



Εik

First Quarter Report

2010

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First Quarter Highlights

First Quarter Highlights

"First quarter 2010 was as expected. There has been a considerable decrease in impairments, which is positive, and at the same time, net interest income has increased. On the other hand, net fee and commission income decreased, whereas staff and administrative expenses have increased. The rise in expenses partly stems from a change in legislation increasing the payroll tax, and partly from expenses connected to converting our IT-platform to the new IT provider SDC", says Marner Jacobsen, CEO of the Eik Group.

- Net interest income shows an increase of 2 per cent to DKK 136 million
- Net fee and commissions have decreased 13 per cent to DKK 30 million
- Market value adjustments is a loss of DKK 37 million compared to a loss of DKK 12 million last year
- Profit on financial operations is DKK 131 million compared to DKK 157 first quarter 2009
- The result for the period is a loss of DKK 5.4 million after taxes
- Impairments are DKK 17.2 million corresponding to 0.1 per cent of total loans and guarantees. Impairments decreased by 77.4 per cent compared to first quarter 2009
- Solvency ratio and core capital ratio is 11.9 per cent and 8.4 per cent, respectively, at the end of the period
- Liquidity is DKK 4.8 billion, which corresponds to an excess cover of 106.5 per cent over statutory requirement
- Loans have increased by DKK 216.0 million from DKK 15.5 billion first quarter 2009 to DKK 15.7 billion. From year-begin 2010, loans have increased by DKK 308.7 million
- Deposits have increased from DKK 14.2 billion first quarter 2009 to DKK 14.6 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 where the Bank operates, and therefore also the Banks outlook for the remaining part of 2010.

Key Figures and Financial Ratios

Basic Income Statement

Group DKK Million	1Q 2010	1Q 2009	Change in per cent	1Q 2008	1Q 2007	1Q 2006
Basic Income Statement						
Net interest income	136	133	2	160	85	61
Net fee income	30	34	-12	40	29	18
Dividends on shares, etc.	0	0	-	5	65	18
Market value adjustments	-37	-12	-208	-59	18	5
Other operating income	2	2	-	3	2	2
Profit on financial operations	131	157	-17	149	199	104
Operating expenses, depreciation and write-downs	100	93	8	97	68	53
Earnings before impairments	31	64	-52	52	131	51
Impairments of loans and claims	17	76	-78	13	-3	6
Earnings	14	-12	217	39	134	45
Income from associated and subsidiary undertakings	2	-6	134	0	0	0
Profit on ordinary operations	16	-18	188	39	134	45
Credit Package I, guarantee cost	23	19	21	0	0	0
Credit Package I, impairments	0	0	-	0	0	0
Profit before taxes	-7	-37	81	38	134	45
Taxes	-1	-13	-	10	16	9
Net profit for the period	-5	-24	79	29	118	36

The tabulation of Income Statement deviates from the tabulation used in note 18. However, the different tabulation has no effect whatsoever on the result, which corresponds to the regular tabulation on page 12.

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

Key Figures and Financial Ratios Selected Figures

Group DKK Million	1Q 2010	4Q 2009	3Q 2009	2Q 2009	1Q 2009	1Q 2008	1Q 2007	1Q 2006
Balance Sheet								
Total assets	21,851	21,591	22,102	22,207	21,942	20,534	11,788	8,679
Loans and other claims	15,729	15,420	15,646	15,694	15,513	15,902	8,536	6,758
Deposits and other debt	14,550	14,431	14,269	14,293	14,172	13,095	5,869	4,647
Issued bonds	1,967	1,967	1,958	1,954	1,167	1	0	0
Subordinated debt, incl. hybrid core capital	1,154	1,073	742	742	448	448	448	0
Equity	1,339	1,344	1,577	1,606	1,652	2,108	1,326	953

Ratios

Solvency and capital

Solvency ratio	11.9%	11.6%	10.9%	11.6%	10.0%	13.5%	14.0%	10.0%
Core capital ratio	8.4%	8.6%	8.1%	8.6%	7.0%	10.8%	10.3%	12.9%

Earnings ratios

Return on equity after tax	ROE	-0.4%	-20.0%	-1.9%	-2.8%	-1.4%	1.4%	9.3%	3.8%
Income / cost ratio		0.95	0.61	0.81	0.77	0.81	1.35	3.07	1.77

Shares

Share price end period		86.00	80.00	101.00	80.00	82.00	357.50	518.00	274.00
Book value per share	BVPS	164.67	165.33	193.95	197.59	203.16	259.34	195.19	140.31
Price to book	P/B	0.52	0.48	0.52	0.40	0.40	1.38	2.65	1.95

Liquidity ratios

Loans, advances and impairments in proportion to deposits		114.5%	113.7%	115.5%	115.0%	114.5%	123.1%	148.9%	151.7%
Excess liquidity cover relative to statutory requirement		106.5%	140.5%	146.7%	150.8%	154.9%	99.3%	74.3%	80.9%

Credit risk ratios

Large loans as percentage of capital base		186.6%	179.6%	202.6%	194.6%	257.8%	146.2%	133.4%	85.7%
Write-offs and impairments during the period		0.1%	2.9%	0.6%	0.7%	0.4%	0.1%	0.0%	0.1%
Total loans in proportion to equity		11.7	11.5	9.9	9.8	9.4	7.5	6.4	7.1
Increase in loans		2.0%	-1.4%	-0.2%	0.1%	-1.0%	1.8%	3.2%	3.2%

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

Management Review

Management Review

"First quarter 2010 was as expected. There has been a considerable decrease in impairments, which is positive, and at the same time, net interest income has increased. On the other hand, net fee and commission income decreased, whereas staff and administrative expenses have increased. The rise in expenses partly stems from a change in legislation increasing the payroll tax, and partly from expenses connected to converting our IT-platform to the new IT provider SDC", says Marnar Jacobsen, CEO of the Eik Group.

The first quarter result before taxes is a loss of DKK 6.6 million against a 36.5 million loss in the first quarter 2009. After taxes, the result is a DKK 5.4 million loss against a DKK 23.9 million loss in the first quarter 2009.

Although it is not satisfactory that the first quarter result is a loss, it is positive that impairments have decreased by 77 per cent compared to the first quarter last year. This development points in the right direction, although we expect the impairments to be relatively high in 2010.

Basic Operations

Ordinary operations show a profit of DKK 17 million compared to a loss of DKK 18 million first quarter 2009.

Net interest income is DKK 135.5 million against DKK 133.0 million in the first quarter 2009, which is an increase of 1.9 per cent.

Fees and commissions income has decreased from DKK 39.2 million to DKK 35.0 million in first quarter 2010.

Market value adjustments is a loss of DKK 36.6 million. This can primarily be attributed to conversion

of loans into equity in a listed company, which has decreased in value during first quarter 2010.

Staff and administrative expenses are DKK 97.7 million against DKK 89.0 million in the first quarter 2009. This is an increase of 9.8 per cent and the main reason is increased payroll tax from 5 to 10 per cent and costs related to converting our IT-platform to new IT provider SDC (Scandinavisk Data Center).

Credit Package I

In the first quarter of 2010, DKK 22.8 million was charged in relation to the Danish Private Contingency Association. First quarter 2009, the amount was DKK 18.8 million.

Impairments

The impairments in the first quarter 2010 amount to DKK 17.2 million, which is a decrease of 77.4 per cent compared to first quarter 2009, when the impairments were DKK 76.0 million.

Solvency and Liquidity

Group solvency is 11.9 per cent compared to 10.0 first quarter last year. The solvency for the parent company Eik Banki P/F is 19.0 per cent compared to 17.4 per cent 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 statutory minimum requirement is 8 per cent.

Core capital by end of first quarter 2010 is 8.4 per cent and 13.6 per cent for the Group and Eik Banki P/F, respectively.

Liquidity remains very good. Liquidity calculated as cash-in-hand, sight deposits in other banks, certificates of deposit in the Danish Central Bank and

Management Review

securities was DKK 4.8 billion, which is an excess cover of 106.5 per cent over the required minimum.

Balance

The Group balance sheet stands at DKK 21.9 billion, unchanged in comparison to the first quarter last year.

Loans have increased by DKK 216.0 million from DKK 15.5 billion first quarter 2009 to DKK 15.7 billion. From year-begin 2010, loans have increased by DKK 308.7 million.

Simultaneously, there has been an increase in deposits from DKK 14.2 billion first quarter 2009 to DKK 14.6 billion. At the beginning of 2010, deposits amounted to DKK 14.4 billion.

Events after the End of the Interim Period

In March 2010, Eik Banki entered into an agreement which allowed the Group to issue loans and bonds guaranteed by the Danish State. The agreement entails a loan-guarantee frame of DKK 6.6 billion for the parent company Eik Banki P/F in the Faroe Islands, and DKK 2.5 billion for the subsidiary Eik Bank Danmark A/S, respectively.

On 11 May, Eik Banki obtained EUR 140 million (DKK 1,040 million) under this program, and on 19 May, the Bank announced a bond issue with a nominal value of DKK 1 billion to be admitting for trading on 21 May 2010.

In the beginning of May, Eik Banki converted its IT platform to SDC. Overall seen, the conversion went well, but there have been some challenges, which are expected to be solved in the near future.

On 19 May, Jacob Leth, member of the Board of Directors announced to the Bank that he resigns from the Board.

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 first quarter report 2010 have occurred after 31 March 2010.

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 where the Bank operates and therefore also the Banks outlook for the remaining part of 2010.

Auditing

The first quarter report has been reviewed, but has not been audited.

Financial Calendar 2010 1)

26 July 2010	Half Year Report
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 - 31 March 2010.

The reviewed 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 31 March 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 - 31 March 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, 20 May 2010

Managing Directors

Mårner 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

First Quarter Accounts Income Statement

Eik Banki P/F				Group		
1Q 2010	1Q 2009	Note	DKK 1,000	1Q 2010	1Q 2009	2009
Income Statement						
145,550	205,893	2	Interest income	234,853	337,116	1,111,114
62,679	131,052	3	Interest expense	99,343	204,147	592,549
82,871	74,841		Net interest income	135,510	132,969	518,565
205	249		Dividends on shares, etc.	207	291	1,750
23,457	30,161	4	Fee and commission income	34,986	39,245	133,854
3,459	4,150		Fee and commission expense	5,205	5,197	20,900
103,074	101,101		Net interest and fee income	165,498	167,308	633,269
21,679	5,788	5	Market value adjustments	-36,592	-12,335	-51,205
1,762	1,802		Other operating income	2,065	2,136	16,745
126,515	108,691		Profit on financial operations	130,971	157,109	598,809
57,405	51,989	6	Staff costs and adm. expenses	97,720	89,030	371,166
2,027	3,037		Depreciation and write-down of intangible and tangible assets	2,384	3,584	14,416
10,042	10,737		Other operating expenses	22,800	18,781	69,091
6,740	13,906	7	Impairment of loans and claims	17,204	75,990	526,287
-46,620	-50,653		Income from associated and subsidiary undertakings	2,550	-6,246	-4,374
3,681	-21,631		Profit before taxes	-6,587	-36,522	-386,525
9,117	2,289		Taxes	-1,151	-12,602	-89,204
-5,436	-23,920		Net profit for the period	-5,436	-23,920	-297,321
			Earnings per share DKK	-0.70	-3.04	-38.01
			Diluted earnings per share DKK	-0.70	-3.04	-38.01
Consolidated statement of comprehensive income						
-5,436	-23,920		Net profit for the period	-5,436	-23,920	-297,321
0	0		Net revaluation of properties	0	0	676
0	0		Tax on other comprehensive income	0	0	-122
0	0		Total other comprehensive income	0	0	554
-5,436	-23,920		Total comprehensive income	-5,436	-23,920	-296,767
To be distributed as follows:						
-5,436	-23,920		The shareholders of Eik Banki P/F	-5,436	-23,920	-296,767

First Quarter Accounts Balance Sheet

Eik Banki P/F				Group		
1Q 2010	1Q 2009	Note	DKK 1,000	1Q 2010	1Q 2009	2009
Balance Sheet						
Assets						
			Cash-in-hand and demand deposits with central banks			
210,290	219,000			518,247	753,367	774,301
315,915	1,457,920	8	Claims on credit institutions and central banks	776,667	1,749,585	356,059
119,305	112,790	7, 9	Loans and other claims at current value	143,338	198,796	144,406
8,426,404	8,104,688	7, 9	Loans and other claims at amortised cost	15,585,214	15,313,794	15,275,413
2,093,466	1,857,047		Bonds at current value	3,304,344	2,486,073	3,569,528
208,749	295,630		Shares	310,278	364,824	296,756
75,349	8,780		Holdings in associated undertakings	78,293	16,478	75,718
918,543	790,453		Holdings in subsidiary undertakings	2,757	626	2,878
193,002	177,095		Intangible assets 1)	410,469	392,120	402,803
140,659	141,152		Land and buildings	141,184	141,677	142,093
140,659	141,152		-Domicile properties	141,184	141,677	142,093
11,087	12,652		Other tangible assets	13,773	14,770	14,183
0	0		Current tax assets	8,786	10,393	8,786
45,418	36,690		Deferred tax assets	187,493	121,245	182,225
58,335	15,571		Assets in temporary possession	131,037	59,923	131,192
124,224	185,822		Other assets	230,391	286,815	205,734
7,612	28,415		Prepayments	9,076	31,108	9,024
12,948,358	13,443,705		Total assets	21,851,347	21,941,594	21,591,099
Liabilities						
2,239,899	3,838,770	10	Debt to credit institutions and central banks	2,384,006	4,075,084	2,404,457
6,279,357	6,063,494	11	Deposits and other debt	14,550,219	14,172,330	14,431,352
1,966,000	1,166,000		Issued bonds at fair value	1,967,181	1,166,602	1,967,054
0	0		Commitments in temporary possession	21,831	0	21,831
233,566	275,396		Other liabilities	376,829	404,064	291,303
0	0		Prepayments	202	268	201
10,718,822	11,343,660		Total liabilities	19,300,268	19,818,348	19,116,198
0	0		Provisions for deferred tax	0	15,617	0
31,713	545		Provisions for loan on collaterals	57,024	930	58,054
0	0		Other provisions	1,897	7,199	0
31,713	545		Provisions for liabilities and charges	58,921	23,746	58,054
859,188	447,928	12	Subordinated debt	1,153,523	447,928	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
497,766	214,692		Retained profit	497,766	214,692	503,136
1,338,635	1,651,572		Total equity	1,338,635	1,651,572	1,344,005
12,948,358	13,443,705		Total liabilities	21,851,347	21,941,594	21,591,099

1) Thereof goodwill 31 March 2010 Eik Banki P/F DKK 177.1 million and Eik Banki Group DKK 384.2 million against DKK 170.8 million and DKK 380.5 million, respectively, for the same period last year.

First Quarter Accounts Cash Flow Statement

Eik Banki P/F			Group		
1Q 2010	1Q 2009	DKK 1,000	1Q 2010	1Q 2009	2009
Cash Flow Statement					
Cash flows from operating activities					
-5,436	-23,920	Net profit in the period	-5,436	-23,920	-297,321
2,027	3,037	Depreciations and impairments	2,385	3,584	14,416
6,740	13,906	Impairments for losses on bad debts	17,204	75,990	526,287
24,498	62,865	Market value adjustments of securities	33,599	36,582	76,086
27,829	55,888	Operating cash flow before changes in operating capital	47,752	92,236	319,468
113,034	750,537	Changes in net position to credit institutions and central banks	-306,824	443,195	-215,422
-634,950	-260,331	Net changes in loans and deposits	-208,139	99,655	-87,356
-325,674	100,643	Net changes in securities	98,550	63,498	-300,114
-15,178	0	Net change in derivative financial instruments	-39,281	0	-39,281
44,424	77,301	Net changes in other assets and liabilities	95,853	42,347	-12,623
-790,515	724,038	Cash flows from operating activities	-312,089	740,931	-335,328
Cash flows from investment activities					
-7,488	-2,296	Changes in intangible and tangible assets	-8,732	-6,243	-21,309
-7,488	-2,296	Cash flows from investment activities	-8,732	-6,243	-21,309
Cash flows from financing activities					
9,153	4,181	Inflow to equity	9,153	4,181	-3,061
80,571	-770	Subordinated debt	80,681	-96	618,577
89,724	3,411	Cash flows from financing activities	89,834	4,085	615,516
-708,279	725,153	Total changes in cash flows	-230,987	738,773	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
2,504,801	3,495,856	Cash and cash equivalents end period	4,847,397	5,558,134	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					
210,290	219,000	Cash-in-hand and demand deposits with central banks, etc.	518,247	753,754	624,333
165,941	558,313	Claims on demands on credit institutions	519,281	879,758	806,160
149,974	899,607	Claims at notice with central banks	559,902	1,344,490	149,967
1,978,596	1,818,936	Bonds etc.	3,249,967	2,580,132	3,497,851
2,504,801	3,495,856	Cash and cash equivalents end period	4,847,397	5,558,134	5,078,311

First Quarter 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				-5,436	-5,436
Acquisition of own shares				-24	-24
Sale of own shares				90	90
31 March 2010	812,927	0	27,942	497,766	1,338,635
1 January 2009	812,927	600,428	23,525	238,646	1,675,526
Comprehensive income				-23,920	-23,920
Acquisition of own shares				-89	-89
Sale of own shares				55	55
31 March 2009	812,927	600,428	23,525	214,692	1,651,572
Group					
1 January 2010	812,927	0	27,942	503,136	1,344,005
Comprehensive income				-5,436	-5,436
Acquisition of own shares				-24	-24
Sale of own shares				90	90
31 March 2010	812,927	0	27,942	497,766	1,338,635
1 January 2009	812,927	600,428	23,525	238,646	1,675,526
Comprehensive income				-23,920	-23,920
Acquisition of own shares				-89	-89
Sale of own shares				55	55
31 March 2009	812,927	600,428	23,525	214,692	1,651,572

First Quarter Accounts Solvency and Capital Demand

Eik Banki P/F			Group		
1Q 2010	1Q 2009	DKK 1,000	1Q 2010	1Q 2009	2009
Solvency and Capital Demand					
Solvency					
1,404,461	1,418,531	Core capital after deductions, incl. hybrid core capital	1,339,254	1,118,951	1,357,514
1,959,337	1,885,749	Capital base	1,894,130	1,586,169	1,831,819
9,769,229	10,147,278	Weighted assets not included in trading portfolio including off-balance-sheet items	14,845,660	14,944,692	14,254,844
538,058	715,785	Weighted items with market risk	1,020,786	983,245	1,575,214
10,307,287	10,863,063	Total risk weighted assets	15,866,446	15,927,937	15,830,058
19.0%	17.4%	Solvency ratio purs. to FIL § 124, 2 no. 1	11.9%	10.0%	11.6%
13.6%	13.1%	Core capital ratio	8.4%	7.0%	8.6%
Capital demand					
824,583	869,045	Capital demand purs. to FIL § 124, 2 no. 1	1,269,316	1,274,235	1,266,405
1,321,092	1,656,236	Core Capital before statutory deductions	1,321,092	1,656,236	1,321,092
193,002	177,095	Intangible assets	410,469	392,120	402,803
45,418	36,690	Deferred tax assets	187,493	121,245	182,225
5,436	23,920	Loss for the period	5,436	23,920	0
1,077,236	1,418,531	Core capital after deductions	717,694	1,118,951	736,064
327,225	0	Hybrid core capital (Credit package II)	621,560	0	621,450
1,404,461	1,418,531	Core capital after deductions, incl. hybrid core capital	1,339,254	1,118,951	1,357,514
Supplementary capital					
531,963	447,928	Subordinated debt	531,963	447,928	451,392
22,913	19,290	Revaluation reserves	22,913	19,290	22,913
1,959,337	1,885,749	Capital base	1,894,130	1,586,169	1,831,819

First Quarter Accounts Notes

Note 1

Accounting Principles

In General

The interim financial report for the Group for first 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.

First Quarter Accounts Notes

Eik Banki P/F				Group		
1Q 2010	1Q 2009	Note	DKK 1,000	1Q 2010	1Q 2009	2009
		2	Interest income			
3,356	27,404		Credit institutions and central banks	2,263	36,044	63,137
130,698	152,827		Loans and other claims	209,466	267,754	906,876
21,142	22,452		Bonds	30,817	33,272	142,411
-9,646	3,210		Derivative financial instruments	-7,693	-1,142	-1,324
			Of this:			
-3,735	3,210		Currency contracts	-1,427	3,210	11,558
-5,911	0		Interest contracts	-6,266	-4,352	-12,882
0	0		Other interest income	0	1,188	14
145,550	205,893		Total interest income	234,853	337,116	1,111,114
		3	Interest expense			
11,770	69,608		Credit institutions and central banks	11,800	68,791	174,041
26,165	47,462		Deposits and other debt	54,666	121,360	341,544
12,935	6,575		Issued bonds	12,949	6,584	51,897
11,809	7,407		Subordinated debt	20,038	7,407	24,905
0	0		Other interest expenses	-110	5	162
62,679	131,052		Total interest expense	99,343	204,147	592,549
		4	Fee and commission income			
674	814		Security trading and custody	5,789	3,508	23,451
4,450	12,029		Transfer of payments	6,088	14,106	22,529
543	895		Loan fees	1,048	1,153	4,426
5,972	5,951		Guarantee commission	6,279	6,527	31,520
11,818	10,472		Other fees and commissions	15,782	13,951	51,928
23,457	30,161		Total fee and commission income	34,986	39,245	133,854
		5	Market value adjustments			
11,179	0		Loans and other claims at current value	11,627	810	20,595
18,404	15,862		Bonds	22,707	23,036	21,235
4,772	-31,159		Shares	-57,005	-57,754	-127,429
3,973	3,085		Currencies	10,056	-9,357	22,477
-16,206	0		Derivative financial instruments	-23,534	12,930	-8,591
-443	18,000		Other liabilities	-443	18,000	20,508
21,679	5,788		Total market value adjustments	-36,592	-12,335	-51,205

First Quarter Accounts Notes

Eik Banki P/F									
1Q 2010	1Q 2009	Note	DKK 1,000		1Q 2010	1Q 2009		Group	2009
				6	Staff costs and administrative expenses				
					Salaries and remuneration of Board of Directors, Managing Directors and Board of Representatives				
1,111	1,111				1,199	1,199		4,796	
522	526				522	526		2,101	
34	0				34	0		152	
1,667	1,637			Total	1,755	1,725		7,049	
					Staff costs				
26,054	26,383				42,991	41,200		159,471	
2,318	808				3,789	2,103		15,220	
3,436	2,125				5,081	3,563		14,617	
31,808	29,316			Total	51,861	46,866		189,308	
23,930	21,036			Other administrative expenses	44,104	40,439		174,809	
57,405	51,989			Total staff costs and administrative expenses	97,720	89,030		371,166	
224	230			Employee end period, full time equivalent	332	330		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) A tax deduction amounting to DKK 0.5 million was made in the first quarter 2010 in respect of the pay to individual members of the Management. According to Credit Package II only 50 per cent of the Managing Directors salary must be deducted in tax.
- 3) Members of Board of Directors and Board of Representatives are not entitled to any benefits upon termination of employment.
- 4) The Management as well as the staff is included in a defined contribution plan.

First Quarter Accounts Notes

Eik Banki P/F				Group		
1Q 2010	1Q 2009	Note	DKK 1,000	1Q 2010	1Q 2009	2009
7 Impairment of loans and other claims						
Individual impairment on loans						
491,064	336,200		Individual impairments year begin	917,443	618,643	614,078
5,964	25,171		New individual impairments	28,350	97,622	564,191
38,968	0		Reversed individual impairments	52,183	16,010	105,514
2,902	6,193		Previous impairments now confirmed loss	43,275	28,386	224,295
0	0		Other additions and disposals	812	7,290	15,497
9,566	5,647		Revenue from interests on impairments on loans	9,566	5,647	28,483
464,724	360,825		Individual impairments end period	860,713	684,806	892,440
1,233,306	442,395		Loans and other claims before impairment	2,338,242	1,055,214	2,594,999
768,582	81,570		Loans and other claims after impairment	1,477,529	370,408	1,702,559
Collective impairment on loans						
9,787	18,117		Collective impairments year begin	31,439	46,541	46,541
40,533	-11,890		New collective impairments	41,569	-7,703	8,362
0	0		Reversed collective impairments	1,842	8,150	23,866
0	0		Revenue from interests on impairments on loans	0	0	95
50,320	6,227		Collective impairments end period	71,166	30,688	31,132
4,468,067	7,775,083		Loans and other claims before impairment	11,042,550	15,102,368	9,086,213
4,417,747	7,768,856		Loans and other claims after impairment	10,971,384	15,071,680	9,055,081
Impairments included in the income statement						
46,497	13,281		New impairments	69,919	89,920	575,446
38,968	0		Reversed impairments	54,025	24,160	134,380
0	0		Value adjustment of acquired assets	812	7,290	23,182
357	639		Losses without prior impairment	2,050	3,280	16,481
116	14		Paid into previous depreciated claims	522	340	1,694
7,770	13,906		Included in the income statement	18,234	75,990	479,035
Provisions for losses on guarantees						
32,743	545		Provisions for losses on guarantees year begin	58,054	930	10,802
0	0		New impairments on provisions	0	0	47,252
1,030	0		Reversed provisions for losses	1,030	0	0
31,713	545		Provisions for losses on guarantees end period	57,024	930	58,054
Provisions for losses included in the income statement						
0	0		New provisions for losses for the year	0	0	47,252
1,030	0		Reversed provisions for losses	1,030	0	0
-1,030	0		Included in the income statement	-1,030	0	47,252

First Quarter Accounts Notes

Eik Banki P/F				Group		
1Q 2010	1Q 2009	Note	DKK 1,000	1Q 2010	1Q 2009	2009
		8	Claims on credit institutions and central banks			
149,974	899,607		Claims at notice on central banks	47,458	899,607	0
165,941	558,313		Claims on credit institutions	729,209	849,978	356,059
315,915	1,457,920		Total claims on credit institutions and central banks	776,667	1,749,585	356,059
			Claims on credit institutions and central banks			
165,941	358,313		At call	626,693	410,096	356,059
149,974	899,607		Up to 3 months	149,974	1,339,489	0
0	0		Over 3 months and up to 1 year	0	0	0
0	100,000		Over 1 year and up to 5 years	0	0	0
0	100,000		Over 5 years	0	0	0
315,915	1,457,920		Total claims on credit institutions and central banks	776,667	1,749,585	356,059
0	200,162		Thereof from Eik Bank Danmark A/S			
		9	Loans and other claims			
119,305	112,790		Loans and other claims at current value	143,338	198,796	144,406
8,426,404	8,104,688		Loans and other claims at amortised cost	15,585,214	15,313,794	15,275,413
8,545,709	8,217,478		Total loans and other claims	15,728,552	15,512,590	15,419,819
			Loans and other claims			
264,701	319,825		At call	874,678	1,680,842	1,116,727
407,793	342,549		Up to 3 months	2,031,927	1,004,135	2,655,322
580,881	949,047		Over 3 months and up to 1 year	2,713,491	2,108,752	1,942,787
2,083,035	2,127,985		Over 1 year and up to 5 years	3,631,795	3,044,048	4,552,466
5,209,299	4,478,072		Over 5 years	6,476,661	7,674,813	5,152,517
8,545,709	8,217,478		Total loans and other claims	15,728,552	15,512,590	15,419,819
5.0%	3.6%		Accumulated provisions on loans, advances, and guarantees in per cent of loans, advances, and guarantees, at the end of the period	5.1%	3.9%	5.4%
458,489	332,489		Non-accrual loans, advances, and guarantees	921,662	649,465	842,732
4.5%	3.2%		Non-accrual loans, advances, and guarantees in per cent of total loans and guarantees	5.1%	3.6%	4.6%
		10	Debt to credit institutions and central banks			
2,239,899	3,838,770		Debt to credit institutions	2,384,006	4,075,084	2,404,457
2,239,899	3,838,770		Total debt to credit institutions and central banks	2,384,006	4,075,084	2,404,457
			Debt to credit institutions and central banks			
139,349	1,004,461		Debt payable on demand	283,456	1,122,017	350,692
1,257,964	256,062		Up to 3 months	1,257,964	374,820	174,617
50,000	693,008		Over 3 months and up to 1 year	50,000	693,008	1,086,555
792,586	1,885,239		Over 1 year and up to 5 years	792,586	1,885,239	792,593
0	0		Over 5 years	0	0	0
2,239,899	3,838,770		Total debt to credit institutions and central banks	2,384,006	4,075,084	2,404,457
102,516	71,746		Thereof to Eik Bank Danmark A/S			

First Quarter Accounts Notes

Eik Banki P/F				Group		
1Q 2010	1Q 2009	Note	DKK 1,000	1Q 2010	1Q 2009	2009
11 Deposits and other debt						
2,625,365	2,085,522		Deposits on demand	8,218,102	6,341,820	7,134,328
1,687,378	1,871,296		Deposits at notice	2,015,633	3,093,780	2,580,892
1,489,221	1,633,861		Time deposits	2,499,021	3,010,532	2,870,784
477,393	472,815		Special categories of deposits	1,817,463	1,726,199	1,845,348
6,279,357	6,063,494		Total deposits and other debt	14,550,219	14,172,330	14,431,352
Deposits and other debt						
2,625,365	2,085,522		On demand	8,461,303	6,571,410	7,381,447
2,334,565	2,639,387		Up to 3 months	2,486,667	3,401,129	3,445,262
930,875	954,929		Over 3 months and up to 1 year	2,147,744	1,819,684	2,125,707
144,060	136,601		Over 1 year and up to 5 years	457,281	1,435,077	463,495
244,492	246,400		Over 5 years	997,224	945,031	1,015,441
6,279,357	6,062,839		Total deposits and other debt	14,550,219	14,172,330	14,431,352
12 Subordinated debt						
Supplementary capital contribution						
154,175	150,000		Bond issue in DKK, 5.385 per cent fixed 1)	154,175	150,000	153,732
297,788	297,928		Loan, Euribor 3 months + 1.18 per cent 2)	297,788	297,928	297,660
80,000	0		Loan, Cibor 3 months + 6.00 per cent 3)	80,000	0	0
531,963	447,928		Total supplementary capital contribution	531,963	447,928	451,392
Hybrid core capital 4)						
327,225	0		Bond issue in DKK	621,560	0	621,450
327,225	0		Total hybrid core capital	621,560	0	621,450
859,188	447,928		Total subordinated debt and included in capital base	1,153,523	447,928	1,072,842
11,809	7,407		Interest expense	20,038	7,407	24,905
<p>1) Due 30 June 2014 2) Due 28 March 2015 3) Due 18 March 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						
435,664	585,530		Financial guarantees	446,700	654,123	576,441
658,136	475,509		Loss guarantees for mortgage loans	658,136	475,509	635,780
105,318	578,096		Other liabilities	335,687	835,009	672,745
1,199,118	1,639,135		Total guarantees and other liabilities	1,440,523	1,964,641	1,884,966
Other commitments						
34,119	31,488		Irrevocable credit commitments	34,119	31,488	58,603
75,939	105,374		Other commitments	82,595	113,381	89,042
110,058	136,862		Total other commitments	116,714	144,869	147,645
Subsidiary liabilities						
0	92,500		Eik Bank Danmark A/S	0	0	0
0	92,500		Total subsidiary liabilities	0	0	0
1,309,176	1,868,497		Total contingency liabilities	1,557,237	2,109,510	2,032,611

First Quarter Accounts Notes

DKK 1,000

15 Derivative financial instruments

	Nominal value	1Q 2010 Net market value	Nominal value	1Q 2009 Net market value
Eik Banki P/F				
Currency, interest and share contracts				
Up to 3 months				
Forwards and futures, bought	1,139,360	2,727	990,110	-602
Forwards and futures, sold	160,187	-3,782	369,846	8,160
Over 3 months and up to 1 year				
Forwards and futures, bought	221	0	206,263	-13,948
Forwards and futures, sold	0	0	206,263	14,856
Swaps	176,100	-2,890	0	0
Over 1 year and up to 5 year				
Forwards and futures, bought	1,673	0	1,600	0
Forwards and futures, sold	1,673	0	1,600	0
Swaps	842,649	-34,336	0	0
Total				
Forwards and futures, bought	1,141,254	2,727	1,197,973	-14,552
Forwards and futures, sold	161,860	-3,782	577,709	23,016
Swaps	1,018,749	-37,226	0	0
Net market value		-38,281		8,464
	Positive	Negative	Positive	Negative
Forwards and futures, bought	2,829	102	11,340	25,892
Forwards and futures, sold	0	3,782	32,900	9,884
Swaps	10,214	47,440	0	0
Net market value 1)	13,043	51,324	44,240	35,776
1) Thereof market value of non-guaranteed contracts	13,043	51,324	44,240	35,776
Market value, average				
Forwards and futures, bought	7,085	12,997	7,761	13,300
Forwards and futures, sold	16,450	6,833	29,115	6,127
Swaps	5,107	23,720	0	0
Net market value	28,642	43,550	36,877	19,428

First Quarter Accounts Notes

DKK 1,000

15 Derivative financial instruments

Group	Nominal value	1Q 2010 Net Market value	Nominal value	1Q 2009 Net Market value
Group				
Currency, interest and share contracts				
Up to 3 months				
Forwards and futures, bought	2,283,186	6,253	990,110	-602
Forwards and futures, sold	-3,056,725	-16,763	369,846	8,160
Over 3 months and up to 1 year				
Forwards and futures, bought	2,036	154	206,263	-13,948
Forwards and futures, sold	-1,815	19	206,263	14,856
Swaps	176,100	-2,890		
Over 1 year and up to 5 year				
Forwards and futures, bought	1,673	0	1,600	0
Forwards and futures, sold	1,673	0	1,600	0
Swaps	842,649	-34,336		
Over 5 year				
Options	350,000	1,540	0	0
Total				
Forwards and futures, bought	2,286,895	6,407	1,197,973	-14,552
Forwards and futures, sold	-3,056,867	-16,744	577,709	23,016
Swaps	1,018,749	-37,226	0	0
Options	350,000	1,540	0	0
Net market value		-46,023		8,464
	Positive	Negative	Positive	Negative
Forwards and futures, bought	7,432	1,026	11,340	25,892
Forwards and futures, sold	1,205	17,948	32,900	9,884
Swaps	10,214	47,440	0	0
Options	1,581	41	0	0
Net market value 1)	20,432	66,455	44,240	35,776
1) Thereof market value of non-guaranteed contracts				
	Positive	Negative	Positive	Negative
Market value, average				
Forwards and futures, bought	9,386	13,459	7,761	13,300
Forwards and futures, sold	17,053	13,916	29,115	6,127
Swaps	5,107	23,720	0	0
Options	791	21	0	0
Net market value	32,337	51,116	36,876	19,427

First Quarter Accounts Notes

Eik Banki P/F				Group		
1Q 2010	1Q 2009	Note	DKK 1,000	1Q 2010	1Q 2009	2009
		16	Shareholders holding more than 5 per cent according to § 28a in the Company Act			
52%	52%		The Eik Fund (Eik Grunnurin)	52%	52%	52%
		17	Business segment reporting 1)			
15,608	16,383		Retail Banking	11,614	8,684	96,014
69,741	80,960		Corporate Banking	77,754	59,272	-61,264
-15,461	-45,089		Markets	-29,748	-54,467	-208,022
-66,207	-73,885		Corporate assets and other reconciliated items	-66,207	-50,011	-213,253
3,681	-21,631		Total business segment reporting	-6,587	-36,522	-386,525

1) Profit before taxes distributed on business segments

First Quarter Accounts Notes

Note 18 Five year figures and financial ratios

Group DKK Million	1Q 2010	1Q 2009	Change in per cent	1Q 2008	1Q 2007	1Q 2006
Income Statement						
Interest income	235	337	-30	345	170	98
Interest expenses	99	204	-51	185	85	37
Net interest income	136	133	2	160	85	61
Fees, commissions and dividend	30	34	-12	45	94	36
Market value adjustments	-37	-12	-208	-59	18	5
Other operating income	2	2	-	3	2	2
Profit on financial operations	131	157	-17	149	199	104
Staff costs, administrative expenses and other operating expenses	121	108	12	91	62	49
Depreciations and write-down of intangible and tangible assets	2	4	-50	6	6	4
Impairment of loans and other claims	17	76	-78	13	-3	6
Income from associated and subsidiary undertakings	2	-6	134	0	0	0
Profit before taxes	-7	-37	81	39	134	45
Taxes	-1	-13	-	10	16	9
Net profit for the period	-5	-24	79	29	118	36

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

First Quarter Accounts Notes

Note 18 Five year figures and financial ratios (cont.)

Group DKK Million	1Q 2010	1Q 2009	Change in per cent	2009	1Q 2008	1Q 2007	1Q 2006
Balance Sheet							
Assets							
Cash in hand, claims on central banks and credit institutions	1,295	2,503	-48	1,130	2,078	995	628
Loans and other advances	15,729	15,513	1	15,420	14,961	7,818	5,622
Securities	3,696	2,868	29	3,945	1,924	1,109	929
Tangible assets	155	156	-1	156	133	131	120
Other assets	976	902	8	939	797	518	277
Total assets	21,851	21,942	-0	21,591	19,893	10,571	7,576
Liabilities							
Debt to credit institutions	2,384	4,075	-41	2,404	4,080	3,181	2,104
Deposits and other liabilities	14,550	14,172	3	14,431	12,705	5,787	4,348
Issued bonds at fair value	1,967	1,167	69	1,967	0	0	0
Other liabilities	457	428	7	372	586	302	205
Subordinated debt	1,154	448	158	1,073	448	150	0
Equity	1,339	1,652	-19	1,344	2,074	1,151	919
Total liabilities	21,851	21,942	-0	21,591	19,893	10,571	7,576
Off-balance-sheet items							
Total guarantees, etc.	1,440	1,965	-27	1,885	970	824	304
Other commitments	117	145	-19	148	92	2	2
Total off-balance-sheet items	1,557	2,110	-26	2,033	1,062	826	306

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

First Quarter Accounts Notes

Note 18 Five year figures and financial ratios (cont.)

Group		1Q 2010	1Q 2009	1Q 2008	1Q 2007	1Q 2006
Ratios						
Solvency and capital ratios						
Solvency ratio 1)		11.9%	10.0%	13.5%	14.0%	10.0%
Core capital ratio 1)		8.4%	7.0%	10.8%	10.3%	12.9%
Earning ratios						
Return on equity before tax 1)	ROE	-0.5%	-2.2%	1.8%	10.6%	4.8%
Return on equity after tax 1)	ROE	-0.4%	-1.4%	1.4%	9.3%	3.8%
Return on assets after tax	ROA	-0.0%	-0.1%	0.1%	1.0%	0.4%
Return on risk weighted assets after tax	RORWA	-0.0%	-0.2%	0.2%	1.2%	0.5%
Income/cost ratio 1)		0.95	0.81	1.35	3.07	1.77
Shares						
Average number of shares (1,000)		8,129	8,129	8,129	7,113	6,793
Number of shares end period (1,000)		8,129	8,129	8,129	7,113	6,793
Share price end period		86.00	82.00	357.50	518.00	274.00
Share price high		92.50	110.00	521.00	575.00	283.00
Share price low		75.50	78.00	355.00	480.00	283.00
Average share price		84.00	94.00	438.00	527.50	283.00
Earnings after tax per share 1)	EPS	-0.70	-3.04	3.60	17.30	5.23
Book value per share	BVPS	164.67	203.16	259.34	195.19	140.31
Market risk ratios						
Interest rate risk 1) & 2)		3.2%	6.4%	3.0%	1.9%	3.4%
Foreign exchange position 1) & 3)		4.0%	7.2%	13.6%	27.4%	5.4%
Risk weighted assets / Total assets		72.6%	72.6%	75.0%	80.9%	77.7%
Liquidity ratios						
Loans, advances and impairments in proportion to deposits 1)		114.5%	114.5%	123.1%	148.9%	151.7%
Excess liquidity cover relative to statutory requirement 1)		106.5%	154.9%	99.3%	74.3%	80.9%
Credit risk ratios						
Large loans as percentage of capital base 1) & 4)		186.6%	257.8%	146.2%	133.4%	85.7%
Part of outstanding loans at reduced interest 1)	NPL	5.1%	3.6%	0.7%	0.1%	0.0%
Impairments percentage 1)	LLR	5.1%	3.9%	1.2%	2.1%	3.9%
Loan loss reserve / Non-performing loan ratio	LLR/NPL	101%	110%	163%	233%	-
Write-offs and impairments during the period 1)		0.1%	0.4%	0.1%	-0.0%	0.1%
Total loans in proportion to equity 1)		11.7	9.4	7.5	6.4	7.1
Increase in loans 1)		2.0%	-1.0%	1.8%	3.2%	3.2%
Other ratios						
Increase in deposits 1)		0.8%	0.3%	-1.3%	-4.0%	3.7%
Increase in balance 1)		1.2%	1.0%	-4.9%	-0.3%	0.7%

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.
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.
- 2) 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.
- 3) Outstanding balances greater than 10 per cent after deductions for secure requirements in per cent to capital base.
- 4) Outstanding balances greater than 10 per cent after deductions for secure requirements in per cent to capital base.

First Quarter Accounts Notes

Note 18 Five year figures and financial ratios (cont.)

Eik Banki P/F	1Q 2010	1Q 2009	1Q 2008	1Q 2007	1Q 2006
Ratios					
Solvency and capital					
Solvency ratio 1)	19.0%	17.4%	22.0%	17.9%	13.0%
Core capital ratio 1)	13.6%	13.1%	18.0%	13.2%	16.7%
Earnings ratios					
Return on equity before tax 1)	0.3%	-1.3%	1.4%	9.8%	4.5%
Return on equity after tax 1)	-0.4%	-1.4%	1.4%	9.3%	3.8%
Income / cost ratio 1)	1.05	0.73	1.46	3.95	1.99
Market risk					
Interest rate risk 1) & 2)	2.3%	2.9%	1.5%	1.0%	2.6%
Foreign exchange position 1) & 3)	2.9%	5.5%	5.7%	27.1%	5.0%
Liquidity ratios					
Loans, advances and impairments in proportion to deposits 1)	144.3%	141.6%	132.1%	104.8%	116.8%
Excess liquidity cover relative to statutory requirement 1)	86.1%	167.4%	42.8%	30.7%	42.6%
Credit risk					
Large loans as percentage of capital base 1) & 4)	129.4%	144.3%	100.4%	107.4%	29.2%
Part of outstanding loans at reduced interest 1)	NPL 4.5%	3.2%	0.4%	1.0%	2.7%
Impairments percentage 1)	LLR 5.0%	3.6%	1.9%	2.8%	5.1%
Write-offs and impairments during the period 1)	0.1%	0.1%	0.1%	-0.1%	0.1%
Total loans in proportion to equity 1)	6.4	5.0	3.9	4.1	4.9
Increase in loans 1)	5.0%	-0.1%	2.9%	4.6%	4.3%
Other ratios					
Increase in deposits 1)	-3.4%	-4.0%	2.7%	-5.3%	1.1%
Increase in balance 1)	0.0%	-1.6%	-6.9%	-0.6%	-0.8%

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.

First Quarter 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

Auditor's Statement Internal Review

Internal Auditor's Review Report

To the Shareholders of Eik Banki P/F

According to agreement with the Company's Board of Directors, we have reviewed the condensed consolidated accompanying Interim Balance Sheet of Eik Banki P/F as of 31 March 2010, and the related condensed consolidated Interim Statement of Income, Cash Flows and Notes for the period ending 31 March 2010. This condensed consolidated Interim Financial Statement has been prepared in accordance with IAS 34 "Interim Financial Reporting" as announced in notice no. 1120 of 24 November 2008 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 in respect of the Parent Company Financial Statements and in accordance with the financial reporting requirements of the Nasdaq OMX.

The condensed consolidated Interim Financial Statement is the responsibility of the Company's Management. Our responsibility is to issue a report on the condensed consolidated Interim 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 condensed consolidated accompanying Interim Financial Statements do not give a true and fair view of the financial position of the Bank as of 31 March 2010, and of the results of its operations and its cash flows for the period ending 31 March 2010 in accordance with IAS 34 "Interim Financial Reporting" as announced in notice no. 1120 of 24 November 2008 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 in respect of the Parent Company Financial Statements and in accordance with the financial reporting requirements of the Nasdaq OMX.

Eik Banki P/F

Tórshavn, 20 May 2010

Sigmund Frederiksen
Chief Internal Auditor

Auditor's Statement Independent Auditor's Review Report

Independent Auditor's Review Report

To the Shareholders of Eik Banki P/F.

We have reviewed the Interim Financial Statements of Eik Banki P/F Group and for the Parent Company for the period 1 January to 31 March 2010, which comprises the Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes as well as the consolidated Cash Flow Statement. The Interim Financial Statements have been presented in accordance with IAS 34, "Interim Financial Reporting", as announced in notice no. 1120 of 24 November 2008 in respect of the consolidated Financial Statements and with the executive order and guidelines of the Danish Financial Supervisory Authority on presentation of Financial Statements by banks as applied in the Faroe Islands in respect of the Parent Company. Furthermore the Interim Financial Statements have been prepared in accordance with additional Danish disclosure requirements for listed financial companies/the Danish Financial Business Act. The management commentary is prepared in accordance with the Danish Financial Business Act.

Management's responsibility for the Interim Financial Statements and the management commentary

Management is responsible for the preparation and presentation of Interim Financial Statements in accordance with IAS 34, "Interim Financial Reporting", as announced in notice no. 1120 of 24 November 2008 in respect of the consolidated Financial Statements and with the executive order and guidelines of the Danish Financial Supervisory Authority on presentation of financial statements by banks as applied in the Faroe Islands in respect of the Parent Company. Furthermore the Interim Financial Statements have been prepared in accordance with additional Danish disclosure requirements for listed financial companies/the Danish Financial Business Act.

Our responsibility is to express a conclusion on the Interim Financial Statements and the management commentary based on our review.

Scope of review

We conducted our review in accordance with the Danish Standard on Review Engagements, RS 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Danish Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Interim Financial Statements or the management commentary.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Statements and the management commentary have not been prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting", as announced in notice no. 1120 of 24 November 2008 in respect of the consolidated Financial Statements and with the executive order and guidelines of the Danish Financial Supervisory Authority on presentation of financial statements by banks as applied in the Faroe Islands in respect of the Parent Company. Furthermore the Interim Financial Statements have been prepared in accordance with additional Danish disclosure requirements for listed financial companies/the Danish Financial Business Act.

Copenhagen, 20 May 2010

Deloitte

Statsautoriseret Revisionsaktieselskab

Anders O. Gjelstrup

State Authorised Public Accountant

Jens Ringbæk

State Authorised Public Accountant

Tórshavn, 20 May 2010

NOTA

Statsautoriseret Revisionsaktieselskab

Hans Laksá

State Authorised Public Accountant

Eik Banki P/F

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Registered address Tórshavn
Established 24 August 1832

Registration No. 3293
VAT No. 516244

Reg No. 9181
BIC/SWIFT EIKB FO TF

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

Senior Debt

Stock Exchange Nasdaq OMX Copenhagen
ISIN DK0030152111 DK0030168380
Bloomberg FOROYA 3 Foroya 3.43
Amount DKK 666,000,000 DKK 300,000,000
Interest 3.00 per cent 3.43 per cent

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Frithleif Olsen
Chairman

Odd Arild Bjellvåg
Deputy Chairman

Rólant Vidtfeldt
Jákup Egil Jensen
Petur Hammer
Tórmund A. Joensen
Rakul Dam
Gert Langgaard
Hanna Thorleifsson

Board of Representatives**Suðuroy**

Mikkjal Hammer
Petur Hammer
Marianna Jacobsen
Páll Michelsen
Finnbjørn Nielsen
Knútur Nygaard

Eysturoy

Olaf Fríðheim
Regin Gregersen
Álvur Hansen
Leif Høj
Alis Højsted

Oluffa Joensen
Sofus D. Johannesen
Frithleif Olsen
Eyðun Rasmussen
Høgni á Reynatrøð

Sandoy

Poul D. Klementsén
Elisabeth Myllhamar
Jonna Krog Poulsen
Kristoffer Poulsen
Jákup Martin Sørensen
Rólant Vidtfeldt

Vágoy

Gitta av Kák
Heini Nielsen
Sigfríður Dam Olsen
Herluf Sigvaldsson
Tórhallur Simonsen
Sveinur Thomassen

Norðstrey moy

Elna Debess
Marian Jacobsen
Bergur Robert Dam Jensen
Gunnbjørn Joensen
Ragnar Petur Joensen
Karl A. Olsen

Norðoyggjar

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Jógvan í Beiti
Jórun Gardar
Jonhard Larsen
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Dánjal Jákup Meinertsson

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Odd Arild Bjellvåg

Hans Johannes á Brúgv
Debes Danberg
Hans Andrias Djurhuus
Bent Jacob Højgaard Hansen
Jóannes Martin Hansen
Poul Geert Hansen
Jákup Egil Jensen
Jóan Pauli Joensen
Líggjas Joensen
Olga Kallsberg
Oddvǫ Nattestad
Marita Simonsen
Birgir Sondum
Jákup í Stórustovu

Appointed according to § 6.6 in the Articles of Association

Frithleif Olsen
Kjartan Mohr
Bárður S. Nielsen
Árni Rasmussen
Hans Thygesen

Indipendant Auditor's

Hans Laksá,
State-Authorised Public
Accountant

Deloitte, Statsautoriseret
revisionsaktieselskab
Anders O. Gjelstrup
State-Authorised Public
Accountant
Jens Ringbæk
State-Authorised Public
Accountant

Internal Auditor

Sigmund Frederiksen
Chief Auditor