

Great Progress for Eik Banki

Eik Banki publishes the best result in the history of the Bank. The result before taxes is DKK 465.3 million, which is an increase of DKK 158.1 million or 51.5 percent. Return on equity is 32.5 percent p.a. after taxes, compared with 27.3 percent in 2006. Dividend this year is 10 percent. The Eik Group has maintained a strategically good position on the Faroe Islands and on the Danish market. This is a favourable basis for continued growth. Liquidity is good, and the outlook for 2008 is positive.

2007 has proven to be a good year for Eik Banki. Profit before taxes is DKK 465.3 million, which is the best result in the Bank's history. As a comparison, pre-tax profit 2006 was DKK 307.2 million. The profit has increased by 51.5 percent.

Return on equity is 32.5 percent after taxes, and equity is 2.1 billion compared to DKK 1.2 billion in 2006. Target return on equity is 15 percent p.a.

The Eik Management is pleased with the result.

"A wholehearted effort from all Group-employees has yet again resulted in a profit that our shareholders can be pleased with", says Marner Jacobsen, Group CEO.

The Balance has increased by 84 percent, from DKK 11.8 billion to DKK 21.7 billion, reflecting the increased activities of the Group.

The Board of Directors proposes a dividend of DKK 10 per share, against DKK 5 per share in 2006.

Favourable Strategic Position

"The Eik Group holds a strong strategic position on the Faroe Islands as well as abroad, which provides a good basis for continued growth", says Marner Jacobsen, Group CEO. He also points out that 2007, which was also the year of the Bank's 175th anniversary, has been very eventful.

Eik Banki was listed in a dual listing on OMX the Nordic Exchange Iceland and OMX the Nordic Exchange Copenhagen. Furthermore, the Bank has made a series of strategic acquisitions that have secured the Bank's position on the Faroe Islands and in Denmark.

In 2007, Eik Banki has acquired Kaupthing Bank's Faroese operation, and in addition, the Group has acquired SkandiaBanken, the largest internetbank in Denmark. Privestor Fondsmæglersekskab, Tidsskriftet Finansnyt, and the Faroese real estate firm Sethúsasølan were also acquired during 2007. SkandiaBanken's auto-financing department was divested.

Liquidity Good

Eik has not been exposed to the Subprime-crisis. However, the turmoil on the international money market has resulted in a higher inter-bank interest rate. During such times, the importance of a solid liquidity is apparent and in this respect, Eik is in a favourable position.

Calculated as cash-in-hand, sight deposits in other banks, certificates of deposit in the Danish Central Bank and securities, the liquidity at year-end 2007 is DKK 4.4 billion against

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DKK 2.5 billion in 2006. The statutory minimum requirement is DKK 2.0 billion, and excess liquidity cover relative to statutory requirement is 119 percent, which is satisfactory.

The solvency at year-end 2007 was 12 percent against 11 percent in 2006. The statutory minimum requirement is 8 percent.

Eik Banki's growth is based on a wide funding foundation, with several different sources of funding. In 2007, the share capital was increased, supplemental capital was raised, and with the acquisition of SkandiaBanken, deposits were increased. Furthermore, the divestment of SkandiaBanken's auto-financing department increased the Group's liquidity.

In 2008, Eik Banki is to refinance approximately DKK 0.9 billion. Owing to the volatile situation on the international money market, the refinancing is expected to be at a higher cost than before.

Outlook Good

The outlook for 2008 is good. The Eik Group expects the result before market value adjustments, provisions for losses and taxes to be DKK 335 million compared to DKK 310 million in 2007.

In 2008, the Eik Group will put emphasis on achieving the expected synergy effects of the acquisition of SkandiaBanken and Kaupthing Bank's Faroese operation, and other companies. Particular focus will be on economy of scale, and achieving synergies within the Group's IT-areas.

Webcast on the Annual Accounts is available on www.eikbank.com

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