities and foreign exchange, etc.	11,111	-13,991	7,432
	Other operating income	-2,108	-1,604	-1,991
	Results from net financials	164,727	113,685	280,409
5	Employee and administrative expenses	91,375	70,886	154,353
	Amortisation, depreciation and writedowns	3,993	3,119	7,606
	Other operating expenses	8	14	14
13	Provisions for bad and doubtful debts (net)	-21,983	-1,446	-67,969
	Income from groups and associates	10,340	4,410	7,046
	Profit from ordinary activities before tax	101,674	45,521	193,451
6	Tax	17,482	7,831	34,042
	Net profit	84,192	37,690	159,409

Balance Sheet

Notes	DKK 1,000	June 30 2007	June 30 2006	Dec. 31 2006
Assets				
	Cash in hand and demand deposits with central banks	99,835	107,056	201,877
7-8	Due from credit institutions, etc.	166,509	200,767	331,612
9-11	Loans and advances	6,240,863	4,671,686	5,408,119
12	Bonds, etc.	858,548	1,046,641	864,119
13	Shares, etc.	158,107	121,256	134,813
	Investments in associates	34,399	4,713	35,026
	Investments in group enterprises	117,967	126,768	113,416
	Tangible assets	62,394	62,657	60,762
	Own shares	6,260	-53	0
	Other assets	22,211	22,000	57,115
	Prepayments	8,734	6,222	6,016
	Total assets	7,775,828	6,369,713	7,212,876
Liabilities				
14-15	Due to credit institutions and central banks	1,488,681	290,498	1,243,066
16-17	Deposits	4,849,648	4,872,456	4,646,731
	Other liabilities	104,891	79,659	74,462
	Deferred income	0	0	0
	Provisions for commitments	2,898	3,300	3,099
	Total liabilities	6,446,117	5,245,913	5,967,357
Equity				
	Share capital	200,000	200,000	200,000
	Reserves	9,099	10,912	2,839
	Retained profit for the period	84,192	37,690	152,363
	Brought forward from prior years	1,036,420	875,197	890,317
	Total equity	1,329,711	1,123,800	1,245,519
	Total liabilities and equity	7,775,828	6,369,713	7,212,876
Off-balance-sheet items:				
18	Guarantees, etc.	425,871	270,784	359,081
	Other commitments	0	0	0
	Total	425,871	270,784	359,081

Cash Flow Statement

DKK 1,000	June 30 2007	June 30 2006
Net profit for the first half	84,192	37,690
Adjustment of non-liquid operating items, etc.:		
Provisions for poor and doubtful debts	-21,983	-1,446
Amortisation and depreciation of tangible and intangible assets	3,993	3,119
Value adjustments, bonds	11,986	11,649
Value adjustments, shares	-22,131	5,422
Result from investments	-10,340	-4,410
Earnings	45,716	52,025
Change in loans	-810,761	-598,785
Change in holding of bonds	-6,414	744,638
Change in holding of shares	-1,164	-43,373
Change in other assets	28,628	21,641
Change in deposits	202,917	365,924
Due to credit institutions and central banks	245,615	177,000
Other liabilities	30,429	-584,679
Prepayments	-2,718	-1,005
Provisions for commitments	-201	-256
Cash flow from operating activities	-267,952	133,129
Acquisition/sale of tangible assets	-5,608	-3,316
Acquisition/sale of investments	6,415	0
Cash flow from investing activities	807	-3,316
Cash flow for the period	-267,145	129,813
Cash in hand and demand deposits with central banks, at the beginning of the year	201,877	73,747
Due from credit institutions, etc. at the beginning of the year	331,612	104,263
Cash and due etc. at the beginning of the year	533,489	178,010
Cash in hand and demand deposits at the end of the period	99,835	107,056
Due from credit institutions, etc. at the end of the period	166,509	200,767
Cash and due etc. at the end of the year	266,344	307,823

Notes to the Income Statement

Note	DKK 1,000	First half 2007	First half 2006	Dec. 31 2006
1	Interest income and premiums on forwards			
	Credit institutions and central banks	6,685	1,825	5,209
	Loans and advances	199,228	125,253	280,723
	Bonds	15,754	25,524	43,999
	Total derivatives of which:	-1,073	-2,781	-2,513
	<i>Currency contracts</i>	-465	-945	119
	<i>Interest rate contracts</i>	-609	-1,836	-2,633
	<i>Other transactions</i>	0	0	0
	Other contracts	11	1	9
	Total interest income	220,606	149,822	327,427
	Of which accounted for by income from genuine sale and repurchase transactions:			
	Credit institutions and central banks	0	0	0
2	Interest expenses			
	Credit institutions and central banks	29,377	1,228	10,548
	Deposits	58,550	36,002	78,144
	Total interest expenses	87,926	37,230	88,692
	Of which interest expenses on genuine sale and repurchase transactions are carried under:			
	Credit institutions and central banks	0	724	0
3	Dividends from			
	Shares	2,377	1,318	1,548
	Total	2,377	1,318	1,548
4	Value adjustments			
	Bonds	-11,986	-11,649	-2,270
	Shares	22,131	-5,422	5,978
	Foreign exchange	1,263	2,407	3,665
	Total derivatives of which:	-297	673	59
	<i>Currency Swaps</i>	-297	0	490
	<i>Interest Swaps</i>	0	0	-431
	<i>Other contracts</i>	0	673	0
	Total value adjustments	11,111	-13,991	7,432
5	Employee and administrative expenses			
	Executive Board	1,821	1,444	2,970
	Board of Directors	2,009	340	1,125
	Total	3,831	1,784	4,095
	Employee expenses:			
	Salaries	37,570	33,700	68,938
	Pensions	3,311	2,955	6,033
	Social security expenses	3,433	2,602	5,452
	Total	44,314	39,257	80,423
	Other administrative expenses	43,231	29,846	69,835
	Total employee and administrative expenses	91,375	70,887	154,353

Notes to the Income Statement

Note	DKK 1,000	First half 2007	First half 2006	Dec. 31 2006
6	Tax			
	Estimated tax on the profit for the period	17,545	7,525	32,748
	Adjustment of tax assets	-63	307	1,246
	Adjustment of prior year tax charge	0	0	48
	Total	17,482	7,831	34,042
	Breakdown of tax liability			
	Estimated tax (18%) on profit from ordinary activities	18,301	8,194	34,821
	Tax value of non-taxable income	-1,142	-1,032	-1,533
	Tax value of non-deductible expenses	386	363	-541
	Adjustment of tax assets	-63	307	1,246
	Adjustment of prior year tax charge	0	0	48
	Tax charged to the income statement	17,482	7,831	34,042
	Effective tax rate (tax charged to the income statement relative to profit (loss) from ordinary activities before tax)	17.2%	17.2%	17.6%

Notes to the Balance Sheet

Note	DKK 1,000	June 30 2007	June 30 2006	Dec. 31 2006
7	Due from credit institutions etc. specified by institution			
	Deposits at notice with central banks	0	0	0
	Due from credit institutions	166,509	200,757	331,612
	Total	166,509	200,757	331,612
8	Due from credit institutions etc. specified by maturity			
	On demand	96,509	80,757	85,612
	3 months and below	70,000	120,000	246,000
	Total	166,509	200,757	331,612
9	Loans and advances specified by sectors			
	Public authorities	6%	6%	6%
	Corporate sector:			
	Fishing industry	13%	10%	13%
	Manufacturing industries etc.	4%	5%	5%
	Building and construction etc.	3%	3%	2%
	Trade, hotels and restaurants	6%	7%	7%
	Transport, mail and telephone	6%	4%	4%
	Property administration, purchase and sale and business services	4%	4%	4%
	Other industries	6%	5%	6%
	Total corporate sector	42%	37%	41%
	Retail customers	52%	56%	53%
	Total	100%	100%	100%
10	Loans and advances specified by maturity			
	On demand	79,974	27,328	17,182
	3 months and below	115,037	60,511	89,691
	3 months to 1 year	995,667	1,076,801	1,027,455
	Over 1 year to 5 years	655,503	511,729	600,191
	Over 5 years	4,394,683	2,995,317	3,673,601
	Total loans and advances	6,240,863	4,671,686	5,408,119
11	Changes in the provisions on loans and advances are specified as follows			
	Balance at the beginning of the year	301,537	371,869	371,869
	Impairment on loans and advances during the period	-21,983	-1,446	-67,969
	Write-offs during the period	-2,194	-1,085	-4,596
	Payment of loans previously written-off	1,748	919	2,232
	Provisions on loans and advances	279,107	370,258	301,537
12	Bonds			
	Listed	858,548	1,046,641	864,119
	Unlisted	0	0	0
	Total bonds	858,548	1,046,641	864,119
13	Shares			
	Listed	115,510	117,843	76,908
	Unlisted	42,597	3,413	57,905
	Total shares	158,107	121,256	134,813

Notes to the Balance Sheet

Note	DKK 1,000	June 30 2007	June 30 2006	Dec. 31 2006
14	Due to credit institutions and central banks specified by institution			
	Due to central banks	0	180,000	0
	Due to credit institutions	1,488,681	110,498	1,243,066
	Total	1,488,681	290,498	1,243,066
15	Due to credit institutions and central banks specified by maturity			
	On demand	132,339	110,498	297,566
	3 months and below	200,000	180,000	945,500
	3 months to 1 year	0	0	0
	Over 1 year to 5 years	1,156,342	0	0
	Over 5 years	0	0	0
	Total	1,488,681	290,498	1,243,066
16	Deposits specified by type			
	On demand	2,502,294	2,285,057	2,355,005
	At notice	1,569,109	1,535,045	1,452,313
	Time deposits	310,256	642,376	390,315
	Special deposits	467,988	409,977	449,097
	Total deposits	4,849,648	4,872,456	4,646,731
17	Deposits specified by maturity			
	On demand	2,502,571	2,285,049	2,354,807
	3 months and below	2,188,102	2,414,811	2,118,150
	3 months to 1 year	19,067	9,569	6,173
	Over 1 year to 5 years	139,493	161,810	167,371
	Over 5 years	415	1,217	229
	Total deposits	4,849,648	4,872,456	4,646,731
18	Off-balance sheet items			
	Guarantees, etc.:			
	Financial guarantees	10,774	9,926	11,301
	Other guarantees	415,096	260,858	347,780
	Total guarantees, etc.	425,871	270,784	359,081

Other Notes to the Financial Statements

Changes in equity

Note	Changes in equity in H1 2007: DKK 1,000	Share capital	Reserves	Retained earnings	Proposed dividend	Total equity
20	Equity 1 januar 2007	200,000	2,839	1,042,680	0	1,245,519
	Net earnings according to the Income Statement			84,192		84,192
	Dividends paid				0	0
	Purchases and sales of treasury stock, net			-6,260		-6,260
	Reserves		6,260			6,260
	Equity 30 june 2007	200,000	9,099	1,120,612	0	1,329,711
	Changes in equity in H1 2006: (DKK 1,000)					
	Equity 1 januar 2006	200,000	10,912	875,197	0	1,086,110
	Net earnings according to the Income Statement			37,690		37,690
	Dividends paid				0	0
	Purchases and sales of treasury stock, net			0		0
	Reserves		0			0
	Equity 30 june 2006	200,000	10,912	912,888	0	1,123,800

Calculation of capital adequacy

Note	Calculation of capital adequacy DKK 1,000	June 30 2007	June 30 2006	Dec. 31 2006
21	Core capital after statutory deductions	1,236	1,082	1,243
	Base capital after statutory deductions	1,233	1,079	1,240
	Weighted items not included in trading portfolio	5,243	3,731	4,673
	Weighted items with market risk	682	565	541
	Total weighted items	5,925	4,296	5,214
	Core capital after statutory deductions as a percentage of total weighted items	20.9	25.2	23.8
	Solvency ratio according to section 124 of the Faroese Banking Act	20.8	25.1	23.8

Additional Information

Press conference and conference call

Føroya Banki will hold a press conference and a conference call upon the presentation of its Interim Financial Statement for the first half of 2007. The press conference is scheduled for 13 August at 12.00 CET and the conference call at 14.30pm CET.

Financial calendar

Føroya Banki plans to release its nine-month Financial Statement for 2007 on 5 November 2007.

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