

First quarter progressed as expected

The first quarter result 2010 shows a loss. The period has, however, progressed as expected. Impairments have decreased considerably, as net interest income is increasing

“First quarter progressed as expected. There has been a considerable decrease in impairments, which is positive, and net interest income has increased. On the other hand, net fee and commission income has decreased, while staff and administrative expenses have increased”.

So says Marner Jacobsen, CEO of the Eik Banki Group, as the Group publishes the first quarter report 2010.

The result before taxes is a loss of DKK 6.6 million against a DKK 36.5 million loss first quarter of 2009.

Net interest income is higher than last year, i.e. DKK 135.5 million against DKK 133.0 million first quarter last year. Net fee and commission income dropped from DKK 39.2 million in the first quarter 2009 to DKK 35.0 million this year. Market value adjustments constitute a loss of DKK 36.6 million, which is higher than in the same period last year. At the same time, staff and administrative expenses have risen from DKK 89.0 million to DKK 97.7 million.

“The negative market value adjustments primarily stem from Eik Bank Danmark converting loans into share capital in the listed company Tower Group in January 2010. Afterwards, the shareprice has dropped considerably.

The rise in expenses of DKK 8.7 million partly stem from a 100 per cent increase in the Faroese pay roll tax from 5 to 10 per cent on 1 January 2010, and partly expenses connected to the conversion of our IT-platform to Danish IT-provider SDC” says Marner Jacobsen, CEO.

On the other hand, solvency and liquidity remain at a satisfactory level. At the end of March 2010, Group solvency was 11.9 per cent, and liquidity was DKK 4.8 billion, which corresponds to an excess cover of 106.5 per cent over statutory requirements. The parent company’s solvency was 19.0 per cent.

The Faroese as well as the Danish economy show signs of moderate growth, and the Eik 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 thereby also the Bank’s outlook for the remaining part of 2010.

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Further information on Eik Banki is available on www.eikbank.com