

The Eik logo consists of the word "Eik" in a white, sans-serif font, positioned to the left of a vertical yellow bar. The background of the entire page is a dark, textured image of a rock face with horizontal strata.

Eik

Eik Bank Group, Eik Banki P/F
and Eik Bank Danmark A/S

Company disclosure requirements
as at 30 June 2010

www.eik.fo

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Introduction

Publication of disclosure requirements is made in pursuance of sections 60-66 of the Danish Executive Order on Capital Requirement and schedule 20 to the Order.

In compliance with section 60, subsection 7, of the Executive Order on Capital Requirement, the group has chosen to prepare an overall statement for Eik Bank Danmark A/S and Eik Banki P/F.

The statement will be published on the websites of Eik Bank Danmark A/S, www.eikbank.dk and Eik Banki P/F, www.eik.fo and www.eikbank.com under Investor Relations.

The information has not been audited or reviewed by either internal or external audit.

Reporting is made on the basis of the Half Year Report for Eik Bank Danmark A/S and Eik Banki P/F respectively.

On 31 December 2009, the group published the Risk Report 2009, which is available on www.eikbank.dk and www.eik.fo.

Individual solvency need and requirement

The company's internal procedures for calculating the adequate capital base and solvency need are as follows:

Each quarter, the Board of Directors of Eik Bank Danmark A/S and Eik Banki P/F respectively discuss the calculation of the solvency need following recommendation by the managements in the institutes. The recommendation lists proposals for the size of solvency need including proposals for choice of stress variables, stress levels, possible risk areas and growth expectations. The solvency need is determined against the background of these discussions and shall adequately cover the risks of the institutes, cf. section 124, subsections 1 and 4, of the Financial Business Act.

At least once a year, the Board of Directors of Eik Bank Danmark A/S and Eik Banki P/F thoroughly discuss the method of assessing the institutes' solvency needs, including the risk areas and stress levels that ought to be taken into account when calculating the solvency need.

Method for assessing whether the bank's base capital is adequate to support present and future activities

When assessing the bank's solvency need, the management has chosen to base the calculation on "Guidelines regarding adequate base capital and solvency need for financial institutions" drawn up by The Association of Local Banks, Savings Banks and Co-operative Savings Banks in Denmark (Lokale Pengeinstitutter) and The Danish Financial Supervisory Authority (Finanstilsynet). When calculating the solvency need, the method earmarks capital within four risk areas (credit risks, market risks, operational risks and other conditions).

The first part of the model includes a number of stress tests. These stress tests "stress" the individual budget amounts for the year to come through a number of variables.

Stress test in relation to determining the solvency need:

Capital to cover credit risks

Write-downs on loans etc.:

4.27% of total loans and guarantees before write-downs.

Capital to cover market risks

Stock price depreciation: 30%

Increase in interest rates: 1.35% of trading portfolio and 1% outside the trading portfolio.

Currency risks:

For Euro: exchange indicator 1 x 2.25%

Other foreign currencies: exchange indicator 1 x 12%

Risk related to financial instruments:

8% of positive market value

Capital to cover other conditions

General decrease in net interest income 12%

General decrease in net fee income 17%

General decrease in other operating income 12%

Domicile properties and assets in temporary possession 12%

Other areas of risk assessed in relation to determining the solvency need:

Further capital to cover credit risks

Customers with financial problems

Large accounts

Business concentration

Geographic concentration

Concentration of securities

Capital to cover other conditions

Strategic risks

Reputation risks

Risks in relation to the size of the banking institution

Property risks

Group risks

Capital procurement

Liquidity risks

Settlement risks

Group solvency need broken down by risk area as at 30 June 2010

Risk area	Eik Banki P/F		Eik Bank Danmark A/S		Group	
	DKK million Adequate Base capital	Per cent Solvency need	DKK million Adequate Base capital	Per cent Solvency need	DKK million Adequate Base capital	Per cent Solvency need
Credit risks	563,500	6.17%	635,500	11.2%	1,191,383	8.58%
Market risks	194,213	2.13%	20,273	0.4%	213,545	1.54%
Operational risks	64,874	0.71%	35,900	0.6%	101,575	0.73%
Other risks *)	174,743	1.92%	-34,090	-0.6%	-135,270	-0.98%
Internally assessed solvency need	996,933	10.93%	657,582	11.6%	1,371,234	9.87%
Any possible statutory additions		0%	0	0%	0	0%
Total	996,933	10.93%	657,582	11.6%	1,371,234	9.87%

DKK million	Eik Banki P/F	Eik Bank Danmark A/S	Group
Base capital after deduction	2,075,433	830,713	1,993,402
Adequate base capital	996,933	657,582	1,371,234
Excess capital adequacy	1,078,500	173,131	622,168
Solvency ratio in per centage	22.75	14.7	14.36
Solvency need in per centage	10.93	11.6	9.87
Excess solvency adequacy in per centage points	11.82	3.1	4.48
Excess solvency adequacy in per centage	108.918	26.7	45.37
Solvency requirement in pursuance of section 124, subsection 2(1), of the Financial Business Act (8 % of risk-weighted items)	729,825	452,936	1,108,783

Solvency need and capital excess adequacy

Eik Bank Danmark A/S has calculated the excess solvency adequacy in 3.1 per centage points or 26.7 per cent on the basis of a solvency need of 11.6 per cent and an actual solvency ratio of 14.7 per cent. The excess solvency adequacy is deemed satisfactory seen in isolation and taking into account that Eik Bank Danmark is a wholly owned subsidiary of Eik Banki P/F.

Eik Banki P/F has calculated the excess solvency adequacy in 11.82 per centage points or 108.18 per cent on the basis of a solvency need of 10.93 per cent and an actual solvency ratio of 22.75 per cent

Eik Banki Group has calculated the excess solvency adequacy in 4.48 per centage points or 45.37 per cent on the basis of a solvency need of 9.87 per cent and an actual solvency ratio of 14.36 per cent

The excess solvency for Eik Banki P/F and Eik Banki Group is deemed satisfactory and will be able to secure the ongoing activities of the Eik Banki Group and contribute to the Group's continued development.

Credit risks

Credit risks present the bank's largest risk area and as the major part of the solvency need relates to this area, this is also the bank's centre of attention. The essential part of the earmarked capital within the credit risk area is attributable to the stress tests carried out and customers with financial problems. The size of the latter is dependent on business trends.

Market risks

Capital earmarked for market risks primarily relates to the interest rate risk on the bank's fixed-interest bond holding, share price exposure and exchange risk. Market risks are primarily calculated in a stress test.

Operational risks

In this category, capital is earmarked to cover the risk of loss due to inappropriate or inadequate internal procedures, human or system errors or as caused by external events, including legal risks.

Other conditions

Other conditions form part of the solvency need as a deduction, (for Eik Banki a addition) because of the concerrisk) because even under the toughest stress test, the bank will make a considerable income through its business. This consolidation forms part of the solvency need model as a deduction. Moreover, the category "other conditions" earmarks capital for headquarters property and assets in temporary possession.

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