



Εik

Half-Year Report

2010

www.eikbank.com

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Half-Year Highlights

Half year Highlights

"First half 2010 shows progress, particularly with considerably lower impairments, finalized refinancing of all senior debt and, at the same time, an increase in the group solvency ratio to 14.4 per cent. Although 2010 may be challenging, we maintain our expectations of a positive result for the year", says Mårner Jacobsen, CEO of the Eik Group.

- Net interest income shows an increase of 25 per cent to DKK 308 million
- Net fee and commissions have increased 10 per cent to DKK 63 million
- Market value adjustments is a loss of DKK 79 million compared to a profit of DKK 39 million last year
- Profit on financial operations is DKK 299 million compared to DKK 349 million first half 2009
- The result for the period is a profit of DKK 3.0 million after taxes
- Impairments are DKK 55.7 million corresponding to 0.3 per cent of total loans and guarantees. Impairments decreased by 72.6 per cent compared to first half 2009
- Solvency ratio and core capital ratio is 14.4 per cent and 9.3 per cent, respectively, at the end of the period
- Liquidity is DKK 12.7 billion, which corresponds to an excess cover of 351.4 per cent over statutory requirement
- Loans have decreased by DKK 364.1 million from DKK 15.7 billion first half 2009 to DKK 15.3 billion. From year-begin 2010, loans have decreased by DKK 90.2 million
- Deposits have increased from DKK 14.3 billion first half 2009 to DKK 16.3 billion. At the beginning of 2010, deposits amounted to DKK 14.4 billion

Outlook 2010

Based on the expected moderate growth for the Faroese and Danish economies in 2010, Eik Banki Group expects a positive result for the year 2010. However, the general uncertainty about the global economic outlook is a major risk factor influencing the economies in which the Bank operates, and therefore also the Bank's outlook for the remaining part of 2010.

Key Figures and Financial Ratios

Basic Income Statement

Group DKK Million	1H 2010	1H 2009	Change in per cent	2Q 2010	2Q 2009	Change in per cent	2009
Basic Income Statement							
Net interest income	308	246	25	173	113	53	518
Net fee income	63	57	10	33	23	44	113
Dividends on shares, etc.	1	2	-50	1	2	-50	2
Market value adjustments	-79	39	-303	-42	52	-181	-51
Other operating income	6	5	20	3	2	50	17
Profit on financial operations	299	349	-14	168	192	-12	599
Operating expenses, depreciation and write-downs	203	181	12	103	89	16	386
Earnings before impairments	96	168	-43	65	103	-37	213
Impairments of loans and claims	56	203	-73	38	127	-70	481
Earnings	40	-35	214	27	-24	213	-268
Income from associated and subsidiary undertakings	3	-27	111	0	-21	100	-4
Profit on ordinary operations	43	-62	169	27	-45	160	-272
Credit Package I, guarantee cost	44	25	76	22	5	340	69
Credit Package I, impairments	0	0	-	0	0	-	45
Profit before taxes	-1	-87	101	5	-50	110	-386
Taxes	-4	-18	-	-3	-5	-	-89
Net profit for the period	3	-69	104	8	-45	118	-297

The tabulation of Income Statement deviates from the tabulation used in note 17. However, the different tabulation has no effect whatsoever on the result, which corresponds to the regular tabulation on page 14.

Key Figures and Financial Ratios

Selected Figures

Group	2Q	1Q	4Q	3Q	2Q	2Q	2Q	2Q
DKK Million	2010	2010	2009	2009	2009	2008	2007	2006

Balance Sheet

Total assets	29,810	21,851	21,591	22,102	22,207	21,379	14,338	9,958
Loans and other claims	15,330	15,729	15,420	15,646	15,694	16,077	9,328	7,488
Deposits and other debt	16,299	14,550	14,431	14,269	14,293	13,141	6,386	5,116
Issued bonds	8,716	1,967	1,967	1,958	1,954	1	0	0
Subordinated debt, incl. hybrid core capital	1,301	1,154	1,073	742	742	449	448	150
Equity	1,347	1,339	1,344	1,577	1,606	1,975	1,414	1,116

Ratios

Solvency and capital

Solvency ratio		14.4%	11.9%	11.6%	10.9%	11.6%	13.1%	12.2%	11.2%
Core capital ratio		9.3%	8.4%	8.6%	8.1%	8.6%	10.5%	9.2%	9.9%

Earnings ratios

Return on equity after tax	ROE	0.2%	-0.4%	-20.0%	-1.9%	-2.8%	-0.5%	15.7%	12.0%
Income / cost ratio		1.00	0.95	0.61	0.81	0.77	0.97	2.72	2.55

Shares

Share price end period		81.00	86.00	80.00	101.00	80.00	268.00	690.00	285.00
Book value per share	BVPS	165.70	164.67	165.33	193.95	197.59	242.90	198.56	156.93
Price to book	P/B	0.49	0.52	0.48	0.52	0.40	1.10	3.48	1.82

Liquidity ratios

Loans, advances and impairments in proportion to deposits		99.8%	114.5%	113.7%	115.5%	115.0%	124.6%	149.1%	151.2%
Excess liquidity cover relative to statutory requirement		351.4%	106.5%	140.5%	146.7%	150.8%	99.0%	112.9%	87.3%

Credit risk ratios

Large loans as percentage of capital base		165.7%	186.6%	179.6%	202.6%	194.6%	156.6%	182.0%	113.9%
Write-offs and impairments during the period		0.3%	0.1%	2.9%	0.6%	0.7%	0.6%	-0.1%	-0.3%
Total loans in proportion to equity		11.4	11.7	11.5	9.9	9.8	8.1	6.6	6.7
Increase in loans		-0.6%	2.0%	-1.4%	-0.2%	0.1%	2.9%	12.8%	14.3%

Figures for 2008 to 2010 are in accordance with IFRS, while 2006 and 2007 are in accordance with previous GAAP.

Management Review

2010

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Management Review

"First half 2010 shows progress, particularly with considerably lower impairments, finalized refinancing of all senior debt and, at the same time, an increase in the Group solvency ratio to 14.4 per cent. Although 2010 may be challenging, we maintain our expectations of a positive result for the year", says Mårner Jacobsen, CEO of the Eik Group.

The result first half 2010 before taxes is a loss of DKK 1.4 million against a DKK 87.1 million loss in the first half of 2009. After taxes, the result is a profit of DKK 3.0 million against a DKK 69.2 million loss in the first half of 2009.

A profit after taxes and a 73 per cent decrease in impairments compared to first half last year points in the right direction, although the Bank expects relatively high impairments in 2010.

Basic Operations

Ordinary operations show a profit of DKK 43.0 million compared to a loss of DKK 61.6 million first half 2009.

Net interest income is DKK 308.2 million against DKK 245.6 million in the first half of 2009, which is an increase of 25.5 per cent.

Fees and commissions income has increased from DKK 67.0 million to DKK 70.8 million in the first half of 2010.

Market value adjustments is a loss of DKK 79.0 million compared to a profit of DKK 39.4 million the same period last year. This can primarily be attributed to conversion of loans into equity in a listed company, Tower Group A/S, which decreased in value during first quarter 2010, and negative market value adjustment of derivative financial instruments.

The value of Tower Group improved slightly in the second quarter compared to first quarter 2010. The current market value of the Tower Group shares should be seen in connection with the troubled market conditions for companies involved in real estate. The Bank, therefore, expects to hold the shares in Tower Group until the market conditions have improved.

Staff and administrative expenses are DKK 196.1 million against DKK 174.2 million in the first half 2009, an increase of 12.6 per cent. The main reason for this is increased payroll tax from 5 to 10 per cent as well as costs related to converting our IT-platform to new IT provider SDC (Scandinavisk Data Center).

Credit Package I

In the first half of 2010, DKK 44.4 million was charged in relation to the Danish Private Contingency Association. First half 2009, the amount was DKK 24.5 million.

Impairments

The impairments in the first half 2010 amount to DKK 55.7 million, which is a decrease of 72.6 per cent compared to first half of 2009, when the impairments were DKK 203.1 million. Eik Banki P/F has reversed impairments of DKK 19.2 million, while Eik Bank Danmark A/S has impairments of DKK 74.9 million in the first half of 2010.

In the first half, the Bank noted increased real estate activities, especially as regards residential properties in Denmark, and this segment has shown a limited upward trend during the second quarter of 2010. As regards commercial real estate, the turnover is still low, while prices are stable.

Solvency and Liquidity

Group solvency is 14.4 per cent compared to 11.6 per

Management Review

cent first half last year. The solvency for the parent company, Eik Banki P/F, is 22.7 per cent compared to 16.9 per cent first half last year. At year-end 2009, the solvency rate was 11.6 per cent and 17.8 per cent for the Group and the parent company, respectively.

The Basel II rules have been effective in the Faroe Islands since 1 January 2009. Eik Banki, however, has made use of the transfer rules authorising the Bank to postpone the enforcement of the rules until 2010, when the Bank had converted to a new IT-platform. Eik Banki now complies with the Basel II rules and this together with DKK 151 million in supplementary capital, raised by Eik Grunnurin (the Eik Fund) in June 2010, has had a positive effect on the core capital ratio and solvency ratio. The solvency ratio has increased by 2.5 per centage points compared to first quarter 2010.

The statutory minimum solvency requirement is 8 per cent. In respect of solvency need calculation and the internally calculated adequate base capital, please see the Group report published in accordance with schedule 20 of the Danish Executive Order on Capital Requirement for further information. The report "Company disclosure requirements as per 30 June 2010" is available in the Investor Relations section on www.eikbank.com under Financial Reports.

Core capital by end of first half 2010 is 9.3 per cent and 15.1 per cent for the Group and Eik Banki P/F, respectively, compared to 8.6 per cent and 12.6 per cent first half last year.

With the bond issues, announced on 22 June, Eik Banki has the liquidity to refinance all senior debt due in 2010 and 2011, and Eik Bank Danmark has also completed the process of refinancing the Bank's debt.

At the end of first half 2010, the liquidity is very good.

Liquidity calculated as cash-in-hand, sight deposits in other banks, certificates of deposit in the Danish Central Bank and securities was DKK 12.7 billion, which is an excess cover of 351.4 per cent over the required minimum.

Balance

The Group balance sheet stands at DKK 29.8 billion compared to DKK 22.2 billion first half last year. The increase is temporary because of the increase in excess liquidity by the end of first half, which will be used to refinance all senior debt which matures in second half 2010 and 2011.

Loans have decreased by DKK 364.1 million from DKK 15.7 billion first half 2009 to DKK 15.3 billion. From year-begin 2010, loans have decreased by DKK 90.2 million.

At the same time, there has been an increase in deposits from DKK 14.3 billion first half 2009 to DKK 16.3 billion. At the beginning of 2010, deposits amounted to DKK 14.4 billion.

Other Events in the First Half of 2010

In the first half of 2010, the Eik Group has achieved several significant goals:

16 March 2010, the Eik Group entered into an agreement with the Danish Financial Stability Company (Finansiel Stabilitet) allowing the Group to take out state backed loans for up to a total of DKK 9.1 billion.

The agreement entails a loan-guarantee frame of DKK 6.6 billion for the parent company Eik Banki in the Faroe Islands and DKK 2.5 billion for the subsidiary Eik Bank Danmark A/S in Denmark, respectively.

As part of the agreement, Eik Grunnurin has assumed liability to provide a guarantee of capital backing for

Management Review

Eik Banki P/F, if necessary, to ensure that Eik Banki P/F fulfills the required solvency minimum of 8 per cent as well as the individual solvency demand at any time, during the length of the state guarantee agreement. Likewise, Eik Banki P/F is liable to guarantee capital backing for Eik Bank Danmark A/S, if necessary.

The liability that Eik Grunnurin has assumed is in coherence with the aim of Eik Grunnurin, and is disclosed in Eik Grunnurin's Annual Report 2009. As parent company it is a given that Eik Banki P/F would assume the same responsibility towards the subsidiary Eik Bank Danmark A/S.

As mentioned in the section on Liquidity, the state backed guarantee has been used to refinance all senior debt due in 2010 and 2011, thereby ensuring the Bank very good liquidity.

Furthermore, the Bank has converted its IT-platform to the new IT-provider SDC. This strategically significant reorganisation of IT-systems was carried out on 10 May 2010, and was the primary step towards the entire group converting to one IT-platform. The reorganisation of Eik Bank Danmark's IT-systems to SDC is due to take place in October 2010.

The change of IT-provider means that the Eik Group is able to assess solvency in accordance with the Basel II rules, making it comparable to other banks – including Danish banks. Assessed in accordance with the Basel II standard, the solvency is higher than it was, when assessed according to the old rules.

Eik Banki has purchased 49 per cent of the shares in the company Fastogn from Eik Grunnurin at the price of DKK 79.2 million. The main activity of Fastogn is owning rental properties, and the company is the largest of its kind in the Faroe Islands. The

consideration of the 49 per cent shareholding in Fastogn corresponds to less than 0.3 per cent of the Bank's assets as pr. June 2010, and was settled on an armslength basis and supported by external independent valuations.

Events After the End of the Interim Period

In the beginning of May, Eik Banki converted its IT platform to SDC. There have been some challenges with the conversion and on 19 July, Eik Banki announced that the Half-Year Report had been postponed to 10 August 2010 due to shift of IT central.

Eik Banki Group has not been involved in any significant law suit or arbitration procedures that are expected to have a deteriorating impact on the result, and Eik Banki Group has no knowledge of any such matters being underway.

Risk of loss has increased due to the deterioration in the international economy. Besides the instability in the international financial markets, and the cost in connection with the participation in the Credit Packages, Eik Banki Group has no knowledge of possible trends, uncertainties, demands, obligations or events that could be expected to have a significant negative impact on the prospects of Eik Banki Group.

No other events of significance for the Half-Year Report 2010 have occurred after 30 June 2010.

Outlook 2010

Based on the expected moderate growth for the Faroese and Danish economies in 2010, Eik Banki Group maintains the expectations of a positive result for the year 2010. However, the general uncertainty about the global economic outlook is a major risk factor influencing the economies where the Bank operates and therefore also the Banks outlook for the remaining part of 2010.

Management Review

Auditing

The Half-Year Report has not been audited.

Financial Calendar 2010 1)

29 October 2010 Nine Month Report

1) Silent period commences three weeks prior to the announcement of financial reports.

Management Statement

Management Statement

The Management and The Board of Directors have today reviewed and adopted the Interim Report of Eik Banki P/F and the Eik Banki Group for the period 1 January – 30 June 2010.

The Interim Report is presented in compliance with IAS 34 "Interim Financial Reporting" for the Group and with the Danish Financial Business Act for the Parent Company, and in accordance with the executive order and guidelines of the Danish Financial Supervisory Authority on presentations of consolidated financial statements and in accordance with the guidelines for companies listed on Nasdaq OMX Nordic Exchange.

We consider the accounting policies applied to be appropriate, and in our opinion the Interim Report gives a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 30 June 2010 and of the results of the Group's and the Parent Company's operations and the Group's cash flows for the period 1 January – 30 June 2010.

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

Eik Banki P/F

Tórshavn, 10 August 2010

Managing Directors

Marnar Jacobsen,
Chief Managing Director

Bjarni Olsen,
Managing Director

Board of Directors

Frithleif Olsen,
Chairman

Odd A. Bjellvåg,
Deputy Chairman

Rólant Vidtfeldt

Jákup Egil Jensen

Petur Hammer

Tórmund A. Joensen

Rakul Dam

Gert Langgaard

Hanna Thorleifsson

Half-Year Accounts

2010

Half-Year Accounts Income Statement

Eik Banki P/F				Group				
1H 2010	1H 2009	Note	DKK 1,000	1H 2010	1H 2009	2Q 2010	2Q 2009	2009
Income Statement								
330,878	374,184	2	Interest income	515,977	599,290	281,124	262,174	1,111,114
133,384	226,713	3	Interest expense	207,728	353,685	108,385	149,539	592,549
197,494	147,471		Net interest income	308,249	245,605	172,739	112,635	518,565
591	1,450		Dividends on shares, etc.	784	1,796	577	1,506	1,750
47,744	48,129	4	Fee and commission income	70,824	67,047	35,838	27,802	133,854
4,686	7,914		Fee and commission expense	7,980	9,974	2,777	4,779	20,900
241,143	189,136		Net interest and fee income	371,877	304,474	206,377	137,164	633,269
-9,219	52,368	5	Market value adjustments	-78,977	39,377	-42,385	51,712	-51,205
2,835	3,599		Other operating income	5,857	4,778	3,792	2,643	16,745
234,759	245,103		Profit on financial operations	298,757	348,629	167,785	191,519	598,809
113,235	100,619	6	Staff costs and adm. expenses	196,140	174,195	98,419	85,165	371,166
6,160	6,070		Depreciation and write-down of intangible and tangible assets	6,932	6,952	4,547	3,367	14,416
19,083	9,229		Other operating expenses	44,400	24,520	21,600	5,740	69,091
-19,205	91,938	7	Impairment of loans and claims	55,687	203,132	38,482	127,142	526,287
-91,722	-99,996		Income from associated and subsidiary undertakings	3,012	-26,965	462	-20,718	-4,374
23,764	-62,749		Profit before taxes	-1,390	-87,135	5,198	-50,613	-386,525
20,781	6,454		Taxes	-4,373	-17,932	-3,223	-5,330	-89,204
2,983	-69,203		Net profit for the period	2,983	-69,203	8,420	-45,283	-297,321
			Earnings per share DKK	0.38	-8.86	1.08	-5.79	-38.01
			Diluted earnings per share DKK	0.38	-8.86	1.08	-5.79	-38.01
Consolidated statement of comprehensive income								
2,983	-69,203		Net profit for the period	2,983	-69,203	8,420	-45,283	-297,321
0	0		Net revaluation of properties	0	0	0	0	676
0	0		Tax on other comprehensive income	0	0	0	0	-122
0	0		Total other comprehensive income	0	0	0	0	554
2,983	-69,203		Total comprehensive income	2,983	-69,203	8,420	-45,283	-296,767
To be distributed as follows:								
2,983	-69,203		The shareholders of Eik Banki P/F	2,983	-69,203	8,420	-45,283	-296,767

Half-Year Accounts Balance Sheet

Eik Banki P/F				Group		
1H 2010	1H 2009	Note	DKK 1,000	1H 2010	1H 2009	2009
Balance Sheet						
Assets						
			Cash-in-hand and demand deposits with central banks	5,667,620	851,506	774,301
4,456,270	148,693		Claims on credit institutions and central banks	4,158,773	1,779,296	356,059
1,383,859	743,477	8	Loans and other claims at current value	258,919	205,165	144,406
234,873	112,790	7, 9	Loans and other claims at amortised cost	15,070,718	15,488,560	15,275,413
8,167,028	8,255,593	7, 9	Bonds at current value	3,043,083	2,499,751	3,569,528
2,259,615	2,421,730		Shares	267,125	330,951	296,756
185,228	260,178		Holdings in associated undertakings	140,638	69,018	75,718
137,382	68,649		Holdings in subsidiary undertakings	462	596	2,878
921,037	760,835		Intangible assets 1)	459,485	393,879	402,803
240,996	176,842		Land and buildings	140,276	141,721	142,093
139,751	141,196		-Domicile properties	140,276	141,721	142,093
139,751	141,196		Other tangible assets	13,831	13,952	14,183
10,856	11,907		Current tax assets	12,734	10,393	8,786
3,948	0		Deferred tax assets	191,748	126,091	182,225
33,753	32,525		Assets in temporary possession	148,561	60,009	131,192
74,060	15,071		Other assets	215,591	226,152	205,734
130,069	148,907		Prepayments	20,336	9,877	9,024
18,277	9,177		Total assets	29,809,900	22,206,917	21,591,099
18,397,002	13,307,570					
Liabilities						
1,377,167	2,907,283	10	Debt to credit institutions and central banks	1,577,319	3,214,130	2,404,457
7,341,647	6,158,354	11	Deposits and other debt	16,299,013	14,292,590	14,431,352
6,966,000	1,953,748		Issued bonds	8,715,886	1,954,350	1,967,054
0	0		Commitments in temporary possession	30,372	0	21,831
324,018	233,470		Other liabilities	470,546	373,553	291,303
2	0		Prepayments	115	327	201
16,008,834	11,252,855		Total liabilities	27,093,251	19,834,950	19,116,198
0	0		Provisions for deferred tax	0	15,084	0
31,823	545		Provisions for loan on collaterals	59,539	8,561	58,054
3,128	0		Other provisions	9,440	153	0
34,951	545		Provisions for liabilities and charges	68,979	23,798	58,054
1,006,177	447,880	12	Subordinated debt	1,300,630	741,879	1,072,842
Equity						
812,927	812,927		Share capital	812,927	812,927	812,927
0	600,428		Share premium account	0	600,428	0
27,942	23,525		Other reserves / Revaluation reserve	27,942	23,525	27,942
506,171	169,410		Retained profit	506,171	169,410	503,136
1,347,040	1,606,290		Total equity	1,347,040	1,606,290	1,344,005
18,397,002	13,307,570		Total liabilities	29,809,900	22,206,917	21,591,099

1) Thereof goodwill 30 June 2010 Eik Banki P/F DKK 197.6 million and Eik Banki Group DKK 404.7 million against DKK 170.8 million and DKK 380.5 million, respectively, for the same period last year.

Half-Year Accounts Cash Flow Statement

Eik Banki P/F			Group		
1H 2010	1H 2009	DKK 1,000	1H 2010	1H 2009	2009
Cash Flow Statement					
Cash flows from operating activities					
2,984	-69,203	Net profit in the period	2,984	-69,203	-297,321
6,160	6,070	Depreciations and impairments	6,932	6,952	14,416
-19,205	91,938	Impairments for losses on bad debts	55,687	203,132	526,287
100,925	65,342	Market value adjustments of securities	75,949	5,301	76,086
90,864	94,147	Operating cash flow before changes in operating capital	141,552	146,182	319,468
3,948,010	626,385	Changes in net position to credit institutions and central banks	5,383,116	129,883	-215,422
712,662	-394,406	Net changes in loans and deposits	2,016,670	157,160	-87,356
-676,540	-5,172	Net changes in securities	-194,004	-158,261	-300,114
-15,178	0	Net change in derivative financial instruments	-39,281	0	-39,281
113,597	100,407	Net changes in other assets and liabilities	185,895	93,123	-12,623
4,173,415	421,361	Cash flows from operating activities	7,493,948	368,087	-335,328
Cash flows from investment activities					
-58,475	-4,374	Changes in intangible and tangible assets	-61,445	-10,597	-21,309
-58,475	-4,374	Cash flows from investment activities	-61,445	-10,597	-21,309
Cash flows from financing activities					
9,139	-33	Inflow to equity	9,139	-33	-3,061
227,560	-818	Subordinated debt	227,788	293,873	618,577
236,699	-851	Cash flows from financing activities	236,927	293,840	615,516
4,351,639	416,136	Total changes in cash flows	7,669,430	651,330	258,879
3,213,007	2,770,703	Cash and cash equivalents beginning period	5,078,311	4,819,361	4,819,359
73	0	Effect of exchange rate fluctuations on cash held	73	0	73
7,564,719	3,186,839	Cash and cash equivalents end period	12,747,814	5,470,691	5,078,311
Cash and cash equivalents beginning period					
388,657	111,049	Cash-in-hand and demand deposits with central banks, etc.	624,333	643,322	643,322
553,837	245,583	Claims on demands on credit institutions	806,160	804,883	804,883
0	1,198,751	Claims at notice on central banks	149,967	1,548,641	1,548,641
2,270,513	1,215,320	Bonds etc.	3,497,851	1,822,515	1,822,513
3,213,007	2,770,703	Cash and cash equivalents beginning period	5,078,311	4,819,361	4,819,359
Cash and cash equivalents end period					
4,456,270	148,693	Cash-in-hand and demand deposits with central banks, etc.	5,667,619	851,506	624,333
294,535	593,348	Claims on demands on credit institutions	671,127	819,664	806,160
899,913	149,959	Claims at notice with central banks	3,649,837	1,409,745	149,967
1,914,001	2,294,839	Bonds etc.	2,759,231	2,389,776	3,497,851
7,564,719	3,186,839	Cash and cash equivalents end period	12,747,814	5,470,691	5,078,311

Half-Year Accounts Equity

DKK 1,000	Share capital	Share premium account	Other reserves / Revaluation reserves	Retained profit	Total
Equity					
Eik Banki P/F					
1 January 2010	812,927	0	27,942	503,136	1,344,005
Comprehensive income				2,983	2,983
Acquisition of own shares				-270	-270
Sale of own shares				322	322
30 June 2010	812,927	0	27,942	506,171	1,347,040
1 January 2009	812,927	600,428	23,525	238,646	1,675,526
Comprehensive income				-69,203	-69,203
Acquisition of own shares				-292	-292
Sale of own shares				259	259
30 June 2009	812,927	600,428	23,525	169,410	1,606,290
Group					
1 January 2010	812,927	0	27,942	503,136	1,344,005
Comprehensive income				2,983	2,983
Acquisition of own shares				-270	-270
Sale of own shares				322	322
30 June 2010	812,927	0	27,942	506,171	1,347,040
1 January 2009	812,927	600,428	23,525	238,646	1,675,526
Comprehensive income				-69,203	-69,203
Acquisition of own shares				-292	-292
Sale of own shares				259	259
30 June 2009	812,927	600,428	23,525	169,410	1,606,290

Half-Year Accounts Solvency and Capital Demand

Eik Banki P/F			Group		
1H 2010	1H 2009	DKK 1,000	1H 2010	1H 2009	2009
Solvency and Capital Demand					
Solvency					
1,373,568	1,377,666	Core capital after deductions, incl. hybrid core capital	1,291,537	1,361,062	1,357,514
2,075,433	1,844,836	Capital base	1,993,402	1,828,232	1,831,819
8,327,271	10,177,665	Weighted assets not included in trading portfolio including off-balance-sheet items	12,776,436	14,973,218	14,254,844
795,544	729,829	Weighted items with market risk	1,109,512	849,713	1,575,214
9,122,815	10,907,494	Total risk weighted assets	13,885,948	15,822,931	15,830,058
22.7%	16.9%	Solvency ratio purs. to FIL § 124, 2 no. 1	14.4%	11.6%	11.6%
15.1%	12.6%	Core capital ratio	9.3%	8.6%	8.6%
Capital demand					
729,825	872,600	Capital demand purs. to FIL § 124, 2 no. 1	1,110,876	1,265,834	1,266,405
1,321,092	1,656,236	Core Capital before statutory deductions	1,321,092	1,656,236	1,321,092
240,996	176,842	Intangible assets	459,485	393,879	402,803
33,753	32,525	Deferred tax assets	191,748	126,091	182,225
0	69,203	Loss for the period	0	69,203	0
1,046,343	1,377,666	Core capital after deductions	669,859	1,067,063	736,064
327,225	0	Hybrid core capital (Credit package II)	621,678	293,999	621,450
1,373,568	1,377,666	Core capital after deductions, incl. hybrid core capital	1,291,537	1,361,062	1,357,514
Supplementary capital					
678,952	447,880	Subordinated debt	678,952	447,880	451,392
22,913	19,290	Revaluation reserves	22,913	19,290	22,913
2,075,433	1,844,836	Capital base	1,993,402	1,828,232	1,831,819

Half-Year Accounts Notes

Note 1

Accounting Principles

In General

The interim financial report for the Group for second quarter 2010 is made according to IAS 34 "Interim Financial Reporting" as announced in notice no. 1120 of 24 November 2008 concerning the application of IFRS on the Faroe Islands, and in accordance with the executive order and guidelines of the financial statements and in accordance with the guidelines for companies listed on Nasdaq OMX.

The application of the IAS 34 entails that this report is limited compared to a fully detailed annual report, simultaneously as the main stipulations on value estimations according to IFRS are applied.

The Financial Statements of the Parent Company are presented in accordance with the Danish Financial Business Act, including the Presentation of Financial Statements by Credit Institutions and Stockbrokers, etc. as announced in notice no. 390 of 21 May 2008 which is comparable, but not identical, to IFRS.

Recognition and Measurement – General

The measurement of certain assets and liabilities requires Management to estimate the implications of future events on the value of such assets and liabilities. Estimates of significance to the financial reporting are made in connection with determining the impairment of loans and advances, the fair value of unlisted financial instruments, provisions, etc. Estimates are based on assumptions that Management consider appropriate but which are uncertain by their nature.

The most significant estimates that Management makes in applying the Group's accounting policies and the most important uncertainty affecting estimates made when preparing the condensed Interim Report are unchanged from those uncertainties and estimates made when preparing the Annual Report at 31 December 2009.

Half-Year Accounts Notes

Eik Banki P/F				Group		
1H 2010	1H 2009	Note	DKK 1,000	1H 2010	1H 2009	2009
		2	Interest income			
5,807	43,534		Credit institutions and central banks	6,099	58,538	63,137
270,842	293,378		Loans and other claims	431,525	484,677	906,876
51,724	46,446		Bonds	72,455	68,055	142,411
-2,113	-9,174		Derivative financial instruments	1,270	-14,224	-1,324
			Of this:			
3,331	-9,174		Currency contracts	7,333	-9,174	11,558
-5,444	0		Interest contracts	-6,063	-5,050	-12,882
4,618	0		Other interest income	4,628	2,244	14
330,878	374,184		Total interest income	515,977	599,290	1,111,114
		3	Interest expense			
20,210	108,081		Credit institutions and central banks	20,241	111,507	174,041
62,297	84,494		Deposits and other debt	118,528	208,015	341,544
25,816	23,010		Issued bonds	26,893	23,028	51,897
25,061	11,128		Subordinated debt	41,662	11,128	24,905
0	0		Other interest expenses	404	7	162
133,384	226,713		Total interest expense	207,728	353,685	592,549
		4	Fee and commission income			
1,603	1,733		Security trading and custody	11,423	7,581	23,451
9,087	15,188		Transfer of payments	13,527	19,371	22,529
11,414	1,530		Loan fees	12,649	2,897	4,426
16,587	12,941		Guarantee commission	17,245	13,985	31,520
9,053	16,737		Other fees and commissions	15,980	23,213	51,928
47,744	48,129		Total fee and commission income	70,824	67,047	133,854
		5	Market value adjustments			
20,823	25,404		Loans and other claims at current value	21,704	26,289	20,595
21,505	32,607		Bonds	37,161	39,841	21,235
-22,812	-21,081		Shares	-107,558	-45,195	-127,429
6,662	22,842		Currencies	13,886	20,606	22,477
-35,381	-25,118		Derivative financial instruments	-44,154	-19,878	-8,591
-16	17,714		Other liabilities	-16	17,714	20,508
-9,219	52,368		Total market value adjustments	-78,977	39,377	-51,205

Half-Year Accounts
Notes

Eik Banki P/F			Group			
1H 2010	1H 2009	Note	DKK 1,000	1H 2010	1H 2009	2009
6 Staff costs and administrative expenses						
Salaries and remuneration of Board of Directors, Managing Directors and Board of Representatives						
2,167	2,223		Managing Directors 1)	2,342	2,398	4,796
992	1,050		Board of Directors 2)	992	1,050	2,101
90	0		Board of Representatives	90	0	152
3,249	3,273		Total	3,424	3,448	7,049
Staff costs						
46,977	45,109		Wages and salaries	81,481	75,913	159,471
5,015	5,685		Pensions 3)	7,976	8,354	15,220
6,718	4,184		Social security costs	10,059	7,147	14,617
58,710	54,978		Total	99,516	91,414	189,308
51,276	42,368		Other administrative expenses	93,200	79,333	174,809
113,235	100,619		Total staff costs and administrative expenses	196,140	174,195	371,166
229	232		Employee end period, full time equivalent	341	333	331

- 1) Managing Directors' notice of termination is 12 months from Eik Banki, and 3 months from Managing Director. Managing Directors are entitled to 18 months remuneration after termination of employment.
- 2) Members of Board of Directors and Board of Representatives are not entitled to any benefits upon termination of employment.
- 3) The Management as well as the staff is included in a defined contribution plan.

Half-Year Accounts Notes

Eik Banki P/F				Group		
1H 2010	1H 2009	Note	DKK 1,000	1H 2010	1H 2009	2009
7 Impairment of loans and other claims						
Individual impairment on loans						
491,064	336,200		Individual impairments year begin	892,439	614,078	614,078
73,937	102,307		New individual impairments	146,170	247,905	564,191
92,005	0		Reversed individual impairments	120,206	50,194	105,514
2,902	6,670		Previous impairments now confirmed loss	107,058	139,623	224,295
0	0		Other additions and disposals	12,724	9,586	15,497
10,490	12,013		Revenue from interests on impairments on loans	10,490	12,013	28,483
480,584	443,850		Individual impairments end period	834,559	693,765	892,440
1,292,846	1,024,471		Loans and other claims before impairment	4,025,149	1,714,006	2,594,999
812,262	580,621		Loans and other claims after impairment	3,190,590	1,020,241	1,702,559
Collective impairment on loans						
9,787	18,117		Collective impairments year begin	31,132	46,541	46,541
0	-11,070		New collective impairments	17,257	-874	8,362
3,433	0		Reversed collective impairments	9,028	3,800	23,866
220	0		Revenue from interests on impairments on loans	220	0	95
6,574	7,047		Collective impairments end period	39,581	41,866	31,132
8,706,573	7,343,912		Loans and other claims before impairment	13,510,813	14,577,781	9,086,213
8,699,999	7,336,865		Loans and other claims after impairment	13,471,232	14,535,915	9,055,081
Impairments included in the income statement						
73,937	91,238		New impairments	163,427	250,482	575,446
95,438	0		Reversed impairments	129,234	58,994	134,380
2,981	0		Value adjustment of acquired assets	15,705	9,586	23,182
361	764		Losses without prior impairment	5,081	2,710	16,481
126	64		Paid into previous depreciated claims	777	652	1,694
-18,285	91,938		Included in the income statement	54,202	203,132	479,035
Provisions for losses on guarantees						
32,743	545		Provisions for losses on guarantees year begin	58,054	5,110	10,802
110	0		New impairments on provisions	2,529	3,451	47,252
1,030	0		Reversed provisions for losses	1,044	0	0
31,823	545		Provisions for losses on guarantees end period	59,539	8,561	58,054
Provisions for losses included in the income statement						
110	0		New provisions for losses for the year	2,529	0	47,252
1,030	0		Reversed provisions for losses	1,044	0	0
-920	0		Included in the income statement	1,485	0	47,252

Half-Year Accounts
Notes

Eik Banki P/F			Group			
1H 2010	1H 2009	Note	DKK 1,000	1H 2010	1H 2009	2009
		8	Claims on credit institutions and central banks			
949,498	149,958		Claims at notice on central banks	3,547,820	1,409,744	0
434,361	593,519		Claims on credit institutions	610,953	369,552	356,059
1,383,859	743,477		Total claims on credit institutions and central banks	4,158,773	1,779,296	356,059
			Claims on credit institutions and central banks			
166,063	343,519		At call	191,053	369,552	356,059
525,867	149,958		Up to 3 months	3,275,791	1,409,744	0
595,059	0		Over 3 months and up to 1 year	595,059	0	0
96,870	100,000		Over 1 year and up to 5 years	96,870	0	0
0	150,000		Over 5 years	0	0	0
1,383,859	743,477		Total claims on credit institutions and central banks	4,158,773	1,779,296	356,059
0	250,000		Thereof from Eik Bank Danmark A/S			
		9	Loans and other claims			
234,873	112,790		Loans and other claims at current value	258,919	205,165	144,406
8,167,028	8,255,593		Loans and other claims at amortised cost	15,070,718	15,488,560	15,275,413
8,401,901	8,368,383		Total loans and other claims	15,329,637	15,693,725	15,419,819
			Loans and other claims			
260,247	451,384		At call	851,343	1,079,389	1,116,727
400,931	447,071		Up to 3 months	1,557,158	1,208,277	2,655,322
571,106	723,781		Over 3 months and up to 1 year	3,074,011	2,120,220	1,942,787
2,047,981	2,198,665		Over 1 year and up to 5 years	3,499,953	3,138,958	4,552,466
5,121,637	4,547,482		Over 5 years	6,347,173	8,146,881	5,152,517
8,401,901	8,368,383		Total loans and other claims	15,329,637	15,693,725	15,419,819
5.3%	4.3%		Accumulated provisions on loans, advances, and guarantees in per cent of loans, advances, and guarantees, at the end of the period	5.4%	4.1%	5.4%
458,489	121,337		Non-accrual loans, advances, and guarantees	1,077,126	523,335	842,732
4.7%	1.2%		Non-accrual loans, advances, and guarantees in per cent of total loans and guarantees	6.2%	2.9%	4.6%
		10	Debt to credit institutions and central banks			
1,377,167	2,907,283		Debt to credit institutions	1,577,319	3,214,130	2,404,457
1,377,167	2,907,283		Total debt to credit institutions and central banks	1,577,319	3,214,130	2,404,457
			Debt to credit institutions and central banks			
264,711	67,396		Debt payable on demand	464,863	274,990	350,692
80,000	264,433		Up to 3 months	80,000	363,687	174,617
239,076	1,734,074		Over 3 months and up to 1 year	239,076	1,734,074	1,086,555
793,380	841,380		Over 1 year and up to 5 years	793,380	841,379	792,593
0	0		Over 5 years	0	0	0
1,377,167	2,907,283		Total debt to credit institutions and central banks	1,577,319	3,214,130	2,404,457
151,602	285		Thereof to Eik Bank Danmark A/S			

Half-Year Accounts Notes

Eik Banki P/F				Group		
1H 2010	1H 2009	Note	DKK 1,000	1H 2010	1H 2009	2009
11 Deposits and other debt						
1,797,333	2,083,330		Deposits on demand	7,377,004	6,643,116	7,134,328
2,171,095	1,847,831		Deposits at notice	3,213,358	2,985,426	2,580,892
2,883,533	1,745,662		Time deposits	3,883,533	2,916,334	2,870,784
489,686	481,531		Special categories of deposits	1,825,118	1,747,714	1,845,348
7,341,647	6,158,354		Total deposits and other debt	16,299,013	14,292,590	14,431,352
Deposits and other debt						
3,143,809	2,083,330		On demand	9,706,209	7,509,650	7,381,447
2,074,914	2,713,201		Up to 3 months	3,175,626	3,078,583	3,445,262
628,762	975,399		Over 3 months and up to 1 year	844,961	1,745,569	2,125,707
1,242,657	154,796		Over 1 year and up to 5 years	1,567,974	1,363,821	463,495
251,505	231,628		Over 5 years	1,004,243	594,967	1,015,441
7,341,647	6,158,354		Total deposits and other debt	16,299,013	14,292,590	14,431,352
12 Subordinated debt						
Supplementary capital contribution						
150,000	150,000		Bond issue in DKK, 5.385 per cent fixed 1)	150,000	150,000	153,732
297,952	297,880		Loan, Euribor 3 months + 1.18 per cent 2)	297,952	297,880	297,660
231,000	0		Loan, Cibur 3 months + 6.00 per cent 3)	231,000	0	0
678,952	447,880		Total supplementary capital contribution	678,952	447,880	451,392
Hybrid core capital 4)						
327,225	0		Bond issue in DKK	621,678	293,999	621,450
327,225	0		Total hybrid core capital	621,678	293,999	621,450
1,006,177	447,880		Total subordinated debt and included in capital base	1,300,630	741,879	1,072,842
25,061	11,128		Interest expense	41,662	11,128	24,905
<p>1) Due 30 June 2014 2) Due 28 March 2015 3) Due 18 March 2018 and 16 June 2018 4) Three perpetual loan received in 2009 with fixed interest rate. Eik Banki's interest rate is 10.92 per cent and Eik Bank Danmark's is 10.85 per cent.</p>						
13 Contingent assets						
Eik Banki / Group has no contingent assets						
14 Contingent liabilities						
Guarantees and other liabilities						
338,755	567,544		Financial guarantees	350,016	604,726	576,441
361,705	492,640		Loss guarantees for mortgage loans	361,705	492,640	635,780
88,005	505,403		Other liabilities	298,568	781,549	672,745
788,465	1,565,587		Total guarantees and other liabilities	1,010,289	1,878,915	1,884,966
Other commitments						
68,560	78,542		Irrevocable credit commitments	68,560	78,542	58,603
75,939	105,374		Other commitments	83,481	111,989	89,042
144,499	183,916		Total other commitments	152,041	190,531	147,645
Subsidiary liabilities						
25,000	92,500		Eik Bank Danmark A/S	0	0	0
25,000	92,500		Total subsidiary liabilities	0	0	0
957,964	1,842,003		Total contingency liabilities	1,162,330	2,069,446	2,032,611

Half-Year Accounts
Notes

Eik Banki P/F				Group		
1H 2010	1H 2009	Note	DKK 1,000	1H 2010	1H 2009	2009
		15	Shareholders holding more than 5 per cent according to § 28a in the Company Act			
52%	52%		The Eik Fund (Eik Grunnurin)	52%	52%	52%
		16	Business segment reporting 1)			
35,844	76,595		Retail Banking	33,473	65,616	96,014
170,072	86,104		Corporate Banking	125,398	19,575	-61,264
-7,975	-26,088		Markets	-13,889	-32,437	-208,022
-174,177	-199,360		Corporate assets and other reconciliated items	-146,373	-139,889	-213,253
23,764	-62,749		Total business segment reporting	-1,391	-87,135	-386,525

1) Profit before taxes distributed on business segments

Half-Year Accounts Notes

Note 17 Five year figures and financial ratios

Group DKK Million	1H 2010	1H 2009	Change in per cent	1H 2008	1H 2007	1H 2006
Income Statement						
Interest income	516	599	-14	663	352	208
Interest expenses	208	353	-41	384	189	83
Net interest income	308	246	25	279	163	125
Fees, commissions and dividend	64	59	8	108	134	59
Market value adjustments	-79	39	-299	-94	40	29
Other operating income	6	5	20	6	4	6
Profit on financial operations	299	349	-14	299	341	219
Staff costs, administrative expenses and other operating expenses	240	199	21	196	136	107
Depreciations and write-down of intangible and tangible assets	7	7	-	13	12	12
Impairment of loans and other claims	56	203	-72	99	-10	-24
Income from associated and subsidiary undertakings	3	-27	111	0	34	24
Profit before taxes	-1	-87	101	-9	237	148
Taxes	-4	-18	-	1	31	26
Net profit for the period	3	-69	104	-10	206	122

Figures for 2008 to 2010 are in accordance with IFRS, while 2006 and 2007 are in accordance with previous GAAP.

Half-Year Accounts Notes

Note 17 Five year figures and financial ratios (cont.)

Group DKK Million	1H 2010	1H 2009	Change in per cent	2009	1H 2008	1H 2007	1H 2006
Balance Sheet							
Assets							
Cash in hand, claims on central banks and credit institutions	9,826	2,631	274	1,130	2,194	2,817	806
Loans and other advances	15,330	15,694	-2	15,420	16,077	9,328	7,488
Securities	3,451	2,900	19	3,945	2,007	1,671	1,064
Tangible assets	154	156	-1	156	136	132	130
Other assets	1,049	826	27	939	964	390	470
Total assets	29,810	22,207	34	21,591	21,379	14,338	9,958
Liabilities							
Debt to credit institutions	1,577	3,214	-51	2,404	5,302	5,752	3,335
Deposits and other liabilities	16,299	14,293	14	14,431	13,141	6,386	5,116
Issued bonds	8,716	1,954	346	1,967	1	0	0
Other liabilities	570	398	43	372	511	338	241
Subordinated debt	1,301	742	75	1,073	449	448	150
Equity	1,347	1,606	-16	1,344	1,975	1,414	1,116
Total liabilities	29,810	22,207	34	21,591	21,379	14,338	9,958
Off-balance-sheet items							
Total guarantees, etc.	1,010	1,878	-46	1,885	1,207	1,012	758
Other commitments	152	191	-20	148	115	205	2
Total off-balance-sheet items	1,162	2,069	-44	2,033	1,322	1,217	760

Figures for 2008 to 2010 are in accordance with IFRS, while 2006 and 2007 are in accordance with previous GAAP.

Half-Year Accounts Notes

Note 17 Five year figures and financial ratios (cont.)

Group		1H 2010	1H 2009	1H 2008	1H 2007	1H 2006
Ratios						
Solvency and capital ratios						
Solvency ratio 1)		14.4%	11.6%	13.1%	12.2%	11.2%
Core capital ratio 1)		9.3%	8.6%	10.5%	9.2%	9.9%
Earning ratios						
Return on equity before tax 1)	ROE	-0.1%	-5.3%	-0.4%	18.1%	14.5%
Return on equity after tax 1)	ROE	0.2%	-4.2%	-0.5%	15.7%	12.0%
Return on assets after tax	ROA	0.0%	-0.3%	-0.0%	1.4%	1.2%
Return on risk weighted assets after tax	RORWA	0.0%	-0.4%	-0.1%	1.9%	1.5%
Income/cost ratio 1)		1.00	0.79	0.97	2.72	2.55
Shares						
Average number of shares (1,000)		8,129	8,129	8,129	7,113	6,953
Number of shares end period (1,000)		8,129	8,129	8,129	7,113	7,113
Share price end period		81.00	80.00	268.00	690.00	285.00
Share price high		92.50	110.00	320.00	729.95	296.50
Share price low		75.50	76.50	252.00	634.00	283.75
Average share price		84.00	93.25	286.00	681.98	290.13
Earnings after tax per share 1)	EPS	0.38	-8.86	-1.31	28.95	17.53
Book value per share	BVPS	165.70	197.59	242.90	198.56	156.93
Market risk ratios						
Interest rate risk 1) & 2)		5.1%	4.5%	4.8%	3.7%	0.5%
Foreign exchange position 1) & 3)		14.5%	3.0%	16.5%	18.0%	20.3%
Risk weighted assets / Total assets		46.6%	71.3%	74.8%	74.7%	79.9%
Liquidity ratios						
Loans, advances and impairments in proportion to deposits 1)		99.8%	115.0%	124.6%	149.1%	151.2%
Excess liquidity cover relative to statutory requirement 1)		351.4%	150.8%	99.0%	112.9%	87.3%
Credit risk ratios						
Large loans as percentage of capital base 1) & 4)		165.7%	194.6%	156.6%	182.0%	113.9%
Part of outstanding loans at reduced interest 1)	NPL	6.2%	2.9%	0.3%	0.8%	1.9%
Impairments percentage 1)	LLR	5.4%	4.1%	1.7%	1.8%	2.9%
Loan loss reserve / Non-performing loan ratio	LLR/NPL	87%	142%	504%	223%	154%
Write-offs and impairments during the period 1)		0.3%	1.1%	0.6%	-0.1%	-0.3%
Total loans in proportion to equity 1)		11.4	9.8	8.1	6.6	6.7
Increase in loans 1)		-0.6%	0.1%	2.9%	12.8%	14.3%
Other ratios						
Increase in deposits 1)		12.9%	1.1%	-0.9%	4.4%	14.1%
Increase in balance 1)		38.1%	2.3%	-0.9%	21.2%	15.5%

Figures for 2008 to 2010 are in accordance with IFRS, while 2006 and 2007 are in accordance with previous GAAP.

Explanation of ratios

- 1) Prepared in accordance with the regulations issued by the Danish Financial Supervisory Authority.
- 2) Interest rate risk is based on the premise that the effective interest rate fluctuates 1 per cent and that the fluctuations in DKK are calculated in comparison to core capital less certain adjustments.
- 3) Foreign exchange risk is the higher amount of assets or liabilities in currency and is calculated in per cent to core capital less certain adjustments.
- 4) Outstanding balances greater than 10 per cent after deductions for secure requirements in per cent to capital base.

Half-Year Accounts Notes

Note 17 Five year figures and financial ratios (cont.)

Eik Banki P/F	1H 2010	1H 2009	1H 2008	1H 2007	1H 2006
Ratios					
Solvency and capital					
Solvency ratio 1)	22.7%	16.9%	22.0%	16.0%	14.8%
Core capital ratio 1)	15.1%	12.6%	18.0%	12.0%	13.1%
Earnings ratios					
Return on equity before tax 1)	1.8%	-3.8%	-1.2%	16.8%	13.1%
Return on equity after tax 1)	0.2%	-4.2%	-0.5%	15.7%	12.0%
Income / cost ratio 1)	1.2%	0.7%	0.9%	3.4%	3.4%
Market risk					
Interest rate risk 1) & 2)	5.3%	3.2%	1.7%	2.8%	1.5%
Foreign exchange position 1) & 3)	13.2%	2.7%	9.0%	9.8%	12.9%
Liquidity ratios					
Loans, advances and impairments in proportion to deposits 1)	121.5%	143.2%	140.6%	106.9%	110.7%
Excess liquidity cover relative to statutory requirement 1)	346.9%	145.3%	80.3%	80.3%	62.7%
Credit risk					
Large loans as percentage of capital base 1) & 4)	111.4%	163.9%	112.1%	138.3%	79.9%
Part of outstanding loans at reduced interest 1)	NPL 4.7%	1.2%	0.4%	1.2%	2.7%
Impairments percentage 1)	LLR 5.3%	4.3%	2.6%	2.4%	3.8%
Write-offs and impairments during the period 1)	-0.2%	0.9%	0.8%	-0.2%	-0.4%
Total loans in proportion to equity 1)	6.2	5.2	4.1	4.3	4.4
Increase in loans 1)	3.3%	1.8%	3.0%	16.7%	10.9%
Other ratios					
Increase in deposits 1)	13.0%	-2.5%	-2.7%	3.0%	12.1%
Increase in balance 1)	42.1%	-2.6%	-5.3%	22.5%	15.0%

Figures for 2008 to 2010 are in accordance with IFRS, while 2006 and 2007 are in accordance with previous GAAP.

Explanation of ratios

- 1) Prepared in accordance with the regulations issued by the Danish Financial Supervisory Authority.
- 2) Interest rate risk is based on the premise that the effective interest rate fluctuates 1 per cent and that the fluctuations in DKK are calculated in comparison to core capital less certain adjustments.
- 3) Foreign exchange risk is the higher amount of assets or liabilities in currency and is calculated in per cent to core capital less certain adjustments.
- 4) Outstanding balances greater than 10 per cent after deductions for secure requirements in per cent to capital base.

Half-Year Accounts Notes

Solvency and capital ratios

$$\text{Solvency 1)} = \frac{\text{Capital base} \times 100}{\text{Total risk weighted assets}}$$

$$\text{Core capital ratio 1)} = \frac{\text{Core capital less statutory deductions} \times 100}{\text{Total risk weighted assets}}$$

Earning ratios

$$\text{Return on equity before tax 1)} = \frac{\text{Profit before taxes} \times 100}{\text{Equity (avg.)}}$$

$$\text{Return on equity after tax 1)} = \frac{\text{Net profit} \times 100}{\text{Equity (avg.)}}$$

$$\text{Return on assets after tax} = \frac{\text{Net profit} \times 100}{\text{Total assets}}$$

$$\text{Return on risk weighted assets} = \frac{\text{Net profit} \times 100}{\text{Total risk weighted assets}}$$

$$\text{Income/cost ratio 1)} = \frac{\text{Operating income}}{\text{Operating expenses}}$$

Shares

$$\text{Earnings after tax per share year end 1)} = \frac{\text{Net profit} \times 100}{\text{Avg. number of shares}}$$

$$\text{Share price year end/Earnings after tax per share} = \frac{\text{Share price year-end}}{\text{Earnings after tax per share}}$$

$$\text{Average share price/Earnings after tax per share} = \frac{\text{Average share price}}{\text{Earnings after tax per share}}$$

$$\text{Dividend per share} = \frac{\text{Dividend}}{\text{Number of shares}}$$

$$\text{Dividend payout ratio} = \frac{\text{Dividend}}{\text{Net profit}}$$

$$\text{Dividend per share (avg.)} = \frac{\text{Dividend}}{\text{Number of shares (avg.)}}$$

$$\text{Book value per share} = \frac{\text{Equity}}{\text{Number of shares (avg.)}}$$

$$\text{Share value by year end/ Intrinsic share value} = \frac{\text{Share price year end}}{\text{Book value per share}}$$

Marked risk ratios

$$\text{Interest rate risk 1) \& 2)} = \frac{\text{Interest rate} \times 100}{\text{Core capital less statutory deductions}}$$

$$\text{Foreign exchange risk 1) \& 3)} = \frac{\text{Exchange indicator 1} \times 100}{\text{Core capital less statutory deductions} \times 100}$$

$$\text{Risk-weighted assets / Total assets} = \frac{\text{Total risk weighted assets} \times 100}{\text{Total assets}}$$

Liquidity ratio

$$\text{Loans, advances and impairments in proportion to deposits 1)} = \frac{(\text{Loans} + \text{impairments}) \times 100}{\text{Deposits}}$$

$$\text{Excess cover relative to liquidity requirement 1)} = \frac{\text{Excess liquidity after fulfilment of FIL, s. 152 (no2)}}{10\% - \text{statutory adequacy}}$$

Credit risk ratios

$$\text{Large loans 1) \& 4)} = \frac{\text{Large loans} \times 100}{\text{Capital base}}$$

$$\text{Part of outstanding loans at reduced interest 1)} = \frac{\text{Loans at reduced interest} \times 100}{\text{Gross loans} + \text{guarantees}}$$

$$\text{Impairments ratio 1)} = \frac{\text{Impairments} \times 100}{\text{Gross loans} + \text{guarantees}}$$

$$\text{Impairments/loans at reduced interest} = \frac{\text{Impairments} \times 100}{\text{Loans at reduced interest}}$$

$$\text{Write-offs and impairments during the year 1)} = \frac{\text{Write-offs and depreciation during the year} \times 100}{\text{Gross loans} + \text{guarantees}}$$

$$\text{Total loans in proportion to equity 1)} = \frac{\text{Total loans}}{\text{Equity}}$$

$$\text{Increase in loans 1)} = \frac{(\text{Loans year end} - \text{loans year begin}) \times 100}{\text{Loans year begin}}$$

Other ratios

$$\text{Increase of deposits 1)} = \frac{(\text{Deposits year end} - \text{Deposits year begin}) \times 100}{\text{Deposits year begin}}$$

$$\text{Increase of balance 1)} = \frac{(\text{Balance year end} - \text{Balance year begin}) \times 100}{\text{Balance year begin}}$$

Explanation of key ratios

- 1) Prepared in accordance with the regulations issued by the Danish Financial Supervisory Authority
- 2) Interest rate risk is based on the premise that the effective interest rate fluctuates 1 per cent and that the fluctuations in DKK are calculated in comparison to core capital less certain adjustments
- 3) Foreign exchange risk is the higher amount of assets or liabilities in currency and is calculated in per cent to core capital less certain adjustments
- 4) Outstanding balances greater than 10 per cent after deductions for secure requirements in per cent to capital base

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Eik Banki Securities**Share**

Stock Exchanges VMF Market on Nasdaq OMX Iceland
Nasdaq OMX Copenhagen
ISIN code F00005702340
Bloomberg EIK IR / EIK DC
Share Capital DKK 812,927,400
No. of Shares 8,129,274

Subordinated Debt

Stock Exchange Nasdaq OMX Copenhagen
ISIN code DK0030034426
Bloomberg FOROYA 5.385
Amount DKK 150,000,000
Interest 5.385 per cent

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Marita Simonsen
Birgir Sondum
Jákup í Stórustovu

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Bárður S. Nielsen
Árni Rasmussen
Hans Thygesen

Indipendant Auditor's

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State-Authorised Public
Accountant

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Internal Auditor

Sigmund Frederiksen
Chief Auditor