



Eik

Ársroknaskapur

Annual Report for the Eik Banki Group

2007



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2007

Eik Banki P/F

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Skrásetingarnúmer / Registration no 3293
V-tal / VAT No. 516244
Stovnað / Established: 24 August 1832
Swift: EIKB FO TF

Skrásett á / Listed on:
OMX Nordic Exchange Iceland &
OMX Nordic Exchange Copenhagen
ISIN: F00005702340

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Formaður / Chairman

Odd Arild Bjellvåg
Næstformaður / Deputy Chairman

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Mathea Hilduberg
Marian Jacobsen
Petur D.W. Hammer
Tormund A. Joensen
Rakul Dam
Inga Dahl
Gert Langgaard

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Páll Allan Michelsen
Finnbjørn Nielsen
Jastrid Nielsen
Stein Næs

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Tummas Debess
Sólfríð Djurhuus
Petra Iversen
Gunnbjørn Joensen
Ragnar Petur Joensen
Gunnar B. Skúvadal

Suðurstrey moy

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Johannes A. Ellingsgaard
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Jóannes M. Hansen
Poul Gert Hansen
Mathea Hilduberg
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Heri Jensen
Olga Kallsberg
Ingí Mohr
Oddvá Nattestad
Birgír Sondum
Petur F. Zachariassen

**Tilnevnd sbrt. §6 stk 6 í viðtøkunum/
Appointed according to §6.6 in the
Articles of Association**

Frithleif Olsen
Kjartan Mohr

Uttanhýsis grannskoðan /**External Auditor**

Hans Laksá, statsaut. grannskoðari /
State-Authorized Public Accountant

Innanhýsis grannskoðan /**Internal Auditor**

Sigmund Frederiksen
grannskoðanarleiðari / Chief Auditor

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Árið, ið fór

Highlights

Árið, ið fór / Highlights

Ársúrslit 2007 í stuttum

- Eginognin við ársbyrjan rentað við 32,5% p.a. eftir skatt móti 27,3% p.a. árið fyri
- Úrslit eftir skatt pr. partabræv (EPS) er 51,57 kr. móti 36,02 kr. árið fyri
- Vinningur pr. útreiðslukrónu var 2,16 kr. móti 2,38 kr. árið fyri
- Úrslit av figgjarpostum óktist við 326,5 mió. kr. til 807,9 mió. kr.
- Útreiðslurnar til starvsfólk og umsiting óktust við 111,7 mió. kr. til 340,7 mió. kr.
- Úrslitið áðrenn skatt var 465,3 mió. kr., ein fræmgongd uppá 158,1 mió. kr. ella 51,5%
- Úrslitið eftir skatt var 393,0 mió. kr., ein fræmgongd uppá 142,6 mió. kr. ella 56,9%
- Javnin óktist við 9,8 mia. kr. ella 83,2% og er nú 21,7 mia. kr.
- Innlánini vuksu við 7,2 mia. kr. ella 116,8% og eru nú 13,3 mia. kr.
- Útlánini vuksu við 7,3 mia. kr. ella 88,8% og eru nú 15,6 mia. kr.

Highlights 2007

- Annual return on equity year begin was 32.5 percent after taxes, compared to 27.3 percent the year before
- Earnings after taxes per share (EPS) were DKK 51.57 against DKK 36.02 in 2006
- Income/cost ratio was DKK 2.16 against DKK 2.38 in 2006
- Net profit from financial operations increased by DKK 326.5 million to DKK 807.9 million
- Employee and administrative expenses etc. increased by DKK 111.7 million to DKK 340.7 million
- Profit before taxes was DKK 465.3 million, which is an increase of DKK 158.1 million or 51.5 percent
- Net profit was DKK 393.0 million, which is an increase of DKK 142.6 million or 56.9 percent
- The balance increased by DKK 9.8 billion or 83.2 percent. The balance was DKK 21.7 billion
- Deposits increased by DKK 7.2 billion, or 116.8 percent, and were DKK 13.3 billion
- Lending increased by DKK 7.3 billion, or 88.8 percent, and amounted to DKK 15.6 billion

Útlit 2008

- Eik samtakið metir, at úrslitið áðrenn virðisjavnun, burturleggingar og skatt verður 335 mio. kr. móti 310 mio. kr. í 2007

Outlook 2008

- Eik Banki 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

Árið, ið fór / Highlights

Árið í stuttum

Árið 2007 var enn eitt hendingaríkt ár í Eik Banka, og her er ein stutt gjøgnumgongd av høvuðstilburðunum í árinum.

Februar

Eik almannakunnger besta úrslit í knappliga 175 ára søgu bankans. Úrslitið fyri árið 2006 var 307 mió. kr. áðrenn skatt. Í 2005 var avlopið til samanberingar 164 mió. kr. áðrenn skatt. Eginognin við ársbyrjan 2006 rentaðist við 27,3 prosentum eftir skatt.

Mars

Aðalfundur verður hildin, og hann samtykkir eitt vinningsbýti uppá 5 kr. fyri hvørt partabrævið. Fyri at optimera og styrkja kapitalgrundarlagið upptekur Eik supplerandi kapital uppá 40 mió. evrur, ið svarar til uml. 298 mió krónur.

Apríl

Nevndin í Eik samtykkir, at Eik Banki umframt børsskrásetingina á VMF-marknaðinum eisini skal skrásetast á OMX Nordic Exchange Copenhagen.

Mai

Eik almannakunnger fyri fyrstu ferð roknskap fyri fyrsta ársfjórðing. Hetta er liður í fyrireikingini til børsskráseting.

Avtala verður gjørd millum Eik og Skandia-samtakið um keyp av SkandiaBanken í Danmark. Almánakunngerðin av avtaluni um keypið av størsta internetbanka í Danmark fer fram 29. mai.

Juni

Bygnaðurin í Eik verður tillagaður áðrenn børsskrásetingina. Fíggjardeildin verður lögð saman við Roknskapardeildini, og Finn Danberg verður útnevndur undirstjóri við ábyrgd fyri kapitalútvegan, fíggjarstýring, roknskapi og Investor Relations. Restin av virkseminum á Fíggjardeildini verður skilt sundur í tvær nýggjar deildir: Eik Markets, ið tekur sær av handli og røkt av virðisbrøvum, og Eik Investment Banking, ið tekur sær av handli við fyrítøkum.

In Brief

2007 was another eventful year for Eik Banki. The following is an overview of the highlights of the year.

February

Eik Banki announces the best result ever in its almost 175 years history. Profit for the year 2006 before taxes was DKK 307 million, compared to DKK 164 million in 2005. Return on equity year begin 2006 was 27.3 percent after taxes.

March

The General Meeting agrees on a dividend of DKK 5 per share. In order to optimise and strengthen the capital base, Eik Banki assumes supplemental capital amounting to EUR 40 million, corresponding to approximately DKK 298 million.

April

The Board of Directors agrees on a dual listing. In addition to Eik Banki being listed on the VMF-Market, it is also to be listed on OMX Nordic Exchange Copenhagen.

May

As something new, Eik Banki announces its first quarterly report. This is part of its preparations for the listing.

Eik Banki and the Skandia Group enter into an agreement regarding the acquisition of SkandiaBanken A/S. The acquisition of the largest internet bank in Denmark is announced on 29 May.

June

The organisational structure of Eik Banki is modified prior to the listing on the stock exchange. The Financial Services Division merges with the Accounting Department and Finn Danberg is appointed Director with responsibility for debt, financial management, accounting and investor relations. The rest of the activities are split between two newly established departments: Eik Markets, comprising the activities of securities trade and

Árið, ið fór 2007 / 2007 Highlights

Prospekt í sambandi við børsskráseting verður góðkent 18. juni, og størsta kapitalhækking í Føroyum byrjar 21. juni. Teknast skulu fyrri í mesta lagi 584 mió. krónur.

Juli

Kapitalhækkingin í Eik endar 5. juli. Teknast skuldu 584 mió. kr., og úrslitið er ein yvirtekning við umleið 100 mió. kr. Bert partaeigarar við fortekningarætti fáa partabøv.

11. juli verður Eik Banki børsskrásettur á OMX Nordic Exchange Copenhagen og Iceland. Samstundis almannakunnger OMX Nordic Exchange Iceland eitt serligt føroyskt vísital – OMXI-FO.

Besta hálvársúrslit nakrantíð verður almanna-kunngjørt 26. juli. Avlopið er 237,4 mió. kr. eftir skatt móti 147,5 mió. kr. fyrra hálvár 2006. Eginpeningur við ársbyrjan er rentaður 34,1 prosent p.a.

August

Dóttirfelagið, Eik Bank Danmark, keypir Privestor Fondsmæglerselskab og Tidskriftet Finansnyt. Keypið verður almannakunngjørt 7. august. Tann 24. august eru 175 ár liðin, síðani Eik Banki varð stovnaður. Endaliga avtalan við Skandia í Svøríki verður undirskrivað 30. august, og SkandiaBanken í Danmark gerst formliga partur av Eik-samtakinum. Samstundis verður farið undir formligu samanleggingina av Eik Bank Danmark og SkandiaBanken. Í sambandi við keypið av Skandiabanken hækkar Eik Banki partapeningin í Eik Bank Danmark við 575 mió. kr. í kursvirði.

September

Eik-samtakið undirskrivar avtalu við spanska fíggjarsamtakið, Banco Santander, um sølu av bilpartinum hjá SkandiaBanken. Handilin hevur eitt virði uppá umleið 1,7 mia kr.

Oktober

Eik Banki er ein av høvuðssponsorunum, tá í fyrrverandi

asset management, and Eik Investment Banking, comprising the activities of the buying and selling of companies. On 18 June, the prospectus is approved, and on 21 June, the largest capital increase in the Faroe Islands commences. Maximum subscription is DKK 584 million.

July

On 5 July, the capital increase in Eik Banki closes. A maximum of DKK 584 million have been offered for subscription and the result was an over-subscription of approximately DKK 100 million. Shares were allocated to shareholders with pre-emptive rights only.

On 11 July, Eik Banki is listed on OMX Nordic Exchange Iceland and Copenhagen, respectively. At the same time, OMX the Nordic Exchange Iceland announces a special Faroese index, OMXI-FO.

On 26 July, the best half-year result ever is announced. Profit before taxes is DKK 237.4 million compared to DKK 147.5 million for the same period the previous year. Annualised return on equity year-begin is 34.1 percent.

August

The subsidiary, Eik Bank Denmark acquires Privestor Fondsmæglerselskab and the periodical Finansnyt. The acquisition is announced on 7 August. On 24 August Eik Banki celebrates its 175th anniversary. The acquisition of SkandiaBanken A/S is finalised on 30 August. At the same time, the merger of Eik Bank Denmark and SkandiaBanken is initiated. The acquisition of SkandiaBanken A/S was funded by a DKK 575 million capital increase in Eik Bank Denmark A/S.

September

The Eik Group signs an agreement with the Spanish financial group, Banco Santander, regarding the divestment of the car financing division of SkandiaBanken A/S. The deal has a total value of DKK 1.7 billion.

Árið, ið fór 2007 / 2007 Highlights

forsetin í USA, Bill Clinton, vitjar Føroyar saman við Hans Blix, fyrrverandi ST-vápnæftirlitsmanni í Irak.

Úrslitið fyri 3. ársfjórðing verður almannakunngjørt 25. oktober. Hetta er besta úrslit nakrantíð. Avlopið er 281,6 mió. kr. eftir skatt móti 155,2 mió. kr. fyrstu níggju mánaðirnar í 2006. Áðrenn skatt er avlopið 332,1 mió. kr. móti 192,3 mió. kr. sama tíðarskeið í 2006. Eginognin við ársbyrjan er rentað við 31,1 prosentum p.a.

November

Húsameklarafelagið P/F Inni, ið er partur av Eik-samtakinum, keypir Sethúsasøluna, og samstundis tekur Hannelena Mittún við sum stjóri í P/F Inni eftir Jónsvein Mortensen.

Eik Banki verður kosin "Ársins Virki" í Føroyum á vinnudegnum, og seinni sama mánaða verður Eik Banki eisini kosin "Bank of the Year in the Faroe Islands" av fíggjartíðarritinum, The Banker.

Desember

Samanleggingin av SkandiaBanken, Privestor og Finansnyt við Eik Bank Danmark kemur endaliga uppá pláss. Sølun av bilfíggjngarpartinum av SkandiaBanken til Banco Santander verður endaliga avgreidd. Eik Banki keypir føroysku deildina hjá Kaupthing Bank við virknaði frá 31. desember. Hetta verður almannakunngjørt ársins seinasta yrkadag, 28. desember.

October

Eik Bank is one of the main sponsors when Mr. Bill Clinton, former president of the United States and former UN-arms control inspector in Iraq, Mr. Hans Blix visit the Faroe islands.

The third quarter result is announced on 25 October. This was the best third quarter result ever. Profit after taxes for the first nine months is DKK 281.6 million compared to DKK 155.2 million for the first nine months of 2006. Profit before taxes is DKK 332.1 million compared to DKK 192.3 million for the same period in 2006. Annualised return on equity year begin of the year is 31.1 percent.

November

The subsidiary, real estate agency P/F Inni, purchases the Faroese real estate agency Sethúsasølan, and Hannelena Mittún was appointed director of P/F Inni, succeeding Jónsvein Mortensen. Eik Banki is awarded the title 'Company of the Year' in the Faroe Islands by the Faroese Employers Association; and furthermore, Eik Banki received the honour of being awarded 'Bank of the Year in the Faroe Islands' by the financial periodical The Banker.

December

The merger of SkandiaBanken, Privestor and Finansnyt with Eik Bank Danmark is completed. Furthermore, the divestment of the car financing division of SkandiaBanken A/S is finalised. Eik Banki acquires the Faroese branch of Kaupthing Bank, effective on 31 December. The acquisition was announced on the last working day of the year, 28 December.



Gongdin seinastu 5 árini

Five-year Summary
2003–2007

Gongdin seinastu 5 árin / Five-year Summary Rakstur / Profit and Loss Account

Samtak / Group

DKK 1.000

	2007	2006	2005	2004	2003
Rakstur / Profit and Loss Account					
Rentuinntøkur / Interest income	915.252	485.388	340.533	267.208	291.047
Rentuútreiðslur / Interest expenses	539.289	210.426	108.239	68.385	75.404
Rentuinntøkur netto / Net interest income	375.963	274.962	232.294	198.823	215.643
Ómaksgjöld, provisiósinntøkur og vinningsbýti v.m. / Fees, commissions and dividends etc.	220.418	105.624	65.464	24.139	21.491
Virðisjavnan av virðisbrøvum og útlenskum gjaldoyra v.m. / Market value adjustments of securities and foreign currencies etc.	191.814	85.785	46.221	87.666	23.080
Aðrar vanligar inntøkur / Other operating income	19.683	15.034	13.022	12.870	8.753
Úrslit av figgjarpostum / Profit on financial operations	807.878	481.405	357.001	323.498	268.967
Útreiðslur til starvsfólk, umsiting og aðrar rakstrarútreiðslur / Staff costs, administrative expenses and other operating expenses	340.774	229.912	180.447	124.660	121.369
Av- og niðurskrivingar og burturleggingar tilsamans / Total depreciation, write-downs and provisions for losses	61.722	-7.965	21.174	95.546	319.430
Úrslit av kapitalþøtum í assosieraðum og tilknýttum fyrirtøkum / Income from associated and subsidiary undertakings	59.923	47.700	8.833	8.429	447
Úrslit áðrenn skatt / Profit before taxes	465.305	307.158	164.213	111.721	-171.385
Skattur / Taxes	72.260	56.681	37.604	4.520	-42.623
Ársúrslit / Net profit for the year	393.045	250.477	126.609	107.201	-128.762
Grundrakstur / Core operations					
Bruttoinntøkur / Gross income 1)	584.899	420.155	316.553	237.625	244.835
Útreiðslur / Expenses 2)	365.891	255.680	195.696	133.337	131.550
Úrslit av grundrakstri / Profit on core operations	219.008	164.475	120.857	104.288	113.285
Bruttoinntøkuvøkstur / Increase in gross income	39,2%	32,7%	33,2%	-2,9%	8,0%
Útreiðsluvøkstur / Increase in expenses	43,1%	30,7%	46,8%	1,4%	3,2%
Bruttoinntøkur pr. útreiðslukrónu / Gross income per expense DKK	1,60	1,64	1,62	1,78	1,86

- 1) Rentu- og provisiósinntøkur netto, aðrar vanligar inntøkur og virðisjavnan av útlenskum gjaldoyra / Net interest, fee income, other ordinary income and value adjustments of foreign currencies
- 2) Útreiðslur til starvsfólk, umsiting, avskringar - tó ikki niðurskrivingar - av óítökiligum og ítökiligum ognum og aðrar rakstrarútreiðslur / Staff costs, administrative expenses, depreciation - excluding write-downs of intangible and tangible assets and other operating expenses

Gongdin seinastu 5 árin / Five-year Summary
Fíggjarstöða / Balance Sheet

Samtak / Group DKK 1.000	2007	2006	2005	2004	2003
Fíggjarstöða / Balance Sheet					
Ogn / Assets					
Kassapeningur og innlån í øðrum lánistovnum / Cash in hand, claims on central banks and credit institutions	3.130.442	1.655.618	466.679	377.445	367.385
Útlån / Loans and advances	15.616.134	8.270.539	6.550.896	5.052.785	3.886.990
Virðisbrøv / Securities	1.868.502	1.332.113	1.232.090	695.826	682.407
Fastar ognir og innbúgv / Tangible assets	138.815	136.274	125.666	121.264	128.751
Aðrar ognir / Other assets	913.900	433.348	245.699	246.245	129.237
Ogn tilsamans / Total assets	21.667.793	11.827.892	8.621.030	6.493.565	5.194.770
Skuld / Liabilities					
Skuld til lánistovnar / Debt to credit institutions	5.411.535	4.070.947	2.994.175	1.276.585	579.065
Innlån / Deposits	13.263.261	6.116.501	4.483.030	4.195.076	3.786.192
Onnur skuld / Other liabilities	440.623	281.681	226.495	195.204	75.917
Eftirstillað kapitalinnskot / Subordinated debt	448.392	150.000	0	0	0
Eginpeningur / Equity	2.103.982	1.208.763	917.330	826.700	753.596
Skuld tilsamans / Total liabilities	21.667.793	11.827.892	8.621.030	6.493.565	5.194.770
Tøl, ið ikki eru tikin við í javna / Off-balance-sheet items					
Ábyrgdir v.m. tilsamans / Total guarantees, etc.	1.091.427	841.832	394.193	276.665	111.637
Aðrar skyldur / Other commitments	110.615	320.567	2.227	1.200	0
Tøl, ið ikki eru tikin við í javna tilsamans / Total off-balance-sheet items	1.202.042	1.162.399	396.420	277.865	111.637

Gongdin seinastu 5 árin / Five-year Summary

Lyklatöl / Ratios

Samtak / Group	2007	2006	2005	2004	2003	
Lyklatöl / Ratios						
Solvensur og kapitalur / Solvency and capital ratios						
Solvensprosent / Solvency ratio 1) & 2)	12,0%	11,0%	11,0%	15,2%	19,1%	
Kjarnukapitalprosent / Core capital ratio 1) & 3)	9,3%	10,8%	13,3%	14,9%	19,6%	
Vinningur / Earning ratios						
Renting av eginogn áðrenn skatt / Return on equity before tax 1)	ROE	28,1%	28,9%	18,8%	14,1%	-21,0%
Renting av eginogn eftir skatt / Return on equity after tax 1)	ROE	23,7%	23,6%	14,5%	13,6%	-15,7%
Renting av ogn aftaná skatt / Return on Assets after tax	ROA	2,3%	2,4%	1,7%	1,8%	-2,5%
Renting av váðavektaðari ogn aftaná skatt / Return on Risk Weighted Assets	RORWA	2,5%	2,8%	2,0%	2,2%	-3,4%
Vinningur pr. útreiðslukrónu / Income/cost ratio 1)		2,16	2,38	1,81	1,51	0,61
Partabrøv / Shares						
Miðal tal av partabrøvum / Average number of shares		7.621.194	6.953.114	6.793.114	6.793.114	6.793.114
Tal á partabrøvum við ársenda / Number of shares year-end		8.129.274	7.113.114	6.793.114	6.793.114	6.793.114
Kursur við ársenda / Share price year-end 1)		520,00	502,00	184,50	115,50	108,25
Hægsti kursur / Share price high		791,00	502,00	115,25	132,50	140,00
Lægsti kursur / Share price low		461,00	184,50	184,50	95,50	96,25
Miðal kursur / Average share price		626,00	343,25	149,88	114,00	118,13
Ársúrslit pr. partabræv / Earnings after tax per share 1) & 7)	EPS	51,57	36,00	18,60	15,80	Neg.
Kursur við ársenda / Ársúrslit pr. partabræv / Share price year-end / Earnings after tax per share	P/E	10,08	13,94	9,92	7,31	Neg.
Miðal kursur / Ársúrslit pr. partabræv / Average share price / Earnings after tax per share	Avg. P/E	12,14	9,53	8,06	7,22	Neg.
Vinningsbýti pr. partabræv / Kursur við ársenda / Dividend per share / Share price year-end	Dividend yield	2,1%	1,0%	2,7%	4,3%	0%
Vinningsbýti / Ársúrslit / Dividend Payout Ratio	DPR	20,68%	14,20%	26,83%	31,68%	0%
Vinningsbýti pr. miðal tal av partabrøvum / Dividend per share (avg.)	DPS avg.	10,67	5,12	5,00	5,00	0,00
Innara virði pr. partabræv / Book Value per Share 1)	BVPS	276,10	171,60	135,00	121,70	110,90
Kursur við ársenda / Innara virði pr. partabræv / Share value by year-end/Intrinsic share value 1)	P/B	1,90	2,80	1,30	0,90	1,00

Frágreiðing til lyklatölina / Explanation of ratios

- 1) Gjort í samsvar við leiðreglurnar hjá Fíggjareftirlitinum / Prepared in conformity with the regulations issued by the Danish Financial Supervisory Authority
- 2) Solvensprosentin er basiskapitalur í mun til vektada ogn, har basiskapitalur er egingognin eftir ávísar javningar, og vektad ogn eru ognir hjá Eik, vektadar eftir tapsváða / The solvency ratio is the comparison of capital base to weighted assets, where capital base is equity less certain adjustments and weighted assets are the assets of Eik weighted for loss risk.
- 3) Kjarnukapitalprosent er kjarnukapitalur eftir frádrátt í mun til vektada ogn, har kjarnukapitalur eftir frádrátt er egingognin eftir ávísar javningar, og vektad ogn eru ognir hjá Eik, vektadar eftir tapsváða. / Core capital ratio is the comparison of core capital after deductions to weighted assets, where core capital is equity less certain adjustments and weighted assets are assets of Eik weighted for loss risk.

Gongdin seinastu 5 árin / Five-year Summary Lyklatöl / Ratios

Samtak / Group	2007	2006	2005	2004	2003
Marknaðarváði / Market risk ratios					
Rentuváði / Interest rate risk 1) & 4)	4,6%	1,6%	4,2%	2,8%	2,7%
Gjaldoyraváði / Foreign exchange risk 1) & 5)	19,7%	16,4%	11,3%	25,2%	18,0%
Váðavektað Ogn / Samlað ogn / Risk-weighted assets / Total assets	71,5%	76,4%	75,1%	76,3%	72,6%
Gjaldføri / Liquidity ratio					
Útlán og burturleggingar í mun til innlán / Loans, advances and provisions in proportion to deposits 1)	119,6%	138,7%	152,5%	130,6%	112,3%
Yvirdeknungur í mun til lógarkrav um gjaldføri / Excess cover relative to liquidity requirement 1)	118,7%	125,1%	80,1%	71,3%	90,6%
Lánsváði / Credit risk ratios					
Stór engagement í mun til grundkapital / Large loans as percentage of capital base 1) & 6)	144,2%	224,9%	102,6%	61,3%	129,3%
Partur av áögn við niðursettari rentu / Part of outstanding loans at reduced interest 1)	NPL 0,6%	0,7%	2,4%	3,9%	3,4%
Burturleggjngarprosent / Provisions percentage 1)	LLR 1,5%	2,3%	4,0%	7,4%	8,3%
Burturleggjngar/Partur av áögn við niðursettari rentu LLR/NPL	250%	329%	167%	190%	244%
Tap og burturlegging í árinum í prosentum / Write-offs and provisions during the year 1)	0,2%	-0,3%	0,1%	1,5%	7,1%
Útlán í mun til eginognina / Total loans in proportion to equity 1)	7,4	6,8	7,1	6,1	5,2
Útlánsvøkstur / Increase of loans 1)	88,8%	26,3%	29,7%	30,0%	-2,3%
Onnur lyklatöl / Other ratios					
Innlánsvøkstur / Increase of deposits 1)	116,8%	36,4%	6,9%	10,8%	-4,1%
Vøkstur í fíggarjavnna / Increase of balance 1)					
Útlánsvøkstur / Increase of loans	83,2%	37,2%	32,8%	25,0%	0,0%
Miðaltal av starvsfólkum í árinum umroknað til heiltíðarstørv / Average number of employees during the financial year, full-time equivalent	353,7	245,7	219,7	205,0	187,2

- 4) Rentuváði er grundaður á, at effektiva rentan broytist 1%, og broytingin í krónum verður roknað í mun til kjarnukapitalin eftir frádrátt / Interest rate risk is based on the premise that the effective interest rate fluctuates 1% and that the fluctuations in DKK are calculated in comparison to core capital less certain adjustments.
- 5) Gjaldoyraváði er hægra talið av ogn ella skuld í gjaldoyra og verður roknaður í prosentum av kjarnukapitalinum eftir frádrátt. / Foreign exchange risk is the higher amount of assets or liabilities in currency and is calculated in percent to core capital less certain adjustments.
- 6) Millumverandi størri enn 10% eftir frádrátt fyri tryggum krøvum í prosentum av basiskapitalinum. / Outstanding balances greater than 10% after deductions for secure requirements in percent to capital base.

Gongdin seinastu 5 árin / Five-year Summary

Lyklatöl / Ratios

Eik Banki P/F	2007	2006	2005	2004	2003
Lyklatöl / Ratios 1)					
Solvensur og kapitalur / Solvency and capital					
Solvensprosent / Solvency ratio 2)	19,6%	14,3%	14,4%	19,0%	19,1%
Kjarnukapitalprosent / Core capital ratio 3)	15,4%	14,1%	17,4%	19,0%	19,6%
Vinningur / Earnings ratios					
Renting av eginogn áðrenn skatt / Return on equity before tax	26,4%	26,4%	17,5%	14,1%	-21,0%
Renting av eginogn aftan á skatt / Return on equity after tax	23,7%	23,6%	14,5%	13,6%	-15,7%
Vinningur pr. útreiðslukrónu / Income/cost ratio	2,75	2,92	2,07	1,51	0,61
Marknaðarváði / Market risk					
Rentuváði / Interest rate risk 8)	2,0%	0,9%	3,7%	2,4%	2,7%
Gjaldoyraváði / Foreign currencies risk 9)	14,2%	14,4%	10,2%	24,4%	18,0%
Gjaldfæri / Liquidity ratios					
Útlán og burturleggingar í mun til innlán / Loans, advances and provisions in proportion to deposits	132,6%	95,1%	113,4%	111,2%	112,3%
Yvirdekningur í mun til lógarkrav um gjaldfæri / Excess liquidity cover relative to statutory requirement	71,4%	100,9%	52,4%	80,6%	90,6%
Lánsváði / Credit risk					
Stór engagement í mun til grundkapital / Large loans as percentage of capital base 10)	106,0%	122,2%	58,4%	72,2%	129,3%
Partur av áogn við niðursettari rentu / Part of outstanding loans at reduced interest 11)	1,1%	1,1%	3,4%	5,1%	3,4%
Burturleggingarprosent / Provisions percentage	2,4%	3,0%	5,4%	9,4%	8,3%
Tap og burturlegging í árinum í prosentum / Write-offs and provisions during the year	0,2%	-0,6%	0,0%	2,0%	7,1%
Útlán í mun til eginognina / Total loans in proportion to equity	3,8	4,3	4,8	4,7	5,2
Útlánsvøkstur / Increase in loans	52,8%	17,1%	13,4%	0,6%	-2,3%
Onnur lyklatöl / Other ratios					
Innlánsvøkstur / Increase in deposits	8,6%	36,4%	6,6%	2,7%	-4,1%
Vøkstur í fíggjarjavna / Increase in balance	34,2%	36,9%	50,7%	1,2%	0,0%

7) Miðal tal á partabrøvum í tíðarskeiðinum / Average number of shares in the period

8) Rentuváði er grundaður á, at effektiva rentan broytist eitt prosentstig, og broytingin í krónum verður roknað í mun til kjarnukapitalin aftan á frádrátt. / Interest rate risk is based on the premise that the effective interest rate fluctuates one percentage point and the corresponding change in DKK is calculated in percent of core capital after deductions.

9) Gjaldoyraváði er hægra talið av ogn ella skuld í gjaldoyra og verður roknaður í prosentum av kjarnukapitalinum aftan á frádrátt. / Foreign currencies risk is the higher amount of assets or liabilities in currency and is calculated in percent of core capital after deductions.

10) Millumverandi stórri enn 10 % eftir frádrátt fyri tryggum krøvum í prosentum av grundkapitalinum. / Outstanding accounts greater than 10 % after deductions for secure claims in percent of capital base.

11) Lán har renta ikki verður roknað, ella rentuinntøka ikki verður inntøkuførd. / Loans at reduced interest and loans where the interest is not recognised as revenue (NPL).

Ársfrágreiðing

Annual Report

2007

Roknskapargongdin í høvuðstølum

Highlight of Annual Accounts

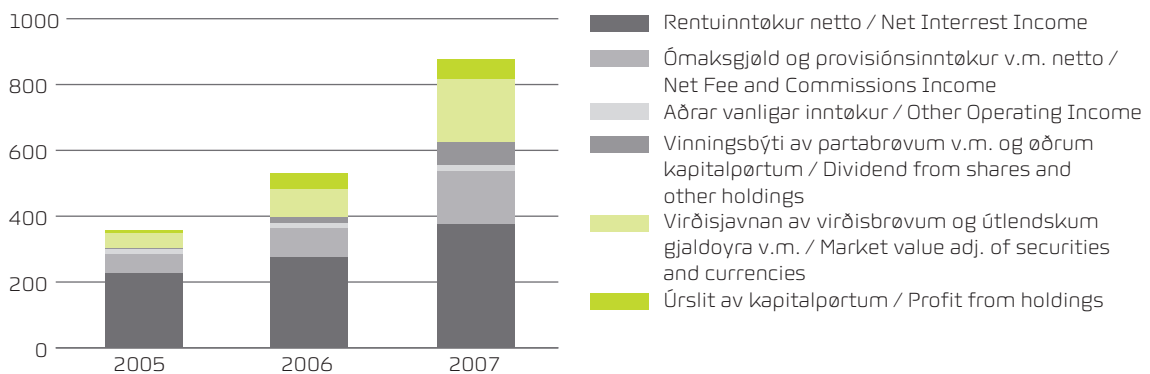
Árið 2007 er tað higartil besta hjá Eik samtakinum.

2007 was the best year ever for the Eik Group.

Samlaðu nettoinntøkurnar frá figgjarpostum og kapitalpørtum vuksu við 338,7 mió. kr. ella 64,0%, úr 529,1 mió. kr. í 2006 upp í 867,8 mió. kr. í 2007.

Net profit on financial operations and other holdings increased by DKK 338.7 million, i.e. 64.0 percent from DKK 529.1 million in 2006, to DKK 867.8 million in 2007.

Mynd / Figure 1
Inntøkusamanseting / Distribution of Income
DKK Million



Útreiðslurnar til lønir og umsiting v.m. vóru 340,7 mió. kr. móti 229,0 mió. kr. í 2006. Hetta er ein vøkstur upp á 111,7 mió. kr. ella 48,8%. Høvuðsorsøkin til vøksturin er keypið av SkandiaBanken.

Total employee and administration expenses were DKK 340.7 million in 2007 compared to DKK 229.0 million in 2006. This is an increase of DKK 111.7 million or 48.8 percent. The main reason for this was the acquisition of SkandiaBanken.

Ársúrslitið fyri skatt gjørdist 465,3 milliúnir krónur móti 307,2 mió. kr. í 2006. Aftan á skatt gjørdist úrslitið 393,0 mió. kr. móti 250,5 mió kr. í 2006.

Profit before taxes was DKK 465.3 million, against DKK 307.2 million in 2006. Net profit for the year was DKK 393.0 million compared to DKK 250.5 million in 2006.

Eik er størsti banki í Føroyum, og heimamarknaðurin er framvegis størsta einstaka virkisøkið.

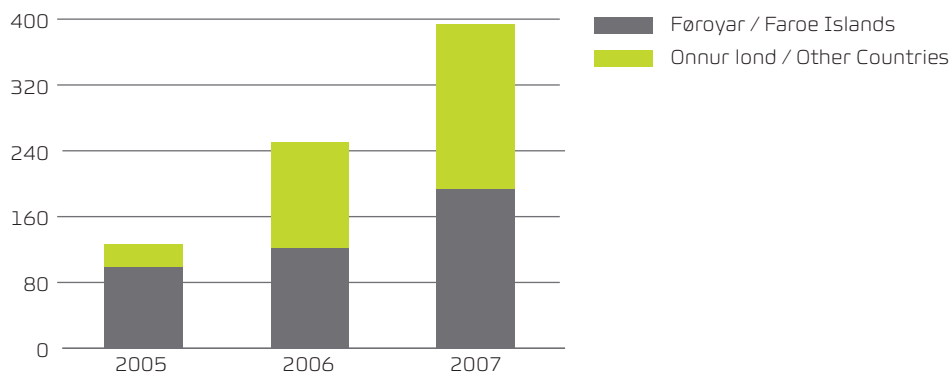
Eik Banki is the largest bank on the Faroe Islands and the domestic market is still the largest single field of operation.

Eik hevur framhaldandi sum mál at økja og víðka um virkseimið uttanlands til tess at økja inntøkurnar og spjaða vátan. Hetta styrkir eisini Eik munandi á heimamarknaðinum, við at fáa størri íblástur uttaneftir, sum kann nýtast til gagns fyri okkara kundar í Føroyum. Fjoltáttaða virkseimið er eisini viðvirkandi til, at tað er spennandi og avbjóðandi

Eik Banki maintains the goal to increase and diversify its overseas activities in order to increase income and spread risk. This also strengthens our position in the domestic market considerably, as we get inspiration from abroad that we can exploit to the benefit of our

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Mynd / Figure 2
 Úrslit eftir skatt, býtt landafroðiliga / Net Profit by Country
 DKK Million



at starvast í Eik, og at tey dugnaligastu og mest framsøknu søkja sær starv í Eik.

Í 2007 stavaði umleið helvtin av teimum 393,0 mió. kr., ið var úrslitið hjá Eik aftan á skatt, frá virksemini uttan fyri Føroyar. Hetta er á leið tað sama sum í 2006.

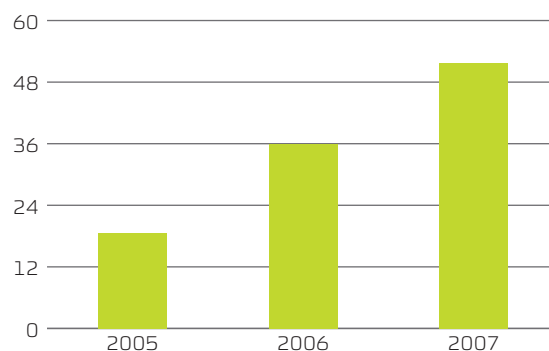
Úrslitið rentar eginognina við ársbyrjan við 32,5%. Hetta er væl oman fyri málið, sum er 15% p.a. Eginognin, roknað sum miðal av primo og ultimo eginogn, varð rentað við 23,7%. Ársúrslit aftan á skatt, pr. partabræv, var 51,57 kr. móti 36,02 kr.

Faroese customers. The miscellaneous activities also contribute to a challenging and exciting atmosphere for Eik Banki's employees. As a consequence, the most skilled and ambitious people seek employment in Eik Banki.

Of the DKK 393.0 million in net profit in 2007, approximately half originated from activities abroad. This is roughly the same as in 2006.

Return on equity year begin was 32.5 percent. This is well above the target, which is 15 percent a year. Taking the average of the equity at the start of the

Mynd / Figure 3
 Úrslit eftir skatt, pr. partabræv / Earnings after tax per Share
 DKK



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í 2006. Í útrokningini er miðal tal á partabrøvum gjøgnum árið nýtt. Nevndin skjýtur upp fyri aðalfundinum at rinda 10 kr. í vinningsbýti fyri hvørt partabræv móti 5 kr. í 2006.

Javnin øktist frá ársbyrjan til árslok úr 11,8 mia. kr. í 21,7 mia. kr., ein vøkstur upp á heilar 9,9 mia. kr. ella 83,9%. Útlánini øktust við 7,3 mia. kr. ella 88,0%, úr 8,3 mia. kr. í 15,6 mia. kr., meðan innlánini øktust við 7,2 mia. kr. ella 118,0%, úr 6,1 mia. kr. í 13,3 mia. kr. Høvuðsorsøkin til vøksturin í innlánnum er keypið av SkandiaBanken.

Solvensurin hjá samtakinum er 12,0% móti 11,0% við ársenda 2006. Í Eik Banka er solvensurin 19,6% móti 14,3% somu tíð í fjør. Lógarkravi er 8%.

Gjaldførið er sera gott. Við árslok var gjaldførið, roknað sum tøkur peningur, áogn uttan uppsøgn í øðrum peningastovnum, innlánsprógv í Tjóðbankanum og virðisbrøv, 4,4 mia. kr. Í mun til skyldurnar, styttri enn ein mánað, var gjaldførið 43,6%, og í mun til allar skyldurnar var gjaldførið 21,8%. Í 2006 vóru samsvarandi tøluni 46,6% og 22,5%. Lógarkravið er ávikavist 15% og 10%. Yvirdekingurin í mun til lógarkravið er 118,7%.

Í Eik-samtakinum starvaðust 397 starvsfólk við árslok 2007 móti 309 við ársbyrjan. Hetta er ein vøkstur uppá 88 starvsfólk. Hetta svarar til 343,4 ársverk við árslok móti 268,8 við ársbyrjan. Talið av ársverkum er soleiðis økt við 74,6 ella 27,8%. Størsta broytingin hevur verið í Eik Bank Danmark, har 52,7 ársverk eru komin afturat í árinum - hetta stavar fyri ein stóran part frá keypinum av SkandiaBanken, meðan 18,9 eru komin afturat í Eik Banka og 3,0 í Inni. Afturat hesum koma starvsfólkini á deildini hjá Kaupthing í Føroyum, ið Eik yvirtók 31. desember 2007.

Hendingar eftir roknskaparlok

Eik samtakið, sum við ársbyrjan 2008 átti 26,9% av partabrøvunum í Investea A/S, hevur í februar 2008 í tveimum umførum selt partabrøv í Investea. Samlaða

year and at year-end, the return on equity is 23.7 percent. After tax earnings per share were DKK 51.57 compared to DKK 36.02 in 2006. To calculate, the median per share throughout the year is used. The Board of Directors recommends a dividend of DKK 10 per share. Dividend distributed in 2006 was DKK 5 per share.

The balance increased from DKK 11.8 billion to DKK 21.7 billion at year-end 2007. This is an increase of DKK 9.9 billion or 83.9 percent. Lending increased DKK 7.3 billion or by 88.0 percent, from DKK 8.3 billion to DKK 15.6 billion, while deposits increased DKK 7.2 billion or by 118.0 percent, from DKK 6.1 billion to DKK 13.3 billion. The main reason for this increase, is the acquisition of SkandiaBanken.

Group solvency is 12.0 percent compared to 11.0 at year-end 2006. The solvency for Eik Banki is 19.6 percent compared to 14.3 percent in 2006. The statutory requirement is 8 percent.

Liquidity remains very good. Liquidity at year-end 2007 was DKK 4.4 billion. Liquidity is calculated as cash-in-hand, sight deposits in other banks, certificates of deposit in the Danish Central Bank and securities. In relation to short-term liabilities due within one month liquidity was 43.6 percent and in relation to all liabilities it was 21.8 percent. The corresponding figures for 2006 were 46.6 percent and 22.5 percent, respectively. The corresponding statutory minimum requirements are 15 percent and 10 percent, respectively. Excess cover compared to statutory minimum requirement is 118.7 percent

There were 397 employees at the Eik Group at year-end 2007 compared to 309 at the beginning of the year. This is an increase of 88 employees. Converted to full-time equivalent there were 343.4 full-time employees at year-end compared to 268.8 at the beginning of the year. Converted into full-time employees, the number of employees increased by 74.6 or 27.8 percent. The main increase was in Eik Bank Danmark where 52.7 people were taken on during

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sølan fevnir tilsamans um ein ognarlut uppá 20,5%. Ognarluturin hjá Eik samtakinum eftir sølurnar er 6,4%.

Sølan hevur givið Eik samtakinum ein vinning uppá 136,0 mió. kr. Hartil kemur, at ognin uppá 6,4% er virðisjavnað til sama kurs sum seldu partabøvini, svarandi til eina virðisjavning uppá 42,7 mió. kr. Samlaða virðisjavningin uppá Investea partabøvini í fyrsta ársfjórðingi 2008 er sostatt 178,8 mió. kr.

Hinvegin eru partabøvini hjá Eik í hinum báðum stóru partabrævaognum, sum ikki innganga í samtakið, SPRON og Atlantic Petroleum, fallin nógv í virði higartil í ár. Pr. 20. februar var talan um 153,5 mió. kr. í kurstapi uppá hesi partabøv.

Onki annað, sum hevur týðning fyri roknskapin fyri 2007, er hent síðan 31. desember 2007.

Eik hevur ikki týðandi sakarmál ella gerðarrættarmál, sum kunnu metast at fáa neiliga ávirkan á komandi úrslitini, og hevur ikki kunnleika til, at tílík mál skuldu verið á veg.

Seinasta hálva árið eru fíggjngarútreiðslurnar øktar munandi orsakað av tí órógv, sum er á fíggjarmarknaðinum. Eik hevur harumframt ikki kunnleika til upplýsingar um mógulig rák, óvissur, krøv, skyldur ella hendingar, sum eftir øllum at døma kunnu væntast at fáa týðandi neiliga ávirkan á vánirnar hjá Eik.

the year, while 18.9 more were hired at Eik Banki and 3.0 at Inni. In addition to these are the employees of Kaupthing Bank's Faroese branch which Eik Banki acquired on 31. December 2007.

Events after the End of the Financial Year

The Eik Group, which by year-begin 2008 owned 26.9 percent of the shares in Investea A/S has in February in two rounds sold some of its shares in Investea. Total sale amounts to an ownership share of 20.5 percent. The remaining ownership share of the Eik Group is 6.4 percent.

The sale has given the Eik Group a capital gain of DKK 136.0 million. Additionally, the ownership of 6.4 percent is price adjusted to the same rate as the shares sold, corresponding to a price adjustment of DKK 42.7 million. The total price adjustment for the Investea shares for the first quarter of 2008 is DKK 178.8 million.

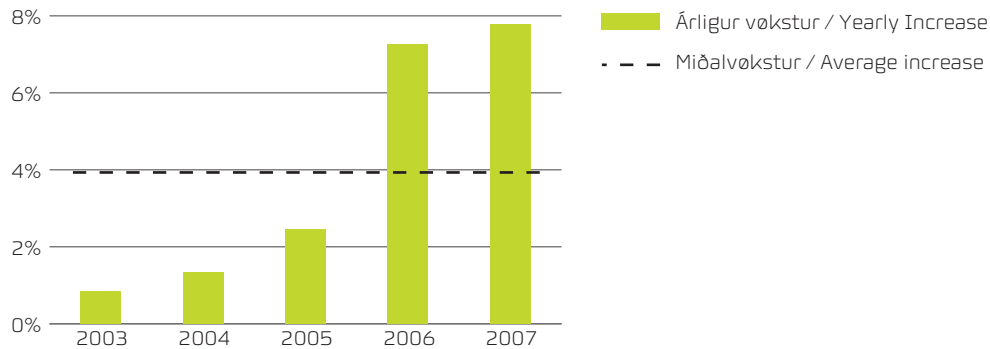
On the contrary, the shares which Eik holds in the two larger share ownerships which are not consolidated in the Group, SPRON and Atlantic Petroleum, have fallen significantly to date. By 20 February the capital loss for these shares was DKK 153.5 million.

No other events of significance for the 2007 annual accounts have occurred after 31 December 2007.

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

During the second half of the year, the financial costs have increased considerably due to the instability on the international financial markets. Eik Banki has no knowledge of possible trends, uncertainties, demands obligations or events that could be expected to have a negative impact on the prospects of Eik Banki.

Mynd / Figure 4
Vøkstur í lønargjaldingum / Increase in total wages



Útlit fyri 2008

Búskapargongd

Árini 2003-2005 var ein ávísur stígur í búskapinum, meðan framgongdin var rættiliga stór í 2006 og 2007.

Mynd 4 vísir gongdina í lønargjaldingunum.

Búskaparvøxturin í 2006 og 2007 er grundaður á økt virksemlu innan privatar tænaðstovnur, sum t.d. sjóflutning, fígging og trygging. Eisini er munandi vøkstur innan byggivinnuna og almennar tænaðstovnur. Hærða kappingin millum peningastovnarnar í Føroyum førði við sær eitt lækkandi rentustøði á útlánum í 2006. Henda rentugongd, saman við øktu móguleikunum fyri longri afturgjaldstíð av sethúsálanum, hevði beinleiðis ávirkan á nýtslu og íløgur hjá húsarhaldunum eins og á sethúsaprísirnar, ið hækkaðu munandi í 2006.

Byggivirksemið og vinnuligt virksemlu øktust eisini av hesi orsök. Árini 2006 og 2007 vóru eisini merkt av nógvum kapitaliseringum frá sølu av fyrítøkum, undir hesum sølu av skipum við tilhoyrandi kvotum. 2007 hevur eisini verið merkt av øktum innlánsrentum. Samanlagt hava hesi viðurskifti verið við til at stimbra búskapargongdina bæði í 2006 og 2007.

Føroyar hava seinastu árini havt rímliga javnvág á leypanði postum á gjaldsjavnanum. Í 2007 verður

Outlook for 2008

Prospects for 2008

From 2003 to 2005, there was some stagnation in the economy, while 2006 and 2007 were characterised by significant growth. The course in payment of wages is illustrated in figure 4.

The economic growth in 2006 and 2007 is based on increased activity in the private service industry, such as shipping, financing and insurance. Furthermore, there has been a considerable growth in the building industry and public services. In 2006, increased competition between Faroese banks lead to a decrease in the interest rate level, on lending. The course of the interest rate combined with multiple new possibilities for longer pay-back periods on mortgage loans, directly influenced consumption and household investments, as well as housing prices, that increased considerably in 2006.

The constructionbuilding industry and commercial trading also increased for the same reason. 2006 and 2007 were also characterised by heavy capitalisation originating from company sales, among these were vessel sales with quotas as part of the trades. 2007 has also been characterised by higher interest rates on deposits. Altogether, these developments have helped boost the economic progress in both 2006 and 2007.

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tó helst eitt gjaldsjavnahall uppá uml. 600 mió. kr. Føroyar hava tó framvegis eitt rættiliga stórt nettotilgóðahavandi mótvegis útlandinum – um 2,5 mia. kr., svarandi til 21% av BTÚ. Støðan hjá Landskassanum er somuleiðis góð. Nettoognin er við ársenda 2007 1,5 mia. kr., og er hetta ein vøkstur uppá 29% í mun til somu tíð í 2006. Nettoognin svarar til 12% av BTÚ.

Arbeisloysið er sera lágt, um 1,3%. Hetta hevur við sær náttúrligar avmarkingar fyri vøgstri komandi tíðina. Ábendingar eru um kostnaðarhækking í 2007, tí prístalsvøksturin er hægri enn í 2006, og lønartrýstið er eisini økt. Brúkaraprístalið vaks soleiðis 5,8% frá fjórða ársfjórðingi 2006 til fjórða ársfjórðing 2007. Gerst møguligt at fáa arbeiðsmegi uttanífrá, kann vøksturinn halda fram. Hendir tað ikki, verður búskaparvøksturinn helst køvður av hækkingi kostnaðarstøði og harvið versnandi kappingarføri. Búskaparvøksturinn verður eisini lægri, um almennu myndugleikarnir velja at loysa trupulleikarnar við hækkingi kostnaðarstøðinum við at føra ein tálmandi fíggingjarpolitikk heldur enn at lata arbeiðsmarknaðin upp.

Tískil eru útlitini fyri framhaldandi búskaparvøgstri í Føroyum treytaði av, um tað fer at bera til at økja um útboðið av arbeiðsmegi í Føroyum ella ikki.

Eik Banki hevur hildið fast við og styrkt sína støðu á føroyska marknaðinum munandi farna árið, bæði tí hann hevur klárað seg væl í kappingini á marknaðinum, og tí Eik í desember 2007 keypti virkseimið hjá Kaupthing Bank í Føroyum. Við keypinum øktist vinnuligi marknaðarparturin hjá Eik í Føroyum til omanfyri 50%. Privati marknaðarparturin er eisini omanfyri 50%. Vøksturinn hjá Eik í Føroyum væntast tí at blíva lakari í 2008 enn í 2007.

Útlitini fyri danska búskapin í 2008 eru ikki ólík útlitunum fyri føroyska búskapin 2008. Danski búskapurinn er á einum kapasitetmarki og merkir tí eitt kostnaðartrýst, sum er við til at gera kappingarførið veikari. Vakstrarmøguleikarnir eru tískil tengdir at móguleikunum fyri at hækka kapasitetmarkið við t.d.

In recent years, the Faroe Islands have maintained a reasonable balance on the balance of payments accounts. The balance of payments in 2007 is, however, estimated to be approximately DKK 600 million. Despite this course in the balance of payments, the Faroe Islands maintain a considerable net balance against foreign countries – approximately DKK 2.5 billion, corresponding to 21 percent of GDP. The Faroese Exchequer is also doing well. Net assets by year-end is DKK 1.5 billions which is an increase of 29 percent compared to the same period in 2006. Net assets are 12 percent of GDP.

Unemployment is very low, approximately 1.3 percent, implying that there are natural limitations for growth in the near future. There are indications that we may experience increasing cost levels in 2007, as the increase in the price index is higher than in 2006 and the salary pressure is high also. The CPI increased by 5.8 percent from 4 quarter 2006 to 4 quarter 2007. Growth might continue if the possibility for import of labour becomes a reality. The growth might continue, if it becomes possible to import labour from abroad. If not, we might expect that financial growth is suffocated by higher cost levels and subsequently followed by a decreased competitiveness. The economic growth will likewise decrease if the public authorities choose to solve the problems of higher costs by a policy of budgetary austerity.

The outlook for continued growth in the Faroese economy depends on whether or not it will be possible to increase the labour force on the Faroe Islands.

Eik Banki has maintained and strengthened its position in the Faroese market during the past year, partly because it has become even more competitive, and partly because Eik Banki in December 2007 acquired Kaupthing Bank's Faroese operation. With the acquisition, the commercial market share of Eik Banki on the Faroe Islands increased to over 50 percent. The retail market share is also above 50 percent.

Therefore, it is likely that Eik Banki will experience

øktum innflutingi av arbeiðsmegi. Samstundis hava húsaprísirnir verið fallandi. Samanumtikið meta vit tó framhaldandi, at danski búskapurin er væl fyri og at tað framvegis er møguleiki hjá Eik at vaksa á danska marknaðinum, hóast vøksturinn væntast at gerast meira avmarkaður í mun til árin frammanundan.

Rentugongdin

Fram móti ársskiftinum gjørdist alt meira greitt, at kreppan á íbúðarmarknaðinum í USA, kredittkreppan á fíggingarmarknaðinum og methøgi oljuprísurnar hava fingið nógvar størri neilig árin á amerikanska búskapin enn fyrr roknað var við. Arbeiðsloysið er hækkandi, og álitshagtol, bæði fyri vinnu og vanligu brúkararan, eru fallandi.

Sannlíkindini fyri, at stígur kemur í amerikanska búskapin eru økt nógvar. Amerikanski tjóðbankin hevur viðurkent støðuna og hevur lækkað leiðandi rentuna við 2,25 prosentstigum síðani september í fjør. Bára í januar í ár er rentan lækkað við 1,25 prosentstigum. Heimsbúskapurin sum heild hevur tað tó framhaldandi gott. Krumtappurin er framhaldandi høgur vøkstur serliga í londunum í fjareystri. Lítil ivi tykist tó vera um, at støðan í USA sum frá líður fer at merkjast í heimsbúskapinum.

Trýstið á Evropeiska Meginbankan um at lækka leiðandi rentuna er økt munandi í seinastuni. Hóast vøksturinn í evropeiska búskapinum er lutfalsliga høgur, er vandi fyri, at støðan í USA saman við trupulleikunum á fíggingarmarknaðinum komandi hálvárið av álvara fer at merkjast í Evropa. Prísvøksturinn á evropeiska búskapinum, sum liggur væl omanfyri 2%, er tó ein stór forðing fyri eini rentulækking í bræði. Tí væntast, at eitt hált ár man ganga, áðrenn ein møgulig rentulækking í Evropa gerst veruleiki.

Útlitini 2008

Føroyski og danski búskapirnir eru sterkir og grundleggjandi sunnir, og teir hava sýnt stóran búskaparligan vøkstur seinnu árin. Men sera lága arbeiðsloysið í løtuni og stóru óvissurnar á

less growth in the Faroese market in 2008 than in 2007.

The outlook for the Danish economy in 2008 is similar to the outlook for the Faroese economy in 2008. The Danish economy is close to a capacity limit, signifying a pressure on prices that contributes to weakening the competitiveness. Growth is therefore dependent on the possibility of increasing the margin for the capacity limit for instance by the importing of labour. At the same time, housing prices have fallen. Overall, we still think that the Danish economy is doing well and it is still possible for the Eik Group to achieve growth in the Danish Market, although it might be limited when compared to previous years.

Interest Rate Outlook

Towards the end of the year it became clear that the crisis on the housing market in the USA, the credit crisis in the financial markets and record breaking oil prices have had a much greater negative impact on the American economy than previously assumed. Unemployment is increasing, and confidence figures for both the industry and consumer are decreasing.

There is also an increased possibility that the American economy is heading for a recession. The Federal Reserve sensed the seriousness of the situation and has cut interest rates on several occasions, by a total of 2.25 percent, since September 2007. In January alone, the interest was cut by 1.25 percentage points. However, the world economy as a whole continues to do well. The trend still points towards considerable growth, especially in countries in the Far East. However, there is little doubt that the situation in the USA will eventually have an effect on the world economy.

The pressure for the European Central Bank to cut the interest rates has increased considerably during the last months. Despite the growth in the European economy being relatively high, there is the possibility that the situation in the USA combined with problems in the financial markets will affect Europe in the coming six months. The inflation rate in the European

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fíggjarmarknaðunum fara helst at tálma vøkstrinum í 2008. Kortini verður mett, at útlitini á báðum marknaðunum eru góð. Eik Banki væntar tískil ein avmarkaðan vøkstur á báðum marknaðum.

Við støði í hesum metir Eik-samtakið, at úrslitið áðrenn virðisjavnán, burturleggingar og skatt verður 335 mió. kr. móti 310 mió. kr. í 2007.

economy is well above 2 percent and is a considerable hindrance to interest rate cuts in the near future. Therefore we do not expect any interest rate cuts in Europe before in the second half of 2008.

Outlook for 2008

The Faroese and Danish economies are strong and fundamentally healthy, and in recent years, the economies have been characterised by high economic growth. However, currently low unemployment and great uncertainties on the financial markets can put a restrain on growth in 2008.

Nevertheless, the outlook on both markets is considered good. Eik Banki, therefore, expects limited growth on both markets.

Based on the above the Eik Group estimates that the result before valueadjustment, provision for losses and taxes will be DKK 335 million compared to DKK 310 in 2007.

Partabrøv í Eik

Val til umboðsráð fer fram millum partaeigararnar fjórða hvørt ár. Seinasta val var í 2004, næstu ferð verður fyrsta ársfjórðing í 2008. Partaeigararnir hava ikki atkvøðurætt á aðalfundinum.

Harafturat hava partaeigarar, sum eiga í minsta lagi eitt prosent av partapeninginum, rætt til at útnevna egnan umboðsráðslim. Atkvøðuvektin hjá hesum umboðsráðslimum kann í mesta lagi verða 2,5% av samlaðu atkvøðunum hjá umboðsráðslimumum, ið umboða umboðsdømini.

Somuleiðis er ásett í viðtøkunum, at eingin annar partaeigari enn Eik Grunnurin kann eiga meira enn 10% av partapeninginum í Eik Banka.

Børsskráseting

Eik Banki varð børsskrásettur 11. juli 2007. Upprunaliga var ætlanin bert at skráseta bankan á VMF Marknaðinum á OMX Nordic Exchange í Íslandi, men fyri at rækka fleiri áhugaðum íleggjarum og fyri at stuðla undir vaksandi virksemd á danska marknaðinum tók nevndin í Eik Banka seinast í apríl 2007 avgerð um at tvískráseta bankan á virðisbræva-marknaðinum í Keypmannahavn og í Íslandi.

Sjálv børsskrásetingin varð út-, sjón- og netvarpað beinleiðis, og soleiðis høvdu flest øll møguleika at fylgja børsskrásetingini.

Býti av partaeigarum

Eik Banki hevði við ársenda 10.728 navnaskrásettar partaeigarar í 26 londum. Hetta er ein vøkstur uppá 869 partaeigarar ella 8,8 % samanborið við ársenda 2006.

92,4% eru navnaskrásettir partaeigarar, meðan 7,6% eru ikki navnaskrásettir.

Við ársenda var bert ein partaeigari, ið hevði fráboðað, at hann átti meira enn 5% av partapeninginum. Hetta er Eik Grunnurin, ið við ársenda eigur 51,8%.

The Eik share

Every fourth year, shareholders elect members to the Board of Representatives, which constitutes the General Meeting. The next election will be held in 2008. The shareholders do not hold voting rights at the General Meeting.

Shareholders, holding one percent or more of the share capital, are also entitled to appoint one member to the Board of Representatives. The number of votes for this member may, however, not exceed 2.5 percent of the votes in the Board of Representatives.

Furthermore, the Articles of Association state that no other shareholder than Eik Grunnurin may hold more than 10 percent of the share capital of Eik Banki.

Listing on the Stock Exchange

Eik Banki was listed on 11 July 2007. Originally, the intention was to list Eik Banki on the VMF market of the OMX Nordic Exchange Iceland, only. However, in order to reach a larger group of potential investors, and to support the growing activities on the Danish market, the Board of Directors decided in April 2007 that Eik Banki was to be listed on OMX Nordic Exchange in Copenhagen, as well as in Iceland.

The listing ceremony was broadcasted live on radio, television and the internet, providing as many as possible, the opportunity to follow the listing ceremony.

Shareholders by Distribution

At year-end 2007, Eik Banki had 10,728 registered shareholders in 26 countries. This is an increase of 869 shareholders or 8.8 percent compared to year-end 2006.

92.4 percent are registered in the holder's name, while 7.6 percent are not registered by name.

At year-end 2007, only one shareholder, the Eik Grunnurin, had informed Eik Banki that its share capital

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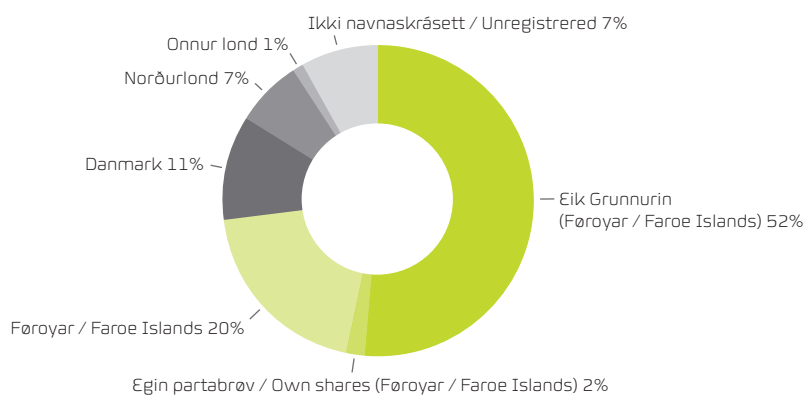
Tal á partabrøvum / No. of shares	Partabrøv / No. of shares	í % av partapeningi / in % share capital	Tal á partaeigarum / No. of share holders	í % av partaeigarum / in % of share holders
1-999	798.379	9,82%	10.695	99,69%
1.000 – 9.999	468.013	5,76%	11	0,10%
10.000 – 99.999	318.137	3,91%	15	0,14%
100.000 <	5.763.852	70,90%	6	0,06%
Egin partabrøv / Own shares	165.548	2,04%	1	0,01%
Navnaskrásett í alt / Total registered	7.513.929	92,43%	10.728	100,00%
Ikki navnaskrásett / Unregistered	615.345	7,57%		
Íalt / Total	8.129.274	100,00%		

Av tí samlaða partapeninginum, íroknað Eik Grunnin og egin partabrøv, eru umleið 74% ogn hjá føroyskum íleggjarum og 19% á útlenskum hondum. Restina 7% eiga ikki navngivnir partaeigarar, sí mynd 5. Meginparturin av útlensku partaeigarunum eru danskir (11%) og íslenskir (7%). Fleiri av útlensku partaeigarunum eiga millum 1-5%, og er hetta tekin um, at útlenskir íleggjarar eru áhugaðir í Eik partabrævinum.

exceeded five percent. At year-end, The Eik Grunnurin held 51.8 percent of the shares in Eik Banki.

Of the total share capital, the Eik Grunnurin included, approximately 74 percent is held by Faroese investors and 19 percent is held by foreign investors. The majority of the foreign shareholders are Danish and Icelandic, holding 11 percent and 7 percent, respectively, of the total share capital. The remainder are

Mynd / Figure 5
Partaeigarar býttir á lond / Shareholders by countries
31. desember 2007



Kursgöngd og samanbering

Síðani börsskrásetingina 11. júlí hafa alltjóða partabævamarknaðirnir verið rættiliga neiligir, og hetta hefur serliga rakt fíggarlig partabæv, og fram til ársskiftið er Eik partabævið lækkað við 30% síðani börsskrásetingina. Kursurinn á Eik-partabævinum var 520 við ársenda 2007, svarandi til eitt marknaðarvirði uppá 4,2 mia. kr.

Samanborið við vísitala fyrir danskar peningastovnar og vísitala fyrir íslenskar peningastovnar og samanborið við miðalstórar danskar peningastovnar er göngdin áleið tann sama. Danska vísitalið er ekki fallið so nógv, og kemst hetta serliga av, at töluni fyrir störru dansku peningastovnarnar, sum vekta nógv í vísitalinum, ikki eru follin eins nógv og töluni fyrir teir smærru og miðalstóru peningastovnarnar.

Miðal umsetningurinn pr. dag í Eik partabævum hefur í 2007 verið umleið 5900 partabæv svarandi til 3,8 mió. kr.

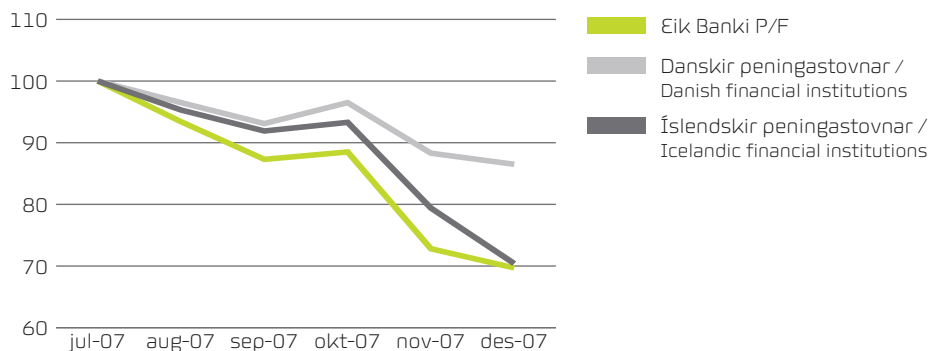
owned by unregistered shareholders, figure 5. Several of the foreign shareholders hold 1-5 percent, which is an indication of the considerable interest in the Eik share among foreign investors.

Share Price and Comparison

Since the listing on 11 July, the international stock markets have been under pressure. This has affected financial shares in particular, and consequently, by year-end, the Eik share had dropped 30 percent. The price of the Eik share at year-end 2007 was 520, corresponding to a market value of DKK 4.2 billion.

Compared to the index for Danish financial institutions, Icelandic financial institutions and medium size Danish financial institutions, the development of the Eik share is very similar to that of others. The Danish index has not suffered as large a drop, mainly because the larger Danish financial institutions that make up a significant portion of the index have not been affected in the same way as the medium size and smaller size Danish financial institutions.

Mynd / Figure 6
Kursgöngd hjá Eik og jafnlíkar / The trend in the Eik share and peers



Vinningsbýti

Nevndin tekur á hvörjum ári avgerð um vinningsbýti, kapitalviðurskipti v.m., og skjýtur hetta upp fyrir aðalfundinum. Vinningsbýtið verður tilgagað eftir umstöðunum, men Eik ynskir sum meginreglu at veita eitt stöðugt vinningsbýti ár um ár. Síðani

Average daily turnover of the Eik share in 2007 were approximately 5900 shares, corresponding to DKK 3.8 million.

Dividend Policy

Every year, the Board of Directors decides on divi-

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umleggingina hefur Eik rindað 5 kr. fyri hvørt partabræv í vinningsbýti árliga, undantikið 2003, tá einki vinningsbýti varð latið. Fyri 2007 skjýtur nevndin upp, at vinningsbýtið verður 10 kr. fyri hvørt partabræv svarandi til 20,6% av ársúrslitinum móti 14,2% í 2006.

Eik hefur ikki skipað afturkeyp av egnum partabrøvum, men nevndin hefur fram til komandi aðalfund heimild at keypa upp til 10% av partapeninginum.

Kapitalhækking

Partapeningurin í Eik Banka varð hækkaður í sambandi við keypið av danska partinum av SkandiaBanken A/S. Kapitalhækkingin fór fram í tíðarskeiðinum 21. juni – 5. juli 2007 við fortækningarrætti til verandi partaeigarar. Áhugin fyri kapitalhækkingini var stórur, og tí varð hon fullteknað. Hækkingin var 101,6 mió. kr. nominelt til kurs 575, svarandi til eitt kursvirði uppá 584,3 mió. kr. Eftir hækkingina er partapeningurin nú áljóðandi 812,9 mió. kr.

Egginningurin er øktur 0,9 mia. kr. úr 1,2 mia. kr. við ársbyrjan upp í 2,1 mia. kr. við ársenda.

Investor Relations

Opinleiki og gjøgnumskygni eru týðandi fortreytir fyri at skapa og viðlíkahalda góð sambond við íleggjarar, greinarar o.o. Sum børsskrásett fyrítøka vil Eik Banki tryggja, at teir ymsu partarnir á marknaðinum fáa regluliga og javnbjóðis atgongd til rættvísandi og nøktandi vitan um Eik-samtakið, við virðing fyri teimum krøvum, ið lógin ásetur.

Bankin leggur tí stóran dent á Investor Relations, ið sípar beinleiðis til viðurskiftini við møguligar íleggjarar, partaeigarar o.o., ið náttúrliga hava áhuga fyri viðurskiftum í Eik.

Eik Banki er partur av vísitalinum MidCap+ á danska virðisbrævamarknaðinum, og tað ber í sær, at bankin m.a. bindur seg til at senda í minsta lagi tvey webcast,

dends, capital structure etc. and makes proposals regarding these issues at the annual General Meeting. Dividend is distributed according to the given circumstances. Eik Bank, however, strives to distribute a steady yearly dividend. Since the re-structuring, Eik Banki has distributed a 5 percent dividend each year except in 2003 when no dividend was distributed. In 2007, the Board proposes a dividend of DKK 10 per share, corresponding to 20.6 percent of the result, against 14.2 percent in 2006.

Eik Banki has no systematic procedures for the re-purchasing of own shares. However, the Board of Directors is entitled to buy 10 percent of the shares.

Capital Increase

The share capital of Eik Bank was increased in connection with the danish division of SkandiaBanken A/S. The capital increase was carried out during the period from 21 June to 5 July 2007. Current shareholders had pre-emptive rights. The interest in the capital increase was significant, and therefore it was fully subscribed. The capital increase amounted to nominal DKK 101.6 million at a price of DKK 575, which is consistent with a market value of DKK 584.3 million. After the capital increase the share capital is nominal DKK 812.9 million.

Equity has increased by DKK 0,9 billion, from 1.2 billion at the beginning of the year to DKK 2.1 billion at year-end 2007.

Investor Relations

Openness and transparency are considered essential when creating and maintaining good relations with investors, analysts etc. As a listed company, Eik Banki P/F wishes to ensure that correct and adequate information about the Eik Group is made available to all interested parties simultaneously, regularly and consistently, however, at the same time honouring all legal requirements

Therefore, Eik Banki puts great emphasis on Investor Relations, which refers directly to the relations with

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tv. videoinnslög á internetinum, hvørt hálvár. Eik hefur valt at senda webcast, tá roknskapir verða almánakunngjördir. Hesi webcast verða gjörd á føroyskum, enskum og donskum.

Heimasíðan www.eik.fo/ir er mest týðandi parturin av IR-virkseminum hjá Eik. Á heimasíðuni verða allar upplýsingar, ið hava týðning fyri partaeigarar og onnur áhugað, savnaðar saman á ein hátt, ið skapar yvirlit. Upplýsingarnar eru tøk á føroyskum og enskum máli.

Roknskapir sjev tey seinastu árinu eru at finna á heimasíðuni. Ársfjórðingsroknskapir tó bert fyri 2007. Eisini er yvirlit yvir børsfráboðanir á síðuni. Harumframt er m.a. hetta við á heimasíðuni: fíggjarkalendar, viðtøkur, valreglur, prospekt og kontaktupplýsingar.

Eik hefur samstarv við íleggjaraportalin www.euroland.com. Sáttmálin við Euroland ber í sær, at heimasíðan hjá Eik verður stöðugt dagförd við upplýsingum um Eik-partabrævið og um gongdina í Eik. Á heimasíðuni ber til – uttan kostnað – at samanbera partabrøv í fyrítøkum tvørtur um marknaðir og vinnugreinar.

Íleggjarasíðurnar eru bæði á føroyskum og enskum máli og eru eitt sera hent amboð hjá íleggjarum og øðrum áhugaðum.

Eisini ber avtalan við Euroland í sær, at Eik kann bjóða øllum áhugaðum at fáa nýggjasta partabrævakursin á Eik partabrøvunum inn á fartelesfonina. Við hesum hava fólk altíð atgongd til nýggjasta kursin og kursgongdina, um tey bert hava fartelesfon.

Eik hefur eisini samstarv við svensku deildina av altjóða fyrítøkuni Precision IR. Precision IR er bindilið til íleggjarar, sum umvegis OMX Nordic Exchange hava teknað hald uppá roknskapir og fáa teir sendandi beinleiðis, tá teir verða almánakunngjördir.

Mett verður, at hesi tiltøkini styrkja Investor Relations-tænastuna hjá Eik munandi.

investors, shareholders and others with an interest in Eik Banki.

Eik Banki is part of the MidCap+ index on OMX Nordic Exchange Copenhagen. This implies that Eik Banki has committed itself to issue at least two webcasts every half year. Eik Banki has chosen also to broadcast webcasts in connection to announcing its accounts. Three versions of the webcasts are made, i.e. in Faroese, English and Danish.

The website www.eik.fo/ir is the most important part of Eik Banki's Investor Relations activities. All information that is considered relevant to investors and shareholders is made available on the website, in a clear and coherent manner. The information is available in Faroese and English.

Annual and biannual statements for the last seven years are available on the website. The quarterly statements for 2007 are also available on the website. Furthermore, all stock exchange announcements are available on the website. In addition, the following can be found on the website: financial calendar, Articles of Association for Eik Banki P/F, Articles of Association for the Eik Grunnurin, Election Rules for Eik Banki P/F, Prospectus, and contact information.

Eik Banki cooperates with the investment site www.euroland.com. The agreement between Eik Banki and Euroland means that our website will be updated regularly with the latest information about the Eik Banki share and the Company in general. It is a useful tool for investors and other interested parties, as it is possible to compare shares across markets and industries, free of charge.

The investment information is available in Faroese as well as English. Furthermore, the agreement means that Eik Banki can offer all interested parties share quotes on their mobile phone. This means that people have access to constant updates on the share price as well as the possibility of getting charts of the share price on their mobile phone.

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IR politikkur

Eik hefur ein IR politik, ið fyrst og fremst hefur til endamáls at tryggja, at allir áhugabólkar fáa javnbjóðis og samstundis atgongd til týðandi upplýsingar og upplýsingar, ið kunnu ávirka kursin á Eik-partabrøvunum. IR-politikkurin er soleiðis m.a. eitt álitisskapandi amboð hjá bankanum.

IR-politikkurin ásetur m.a. nágreiniliga, hvussu bankin sendir út kursávirkandi upplýsingar, og hvør hefur ábyrgd av, at IR-økið altíð virkar so væl sum gjørligt og sambært galdandi reglum.

Finn Danberg, undirstjóri, er leiðari fyri Investor Relations í Eik-samtakinum.

Eik Banki also cooperates with the Swedish branch of the international company, Precision IR. Precision IR functions as a link for investors, who have made a subscription with OMX Nordic Exchange enabling them to receive financial statements directly, when they are announced.

We consider these developments to be important steps in strengthening our Investor Relations services.

Investor Relations Policy

The Investor Relations policy of Eik Banki should primarily ensure that all relevant information and information that could affect the share price of Eik Banki is made available to all interested parties simultaneously. The object of the Investor Relations policy is to ensure openness, transparency and trust in all Eik Banki's activities.

The Investor Relations policy specifies how information liable to affect the share price is made public, and who is responsible for the Investor Relations area always being optimal and in accordance with legal requirements.

Finn Danberg, Director, Group CFO, is Head of Investor Relations in the Eik Group.

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Børsfráboðanir 2007 / Stock Exchange Announcements 2007

Nr.	Dato	Viðvirkjandi	Regarding
01	22/01-2007	Fíggjarkalendari 2007	Financial Calendar 2007
02	13/02-2007	Roknskaparfráboðan	Financial Announcement 2006
03	01/03-2007	Árligur aðalfundur 2007	Annual General Meeting 2007
04	01/03-2007	Ársroknskapur hjá Eik Banka P/F 2007	Annual Accounts of Eik Banki P/F 2007
05	12-03-2007	Árligur partaeigarafundur	Annual General Meeting of Shareholders
06	30-03-2007	Eftirstillað kapitalinnskot	Subordinated Debt
07	26-04-2007	Eik Banki P/F tvískrásettur	Dual Listing of Eik Banki P/F
08	03-05-2007	Broyting í fíggjarkalendara 2007	Change of Financial Calendar 2007
09	10-05-2007	Úrslit fyrsta ársfjórðing 2007	First Quarter Result 2007
10	25-05-2007	Eik Banki P/F dagfórir bygnaðin	Eik Banki P/F Updates Company Structure
11	29-05-2007	Avtala um at keypa virksemið hjá SkandiaBanken í Danmark	Acquisition of SkandiaBankens activities in Denmark
12	14-06-2007	Treytir í sambandi við kapitalhækkingina	Details of Imminent Capital Increase
13	06-07-2007	Handil innanhýsis	Insider Trade
14	10-07-2007	Kapitalhækking fult teknað	Capital Increase Fully Subscribed
15	10-07-2007	Handil innanhýsis	Insider Trade
16	16-07-2007	Samanlegging av partabrøvum	Merging of Shares from Share Offering
17	26-07-2007	Hálvársroknskapur 2007	Half Year Report 2007
18	07-08-2007	Privestor og Finansnytt verða keypt	Acquisition of Privestor and Finansnytt
19	30-08-2007	Danski parturin av SkandiaBanken keyptur	Acquisition of SkandiaBanken A/S Finalised
20	24-09-2007	Avtala um at selja Bilpartin í SkandiaBanken til Banco Santander	Autofinancing of SkandiaBanken sold to Santander Group
21	12-10-2007	Innkalling til eykaaðalfundar	Notice to convene Extraordinary General Meeting
22	25-10-2007	Frágreiðing 1-3 ársfjórðing	1-3 Quarter Report 2007
23	29-10-2007	Valreglur	Election Rules
24	12-11-2007	Handil innanhýsis	Insider Trading
25	30-11-2007	Bilparturin í SkandiaBanken verður seldur	Divestment of SkandiaBanken A/S' Car Finance and Leasing Division Finalised
26	11-12-2007	Eik Bank Danmark og SkandiaBanken samanlagdir	Merger Completed
27	11-12-2007	Fíggjarkalendari 2008	Financial Calendar 2008
28	28-12-2007	Eik Banki P/F keypir Kaupthing í Føroyum	Eik Banki P/F acquires Kaupthing Bank's operation in the Faroe Islands

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Fíggjarkalendari 2008

21. februar	Ársroknskapur 2007
11. apríl	Aðalfundur
24. apríl	Roknskapur fyri fyrsta ársfjórðing 2008
24. juli	Hálvársroknskapur 2008
24. október	Roknskapur fyri triðja ársfjórðing 2008

Financial Calendar 2008

21/02/2008	Annual Report 2007
11/04/2008	General Meeting
24/04/2008	First Quarter Report 2008
24/07/2008	Half Year Report 2008
24/10/2008	Nine Month Report 2008

Corporate Governance

Føroyar hava ikki tilmæli um Corporate Governance leiðreglur, men nevndin í Eik Banka samtykti 2. mars 2007, sum lið í fyrireikingunum til børsskráseting á VMF-Marknaðinum, reglur um Corporate Governance. Nevndin tók støði í reglunum, sum vóru galdandi á virðisbrævamarknaðinum í Íslandi (nú OMX Nordic Exchange Iceland). Orsøkin til at velja hesar reglur var, at VMF-marknaðurin er partur av íslenska virðisbrævamarknaðinum.

Hin 26. apríl boðaði Eik frá, at Eik Banki eisini skuldi skrásetast á virðisbrævamarknaðinum í Keyptmannahavn. Íslensku og dansku tilmælini um Corporate Governance byggja á somu grundhugsjón, men ávísur munur er.

Nevndin í Eik Banka hevur tikið støði í íslensku reglunum og fylgir flestu tilmælunum. Í teimum førum, bankin ikki ger tað, eru orsøkirnar greiðar samsvarandi grundregluni um "Comply or Explain".

Corporate Governance reglurnar fyri Eik Banka eru í átta greinum:

1. Skylda
2. Reglur um arbeiðsgongd
3. Kunningarskylda mótvegis nevndini
4. Eftirmeting av nevndararbeiðinum
5. Óheftir nevndarlimir
6. Áseting av óheftni nevndarlimsins av felagnum
7. Undirnevndir
8. Skipan av keypsrætti til virðisbrøv

Corporate Governance

The Faroe Islands do not have recommendations on Corporate Governance, but in connection with the preparations for listing Eik Banki on VMF the Board of Directors of Eik Banki on 2 March 2007 approved rules on Corporate Governance that comply with such recommendations in Iceland. The reason for choosing these rules is that the VMF is part of the OMX Nordic Exchange Iceland.

On 26 April 2007, it was announced that Eik Banki would also be listed on OMX the Nordic Exchange Copenhagen. The Icelandic and Danish recommendations on Corporate Governance are based on the same fundamental principals, however, with some small divergences.

The Board of Eik Banki has adopted rules that are based on the rules in Iceland and most recommendations are followed. When Eik Banki does not follow the recommendations, the reasons are outlined in accordance with the condition of "Comply or Explain".

The Corporate Governance rules of Eik Banki include stipulations on:

1. Responsibilities
2. Rules of procedure of the Board of Directors
3. Obligation to inform the Board of Directors
4. Evaluation of performance
5. Independent board members
6. Stipulations on the board members' independence of the company
7. Subcommittees of the Board of Directors
8. Arrangement regarding share options in Eik Banki

Skylda

Allir einstaklingar, valdir sum nevndarlimir, skulu hava neyðuga færleikan til tess at vera færir fyri at røkja sínar skyldur sum nevndarlimir, og skulu harafturat kunna seta neyðugu tíðina av til slíkar skyldur. Tað er umráðandi, at limir eru vitandi um, hvørjar skyldur nevdarsessurin krevur.

Sambært galdandi lóg fyri peningastovnar er tað ein treyt fyri at vera nevndarlimur, at viðkomandi verður mettur "fit and proper" av danska Fíggjareftirlitinum.

Formansskapurin kann samskifta við umboðsdømini um val av nevndarlimum. Endamálið er at tryggja, at nevndarlimur hevur neyðuga færleikan og tíðina at røkja sínar skyldur sum nevndarlimur.

Reglur um arbeiðsgongd

Nevndin skal hava skrivliga starvsskipan, har leiklutur nevdarinnar og verksetan av hesum leikluti er ásett.

Nevndin metir, at verandi starvsskipan fyri nevdina lýkur hesar treytir.

Kunningarskylda yvir fyri nevdini

Til tess at røkja sínar skyldur, er tað umráðandi, at stjórnin veitir nevdini regluliga kunning. Hvussu og í hvørjum líki slík kunning fer fram, eigur at verða ásett.

Nevndin metir at verandi § 70 instruks til stjórnina lýkur hesar treytir.

Eftirmeting av nevdararbeiðinum

Nevndin hevur í minsta lagi 10 regluligar nevdarfundir árliga, og annars kemur nevdin saman so ofta sum neyðugt.

Nevndin eigur so vítt møguligt regluliga at eftirmeta egið avrik, egnar arbeiðsgongdir og arbeiðshátt, umframt avrikið hjá felagnum. Um nevdin metir tað hóskandi, verður hetta gjørt við stuðli frá uttanhýsis serkunnleika.

Formansskapurin eftirmetir avrik hjá nevdini, og

Responsibilities

Upon appointment, each member of the Board of Directors must possess the necessary qualification to serve as a member of the Board of Directors. In addition, each member must be able to allocate enough time to serve as a member of the Board of Directors. It is important that the board members are aware of the obligation that comes with being a member of the Board of Directors.

In accordance with the law on financial institutions all members of the Board of Directors must be approved by the Danish Financial Supervisory Authority as being fit and proper.

The Chairmanship can communicate with the representative districts regarding the election of members to the Board of Directors. The purpose is to ensure that the board members have the necessary qualification and time to serve as a member of the Board of Directors.

Rules of procedure of the Board of Directors

The Board of Directors shall lay down rules of procedure governing the implementation of its duties and the role of the board.

It is the assessment of the Board of Directors that the current rules of procedure fulfill these requirements.

Obligation to inform the Board of Directors

In order to fulfil its duties it is of importance that the Board of Directors is informed by the Management on a regular basis. It should be stipulated how and in which form this is done.

It is the assessment of the Board of Directors that the current § 70 instruction to the Management fulfills these requirements.

Evaluation of Performance

The Board of Directors meets regularly, at least 10 times a year, or as and when required.

The Board of Directors should adopt formal proce-

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nevndin eftirmetir egið avrik, egnar arbeiðsgongdir, egnan arbeiðshátt umframt avrikið hjá Eik Banka P/F. Eftirmetingin skal gerast minst eina ferð árliga, annars eftir tørvi.

Nevndin hefur gjøgnumfært skemalagda eftirmeting av nevnd, stjórn og samstarvinum í 2007. Úrslitið av hesum er í januar 2008 gjøgnumgingið á nevndarfundi av formanninum og við persónligari samrøðu við einstøku nevndar- og stjórnarlimirnar.

Óheftir nevndarlimir

Meirlutin av nevndarlimunum eigur so vítt gjørligt at vera óheftur av felagnum og harafturat eiga, so vítt gjørligt, í minsta lagi tveir av nevndarlimunum at vera óheftir av størri partaeigarum í felagnum.

Meirlutin av nevndarlimum eru óheftir av felagnum, men ikki av Eik Grunninum, sum er størsti partaeigari í Eik Banka. Nevndin metir tó, at hetta ikki er ein trupulleiki í løtuni, sæð í mun til endamálsgreinina hjá grunninum, og at grunnurin er sjálveigandi.

Áseting av óheftni nevndarlimsins av felagnum

Nevndin metir sjálv um, hvørt nevndarlimur er óheftur av felagnum og greiðir frá niðurstøðu síni í ársfrágreiðing felagsins.

Nevndin í Eik Banka hefur 11 nevndarlimir, og aldersmark fyri at sita í nevndini er 70 ár.

7 nevndarlimir verða valdir av aðalfundinum fyri fýra ár í senn við møguleika fyri afturvali. Valskeiðini eru forskotin, soleiðis at á hvørjum ári verða tveir nevndarlimir valdir undantikið fjórðahvørt ár, tá bert ein nevndarlimur verður valdur.

Starvsfólkini velja 4 nevndarlimir fyri fýra ár í senn. Val av nevndarlimum millum starvsfólkini fer fram sambært galdandi lóggávu um hetta.

Á aðalfundinum 11. apríl 2008 standa tveir aðalfundarvaldir nevndarlimir fyri vali: Odd A. Bjellvåg, næstformaður, og Petur Hammer. Somuleiðis standa øll

dures for evaluating its performance, procedures and working methods, as well as the performance of the Company on a regular basis. If the Board of Directors deems it necessary this can be done using external expertise.

The Chairmanship evaluates the performance of the Board of Directors, and the board evaluates its performance, procedures and working methods, as well as the performance of the Company. The evaluation should be made at least once a year or after demand.

The Board of Directors has made an assessment of the board, the Management and the working relationship in 2007. The Chairman went over the results of this assessment at a board meeting in January 2008. Interviews were also made with the individual board members and members of the management

Independent Board Members

The majority of the members of the Board of Directors should, as far as possible, be independent of the company and in addition at least two of the board members should be independent of large shareholders in Eik Banki P/F.

The majority of the members of the Board of Directors are independent of Eik Banki, but not independent of the Eik Grunnurin, which is the largest shareholder in Eik Banki. The Board of Directors of Eik Banki does not consider this a problem considering the operations and the independency of the Eik Grunnurin.

Stipulations on the board members' independence of the Company

The Board of Directors makes an assessment of whether the individual board members are independent of the Company. A conclusion on this is reported in the Annual Report.

The Board of Directors consists of 11 members. Members of the Board of Directors shall retire when they reach the age of 70.

starvsfólkaumboðini í nevdini fyri vali í 2008.

Nevndin er samd um, at aðalfundarvaldu nevdarlimirnir eru óheftir av Eik Banka P/F.

Undirnevndir

Fyri at fáa sum mest burtur úr arbeiðinum hjá nevdini, kann tað vera hóskandi at seta undirnevndir. Nevndin velur sín millum limir og formenn at taka lut í og leiða nevdarnar. Ársfrágreiðingin eigur at upplýsa nøvnini í hvørjari einstakari undirnevnd.

Nevndin hevur sett eina samsýningarnevnd, men hevur hinvegin mett, at tørvur ikki er á eini grannskoðanarnevnd.

Samsýningarnevndin er mannað við formansskapinum og einum nevdarlimi. Nevndin verður skipað í sambandi við skipan av nevdini í Eik Banka.

Limir í samsýningarnevndini eru í løtuni Frithleif Olsen, Odd A. Bjellvåg og Mathea E. Hilduberg, ið øll eru óheft av felagnum.

Skipan við keypsrætti til virðisbrøv

Í sambandi við tillutan av partabrævaoptiónum eiga høvudsásetingarnar hesum viðvíkjandi at verða lagðar fyri aðalfundin til góðkenningar.

Eik Banki hevur ikki tillutað partabrævaoptiónir.

Bankin hevur tó við virknaði frá 1. januar 2007 tikið í nýtslu eina avrikslønarskipan fyri stjórn og starvsfólk í Eik Banka.

Nevndin hevur harumframt, sambært grein 3, stk 2 í viðtøkunum, heimild fram til 1. oktober 2012 at hækka partapeningin í einum ella fleiri umførum, við samanlagt áljóðandi kr. 10.000.000 at bjóða út millum starvsfólk og / ella stjórnarlimir í felagnum og/ella tess dóttirfeløgum, til ein av nevdini ásettan kurs.

Nevndin hevur higartil ikki nýtt hesa heimild.

Seven members of the Board of Directors are elected by the General Meeting for a term of four years, with the eligibility for re-election. The General Meeting elects two members to the Board of Directors every year, except every four years when only one member is elected.

The employees of Eik Banki elect four employee directors to serve as members of the Board of Directors. The employee directors are elected as prescribed by legislation.

At the annual General Meeting on 11 April 2008, Odd A. Bjellvåg, Deputy Chairman, and Petur Hammer are up for re-election.

All of the employee directors are up for re-election in 2008.

The Board of Directors has agreed that all members elected by the General Meeting must be independent of Eik Banki.

Subcommittees of the Board of Directors

To make the work of the Board of Directors as efficient as possible it can be necessary to appoint subcommittees. The Board of Directors elects the members and chairperson of the subcommittees. The names of the members of each subcommittee should appear in the Annual Report.

The board has appointed a remuneration committee. It has not been considered necessary to appoint an audit committee.

The remuneration committee consists of the Chairmanship and one member of the Board of Directors. The subcommittee elects its own Chairperson and Vice-Chairperson at the first board meeting after the General Meeting.

Currently the members of the remuneration committee are Frithleif Olsen, Odd Bjellvåg and Mathea

Hilduberg, which are all considered independent of Eik Banki P/F.

Arrangement Regarding Share Options

In connection with the allocation of share options the main conditions for this shall be submitted to the General Meeting for approval.

Currently there are no stipulations on allocation of options on the Company's shares.

With effect as of 1 January 2007 Eik Banki introduced an incentive scheme for its management and employees.

According to Article 3.2 in the Articles of Association of Eik Banki P/F the Board of Directors shall, until 1 October 2012, be authorised to increase the share capital by one or more issues to a denomination of DKK 10,000,000 in total to be offered to staff members and members of the Management of the Company and/or the Company's subsidiaries at a price fixed by the Board of Directors.

Originally, the authorisation also covered the members of the Board of Directors, but the Article was changed at the Extraordinary General Meeting on 25 January 2008 so that board members are no longer mentioned in Article 3.2

Váðastýring

Eik Banki leggur stóran dent á váðastýring, ið hefur stóran týðning fyrri úrslitið, fíggjarligu stöðuna og vakstrarmöguleikarnar. Teir váðar, ið Eik ynskir at stýra, eru kredittváðin, marknaðarváðin, gjaldförisváðin og rakstrarváðin. Tað er nevndin í Eik, sum ásetur hámark fyrri stöðið á teimum ymisku váðunum.

Tann yvirskipaða váðastýringin fyrri samtakið er frá januar 2007 miðsavnað undir Kredittdeildini.

Uppgávan hjá Kredittdeildini er at tryggja, at manngongdir eru innan ymisku váðæðini, at tey, sum upptaka ein váða, hava heimild til tað, og at hesar manngongdir verða fylgdar. Sum ein liður í hesum arbeiði skal Kredittdeildin við regluligum millumbilum fráboða ymisku váðarnar.

Umframt vanligt innaneftirlit hefur bankin innanhýsis grannskoðan, ið við tilvísing til nevndina hefur yvirumsjón við øllum samtakinum, og aðalfundarvalda uttanhýsis grannskoðan. Harafturat eru Eik Banki og Eik Bank Danmark undir eftirliti av danska Fíggjareftirlitinum.

Kredittváði

Kredittváðin er váðin fyrri tapum, orsakað av at lántakarar og aðrir skuldarar ikki klára at svara sínar skyldur móttvegis Eik. Kredittpolitikkurin er høvuðsamboðið til at tryggja, at kredittváðin altíð er innan fyrri tryggar karmar. Í hesum sambandi fylgir Kredittdeildin við í broyting í samlaðum yvirtrekkum, eftirstøðum v.m. Kreditleiðarin hefur yvirumsjón við veittum fíggingum í samtakinum.

Kredittváðin verður stýrdur við, at Eik altíð ger eina kredittmeting av fíggjarviðurskiftunum hjá tí einstaka kundanum í sambandi við kredittveiting. Vinnulig viðskifti verða sum meginregla endurskoðað árliga við stöði í seinasta ársroknskapinum hjá kundanum. Útlitini hjá fyrirkunni, búskapargongdin og gongdin í ávísu vinnugreinini verða tikin við í hesar metingar.

Risk Management

Eik Banki puts emphasis on risk management, which is considered material to the result, the financial situation and the growth potential. Eik Banki puts emphasis on controlling market risk, credit risk, liquidity risk and operational risk. The Board of Directors of Eik Banki has set a cap for the level of acceptable risk in the respective risk areas.

Since January 2007, the overall risk management has been centralised at the Credit Department.

It is the responsibility of the Credit Department to ensure that proper processes are in place within the different areas of risk management, and that only people with the authorisation to do so can assume risk. As part of the risk management, the Credit Department must collect data for the different types of risk on a regular basis, and make necessary reports.

In addition to the regular internal control, Eik Banki has an internal audit department, which holds overriding control of the Group and refers to the Board of Directors, as well as an external auditor appointed at the General Meeting. Furthermore, Eik Banki and Eik Bank Danmark are under the supervision of the Danish Financial Supervisory Authority.

Credit Risk

Credit risk is the risk of loss due to borrowers and other debtors being unable to meet their responsibilities with Eik Banki. The credit policy is the main tool to ensure that the credit risk is under control at any time. The credit department checks changes in total overdrafts and arrears. Furthermore, the head of the Credit Department has the overall control of Eik Group's credit risk.

The credit risk is managed by always performing an individual credit evaluation of the customer's financial situation when lending. As a rule, the commercial situation is revised every year based on the latest annual report. The company's outlook, the financial develop-

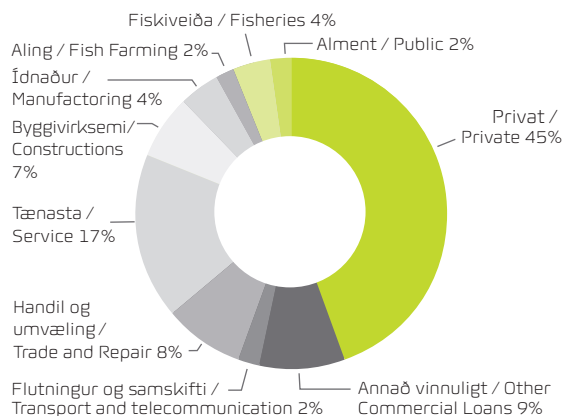
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Harafturat verður ein reglulig uppfylging gjörd uppá viðskiftini.

Fjoltáttaða virksemið sæst aftur í samansetingini av útlánunum hjá Eik-samtakinum, sum myndirnar 7 og 8 sýna. Býtið í mynd 7 er grundað á lánsendamál, og er tí ikki sambæriligt við býtið í notu 11 í roknskapinum, ið er grundað á høvuðsvinnugrein lántakarans. Av samlaðu útlánunum hjá samtakinum ultimo 2007 vóru 53% vinnulig útlán, 45% til privat og 2% til tað almenna.

Mynd / Figure 7

Samlað útlán hjá samtakinum býtt á sektor og vinnugreinar / Group Loan by Sector and Industry
31. desember 2007



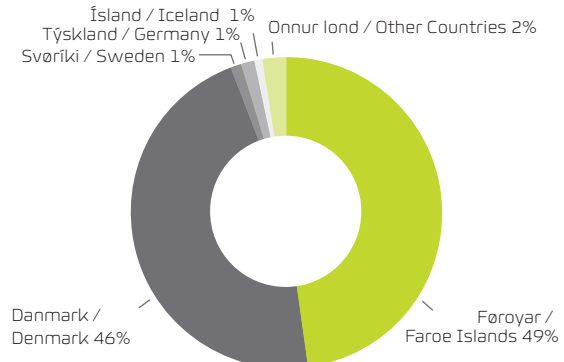
Av samlaðu útlánunum til privat eru 80% sethúsafíggingar, 10% íløgu- og lönarkredittir, 4% bilfíggingar og 6% ymiskt annað. Mett verður um hvønn einstakan stakváða, og krøv verða sett til tiltøkupening. Talan er í allar flestu førum um lán við skiftandi rentu, og tessvegna verður, tá lán verða játtað, lagt upp fyri, so lántakarinn er førur fyri at rinda, hóast rentan hækkar. Eisini verður, har tað verður mettt neyðugt, sett krav um at kundin avdekkar rentuváðan, t.d. við einum rentulofti ella fastari rentu.

ment and the development in the relevant industrial sector are included in the evaluation. Furthermore, a regular follow up on the development is carried out.

The diversified activities are apparent in the division of the loans in the Eik Group, as shown in Figures 7 and 8. Total Group loans at year-end 2007 were made up of 53 percent commercial loans, 45 percent private loans and 2 percent public loans. The division of loans in figure 7 is based on the purpose of the loan and not the debtors' primary field of industry. Therefore, the

Mynd / Figure 8

Samlað útlán hjá samtakinum sundurgr. á lond / Group loan per Country
31. desember 2007



division is not compatible with the division of loans in Note 11.

The majority of private loans, 80 percent, were provided to Faroese households. Investment and wage credit accounted for 10 percent, car financing 4 percent and other loans 6 percent. In each case, we estimate the risk to the debtor who has to meet certain requirements, such as sufficient margin. In most cases, the loans are at a variable interest rate, and that way it is taken into account that the debtor has to be able to repay the loan should the interest rate rise. In cases, where it is considered necessary, the

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Útlánini til almenna geiran eru í størstan mun lán til færoyskar kommunur.

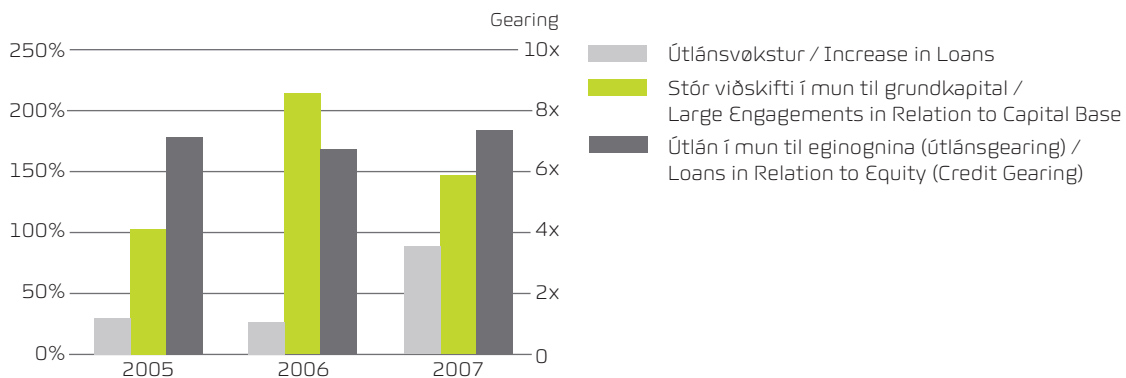
Yvirskipað hevur Eik sum strategi at spjaða virksemd lánfrøðiliga. At spjaða útlánini lánfrøðiliga minskar um lánfrøðiliga savningina og harvið verður kredittváðin spjaddur. Hetta endurspeglast í lánfrøðiliga býtinum av lánunum. Av samlaðu lánsupphæddunum við árslok 2007 vóru 49% í Føroyum, 46% í Danmark og 5% í øðrum londum. Somu tíð í fjør var býtið ávikavist 57%, 33% og 10%.

debtor is required to cover the interest rate risk, with e.g. – rentuloft – or at a fixed interest rate.

Public loans were almost exclusively provided to Faroese municipalities.

The overall strategy of Eik Banki P/F is to spread its activities geographically in order to increase profit and spread risk. This is reflected in the geographical distribution of the loans. At year-end 2007, 49 percent of the total loans were provided to Faroese debtors and 46 percent to Danish debtors. The remaining 5

Mynd / Figure 9
Gongd í kredittváða / Credit Risk Development



Mynd 9 sýnir gongdina í útlánum í mun til eginognina – ta sonevndu útlánsgearingina, útlánsvøksturinn og stór viðskifti í mun til eginogn. Við ársenda 2007 var útlánsgearingin 7,28, sum merkir, at fyri hvørja eginpeningskrónu hevði Eik útlán upp á 7,28 kr. Sum tað sæst, hevur útlánsgearingin verið rímliga jøvn, hóast útlánsvøksturinn, sum stabbamyndin sýnir, hevur verið rættiliga høgur, 26,3 – 30,0% frá 2004 til 2006 og heili 88,6% í 2007. Stóra hækkingin í 2007 stavar frá keypinum av danska partinum av SkandiaBanken og deildini hjá Kaupthing í Føroyum.

Stóru viðskiftini í mun til ábyrgðarkapitalin, uppgjørt sambært lyklatølum hjá Fíggjareftirlitinum vóru 144,2% í 2007. Í 2006 vóru hesi viðskiftini 224,9% og

percent were distributed over other countries. At a contemporary time last year, the spread was 57, 33 and 10 percent, respectively.

Figure 9 shows the development of lending in proportion to equity, the so-called credit gearing, the increase in lending and large advances compared to equity. At year-end 2007, the credit gearing was 7.28, which means that for each Danish Krona in equity, DKK 7.28 were provided as a loan. As shown, the credit gearing has been fairly constant despite the 26.3 – 30.0 percent increase in lending in 2004-2006 and 88.6 percent in 2007. The large 2007 increase, stems from the acquisition of SkandiaBanken and Kaupthing Bank's Faroese operation.

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í 2005 102,6%. Stóra fallið frá 2006 til 2007 stavar í høvuðsheitum frá, at basiskapitalurin í tíðarskeiðinum er øktur við heili 87%. Samlaða millumverandi við stór viðskifti er í sama tíðarskeiði økt við 19,5% meðan talið av stóru viðskiftunum er lækkað úr 15 í 2006 niður í 10 stór viðskifti í 2007. Landabýtið av upphæddini til stór viðskifti er í Føroyum 74%, Danmark 19% og Týskland 7%. Stóru viðskiftini eru innan oljuvinnu, fastogn, skipasmíð, fiskivinnu og handilsvinnu.

Í Danmark eru stórvirksemi í høvuðsheitum innan fastogn.

Kredittdeildin fylgir sentralt við í troti og eftirstøðum í samtakinum og fráboðar hesi í samtakinum. Hvønn ársfrágreiðing verður gjørd ein meting um tørvin á burturlegging uppá einstøku kundarnar. Tað er Kredittdeildin, ið stendur fyri hesum arbeiði í Føroyum, og deildin hevur uppfylgjandi leiklut í arbeiðinum í dóttirfelagnum í Danmark.

Marknaðarváði

Marknaðarváðin fevnir um rentuváða, gjaldoyraváða og partabrævaváða. Marknaðarváðin er váðin fyri, at virði á ognum og skyldum og postum uttan fyri javnan verður ávirkað av marknaðarviðurskiftunum, eitt nú av búskaparligari upp- ella niðurgongd og gongdini á partabræva-, gjaldoyra- og rentu-marknaðunum.

Marknaðarváðin verður stýrður á samtaksstøði. Bankin tekur fyrst og fremst positióin til egingoymsluna, men í ávísan mun eisini í sambandi við handilsvirksemið í Føroyum og Danmark.

Rentuváði

Rentuváðin er váðin fyri tapum, orsakað av at rentan fer upp ella niður. Rentuváðin, ella varningurin, verður mældur sum væntaða kurstapið, um rentukurvan verður javnflutt upp við 1 prosentstigi. Fyri konvertierbar lánsbrøv verða frádráttarfaktorarnir hjá Fíggjareftirlitinum nýttir til tess at taka hædd fyri styttta varninginum.

Large engagements constitute a substantial part in comparison to capital base. In 2007 large commitments constituted 144.2 percent, made up in accordance with key figures of the Danish Financial Supervisory Authority, compared to 224.9 percent in 2006 and 102.6 percent in 2005. The large decrease from 2006 to 2007 is derived mainly from that the base capital during this period has increased by 87 percent. The total account for larger engagements has increased by 19.5 percent, which the number of large accounts have decreased from 15 in 2006 to 10 large accounts in 2007. 74 percent of the large engagements are on the Faroe Islands, 19 percent are in Denmark, and 7 percent in Germany. In the Faroe Islands the large engagements are divided into oil, real estate, ship yard and the fish-farming industry.

In Denmark, the large engagements are mainly in real estate.

The Credit Departments centrally monitors changes in overdrafts and arrears and reports these in the Group. An assessment of the need for provisions for losses on bad debts is made quarterly. On the Faroe Islands, the Credit Department is responsible for this work, and follows up on the work in the Danish subsidiary.

Market Risk

Market risk consists of interest rate risk, currency risk and share risk. Market risk is the risk that the value of assets and debt as well as entries outside of the balance will be affected by market factors, such as ups and downs in the economy and the movements in the share market, currency market and interest rate market.

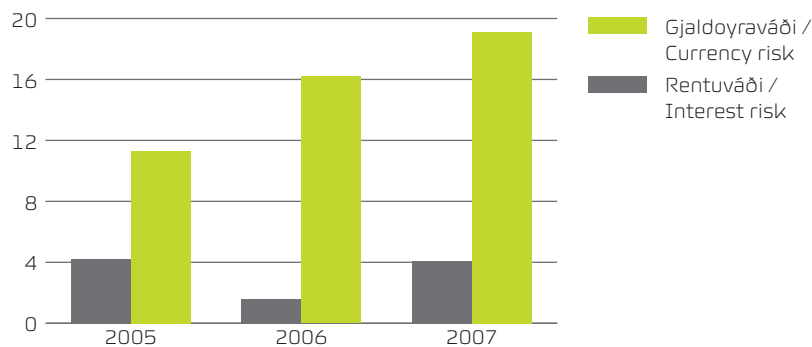
The market risk is managed at group level. Eik Banki P/F's exposures are mainly due to its own holdings, but also due to the commercial activities on the Faroe Islands as well as in Denmark.

Interest Rate Risk

Interest rate risk is the risk of financial loss due to an increase or fall in interest rates. The interest rate risk

Mynd / Figure 10

Rentu- og gjaldoyraváði / Interest Rate Risk and Currency Risk
 % av kjarnukapitali aftaná frádráttir / of Core Capital after Deductions



Rentuváðin á lánum við fastari rentu verður so vítt gjørligt avdekkjaður. Størsti rentuváðin liggur í goymsluni av fastrentaðum lánsbrøvum, sum innan ávís mørk verður tillagaður í mun til rentuútlitini.

Rentuváðin er øktur úr 1,6 í 2006 til 4,6 í 2007, og kemst hetta av, at lánsbrævaílagan er økt serliga í longri lánsbrøvum.

Gjaldoyraváði

Gjaldoyraváðin er váðin fyri tapum, orsakað av at gjaldoyrakursirnir broytast.

Eik hevur sum høvuðsreglu at avdekkja gjaldoyraváða. Undantakið er gjaldoyraváði millum danskar krónur og evrur, sum bert verður avdekkjaður, um viðurskiftini annars tala fyri tí.

Gjaldoyraváði verður uppgjørdur sum hægra talið av ogn ella skuld í gjaldoyrum og verður settur í prosent av kjarnukapitalinum samsvarandi gjaldoyraávísa 1 hjá Fíggjareftirlitinum. Sum tað sæst í mynd 10, hevur gjaldoyraváðin verið hækkandi seinastu trý árin. Í 2007 er gjaldoyraváðin øktur m.a. tí ílagan í SPRON, ið áður var bókað í DKK eftir børsskrásetingina, nú skal upptakast í ISK.

Gjaldoyraváðin av partabrøvunum í SPRON er partvíst avdekkjaður.

is measured as the expected loss due to depreciation of the securities, if the interest curves are displaced in parallel by one percentage point up. For callable bonds the Danish Financial Supervisory Authority's deductible factors are used in order to take into account the shorter duration.

The interest rate risk from fixed interest rate loans is usually hedged. The greatest interest rate risk lies in the holdings of fixed interest bonds. Those holdings are adjusted within certain limits in accordance with the interest outlook.

The interest rate risk has increased from 1.6 in 2006 to 4.6 in 2007, due to investments in long term bonds.

Currency Risk

Currency risk is the risk of loss due to fluctuations in exchange rates.

As a main rule, Eik Banki's policy is to hedge currency risks with the exception of the currency risk between the Danish Krona and the Euro, which is only hedged under special circumstances.

The currency risk is calculated as the larger amount of either currency assets or debts and is determined as a percentage of the core capital less certain adjustments, corresponding to currency indicator 1 of the

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Partabænaváði

Partabænaváðin er váðin fyri tapum orsakað av broytingum í partabævakursunum. Partabænaváðin verður stýrdur við at stýra og fylgja partabæva-goymsluni neyvt.

Í mynd 11 sæst partabænaváðin hjá Eik seinastu trý árin. Sum sæst, er partabævaognin, og harvið váðin, øktur. Eik hevði við árslok 2007 partabævaognir fyri 503,0 mió. kr., harav 441,5 mió. kr. í skrásettum partabævum og 61,5 mió. kr. í ikki børskrásettum partabævum.

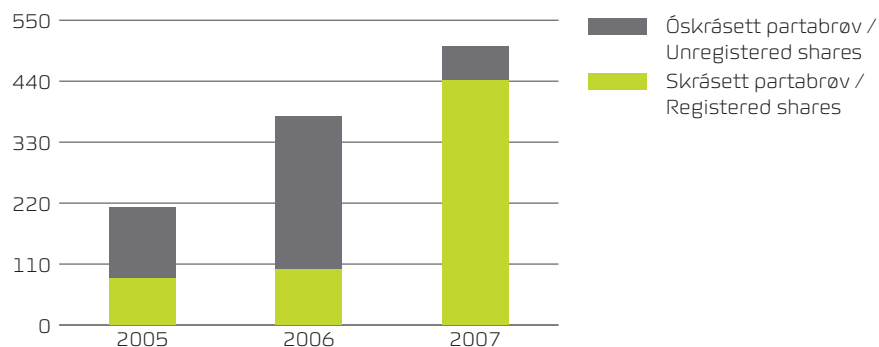
Danish Financial Supervisory Authority. As shown in Figure 10, the currency risk has decreased during the last 3 years. In 2007, the currency risk has increased, partly because the investment in SPRON, which previously was booked in DKK after the listing, is to be booked in ISK.

The currency risk of the shares in SPRON has to a large extent been hedged in 2007.

Share Risk

Share risk is the risk of loss due to fluctuations in share prices. The share risk is managed by careful

Mynd / Figure 11
Partabævaogn / Share Holdings
DKK mió. / Million



Økingin í ognini av børskrásettum partabævum kemst partvís av, at kursirnir á Atlantic Petroleum partabævum eru hækkaðir, og partvís av, at partabævini í SPRON áður vóru bókaði til útveganarvirði, ið var lægri enn marknaðarkursurin við ársenda 2007.

Í 2007 er hend ein munandi forskjóting frá óskrásettum partabævum móti skrásettum partabævum, og er høvuðsorsøkin at SPRON varð skrásett á íslenska partabævamarknaðinum í oktober 2007.

Eik eigur 5% av partapeninginum í SPRON, men er við einum lánsbrævi, ið Eik keypti í sambandi við söluna av 3,44% av partabævunum í SPRON, stillaður, eins og ognarluturin var 8,44%.

control and monitoring of the portfolio of shares.

Figure 11 shows the share risk over the last 3 years. As indicated, the share portfolio, and thereby the risk, has increased. At year-end 2007 the total share portfolio amounted to DKK 503.0 million, DKK 441.5 million of which were listed shares and DKK 61.5 million were unlisted shares.

The increase in the holdings of listed shares is partly due to a rise in share price of Atlantic Petroleum and partly due to the SPRON shares being booked at purchase value as opposed to market value at year-end 2007.

In 2007 the holding of listed shares increased significantly, while the holding of unlisted shares decreased.

Umframt omanfyrinevndu partabrøv hefur Eik-samtakið eisini kapitalpartar í assosieraðum og tilknýttum fyrirkæmum.

Gjaldförisváði

Gjaldförisváðin er váðin fyri tapum orsakað av, at rentuútreiðslurnar av at útvega gjaldföri økjast munandi, og bankin harvið má avmarka ella skerja virksemd ella í ringasta føri ikki kann halda sínar skyldur mótvegis ánarum orsakað av tørvandi gjaldföri.

Endamálið við at stýra gjaldförunum er at tryggja, at samtakið til eina og hvørja tíð hefur tækt gjaldföri til at svara verandi og komandi skyldur. Endamálið er eisini at tryggja, at samtakið ikki uppbyggir ein ov stóran tørv á at útvega gjaldföri fræftir.

Gjaldförisváðin verður stýrdur við leypandi at meta um gjaldförisstöðuna í mun til tørvin í lötuni, tørvin fræftir og lögarkrøvini. Gjaldförisváðin verður eisini stýrdur við prísásetingini innanhýsis í samtakinum, t.d. av gjaldförismillumrokningum millum deildir og feløg í samtakinum.

Tað er ynski hjá Eik, at virksemd í størst møguligan mun skal fíggað við innlánum, sum vanliga er ein meira stöðug kelda til gjaldförið. Um neyðugt verður fyribilstørvurin nøktaður á pengamarknaðinum, meðan langtíðar strukturelli gjaldföristørvurin, sum ikki kann nøktast við øktum innlánum, verður nøktaður við lántøku frá fíggarstovnum uttanlands sum rullandi kredittir, lán ella dráttarrættindi við longri gildistíð, jf. mynd 16.

Mynd 12 vísir, hvussu fremmenda fíggingin av virkseminum hjá Eik er samansett tey seinastu trý árin. Sum víst, eru í 2007 68% fíggað við innlánum, ein vøkstur frá 58% í 2006, og 28% eru fíggað av fíggarstovnum, ein lækking frá 38% í 2006. Í 2007 eru samlaðu innláníni í samtakinum vaksin við heili 116%. Vøkturin stavar í høvuðsheitum frá yvirtøkuni av virkseminum hjá SkandiaBanken í Danmark.

The main reason for this change is the listing of SPRON in October 2007. Eik Banki holds 5 percent of the shares in SPRON. However, through the ownership of a bond bought in relation to the selling of 3.4 percent of the shares in SPRON, Eik Banki's position is as if the total ownership were 8.4 percent.

In addition to the above mentioned shares the Eik Group also has holdings in associated and subsidiary undertakings.

Liquidity Risk

Liquidity risk is the risk of loss due to a considerable increase in interest expenses from raising liquid funds, causing the bank to reduce its activities, or even rendering the bank unable to meet requirements towards the depositors due to a lack of available funds.

The purpose of controlling the liquidity is to ensure that the group at all times has the means to meet current as well as future debt obligations. The purpose is also to ensure that the Group does not generate an excessive need to raise liquid funds in the future.

The liquidity risk is controlled by a regular assessment of liquidity compared to the current need, future need and the legal requirements. The liquidity is also controlled with pricing within the group, e.g. intra-group pricing accounts.

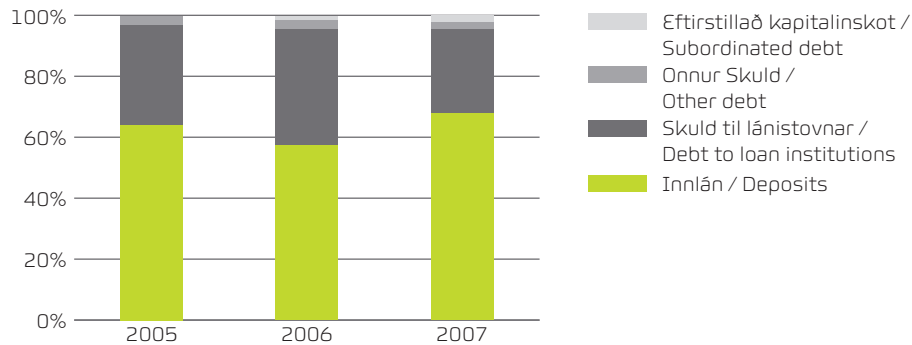
Emphasis is placed on securing deposits, which are considered a stable source of liquid funds. When considered necessary, temporary needs are met in the money market, while long term structural needs that cannot be met by an increase in deposits, is met with loans or long term committed lines, cf. Figure 16.

Figure 12 shows the composition of the foreign financing of the operations of Eik Banki over the last 3 years. As shown, 68 percent were financed by deposits in 2007, an increase from 58 percent in 2006. 28 percent were financed by financial institutions, a decrease from 38 percent in 2006. In 2007 total deposits increased by 116 percent. The increase

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Mynd / Figure 12

Samanseting fremmand fígging / Distribution of funding



Mynd 13 vísir stöðdarbýtið á innlánunum í samtakinum. Stórir partur av innlánunum er minni enn 1,0 mió. kr. og er harvið spjadd út á eitt stórt tal av viðskiftafólki.

Hövuðsorsøkin til hetta er, at meginparturin av innlánskundunum í Eik Bank Danmark eru vanligir privatkunder, hvørs miðalinnistandandi er lægri enn hjá stórum vinnuligum og stovnsligum kundum.

Hóast stóra vøksturin í virkseminum í 2007 er gjaldfærið í samtakinum framvegis gott. Við árslok var gjaldfærið, roknað sum tøkur peningur, áogn uttan uppsøgn í øðrum peningastovnum, innskotsprógv í

is mainly due to the acquisition of the operations of SkandiaBanken in Denmark.

Figure 13 shows the size of the different deposits. A large part of the deposits were below DKK 1 million. Consequently, the base funding is spread over a large number of customers.

The main reason for this is that the majority of the deposit customers in Eik Bank Danmark are retail customers whose deposits are lower than those of the commercial and institutional customers.

Despite the large increase in activities in 2007 the liquidity remains good. At year-end, liquidity, calcu-

Mynd / Figure 13

Innlán hjá samtakinum býtt eftir stødd / Group deposits divided according to 31. december 2007



Tjóðbankanum og virðisbrøv 4,4 mia. kr. svarandi til yvirdekning í mun til lógarkravið, sum er 118,7%.

Rakstrarváði

Rakstrarváði er váðin fyri, at Eik verður fyri fíggjarligum missi orsakað av ófullfíggeiðum ella skeivum innanhýsis mannagongdum, menniskjaligum mistøkum, kt-brekkum ella ávirkanum uttaneftir. Sum dømi um rakstrarváðar kann nevast vandin fyri eldi, stormi, innbrotum, bankaránum, skeivum pengaflytingum osfr.

Fyri at tryggja Eik móti rakstrarváða verða innanhýsis mannagongdirnar regluliga eftirhugdar, eins og innan- og uttanhýsis grannskoðan og Fíggjareftirlitið við millumbilum eftirkanna hesar. Til tess at tryggja seg móti kt-váða hevur nevndin samtykt ein kt-trygdarpolitikk og ásett mál fyri tilbúgvng fyri økið.

Bankin er, saman við høvuðsveitaranum av bankaskipanum, Elektron P/F, limur í Information Security Forum, stýtt ISF. ISF trygdarkravið, „The Standard of Good Practice for Information Security“, verður nýtt sum mátistokkur fyri ynskta trygdarstöðið, tó at frávik verða gjørd, har tað verður mettt ynskiligt.

Bankaskipanirnar hjá Eik-samtakinum verða ríknar av dátumiðstöðunum Elektron P/F, BEC A/S og SDC A/S. Harumframt eru bankarnir knýttir at sektorfeløgum so sum PBS og VP, ið reka grundleggjandi undirstøðukervið í fíggjargeiranum. Øll hesi feløg hava innan- og uttanhýsis grannskoðan og eru undir eftirliti av danska Fíggjareftirlitinum.

Regluliga verður eftirkannað, um váðar, sum kunnu fáa neiliga ávirkan á bankan, taka seg upp.

Basel II

Frá 1. januar 2007 komu nýggju Basel II reglurnar í gildi fyri peningastovnar í Danmark. Talan er um reglur, ið skulu tryggja, at peningastovnurin til eina og hvørja tíð hevur ein nøktandi solvens, og koma í staðin fyri núverandi reglur. Broytingin frá núverandi

lated as cash-in-hand, sight deposits in other banks, certificates of deposits in the Danish Central Bank and securities, was DKK 4.4 billion. Excess liquidity cover relative to statutory requirements is 118.7 percent.

Operational Risk

Operational risk is the risk of financial loss due to insufficient and inefficient internal processes, human errors, computer failures or external factors. Examples of operational risks are: fire, storm, burglary, bank robbery, transfer mistakes etc.

In order to protect the Group against operational risk, internal processes are examined regularly. Furthermore, they are checked through internal and external audits as well as the Danish Financial Supervisory Authority. In order to safe-guard against computer risk, the board has agreed upon an IT security policy and set goals for the safety and emergency procedures in this area.

Together with the main supplier of banking systems Elektron, Eik Banki is a member of the Information Security Forum (ISF). The ISF safety standard 'The Standard of Good Practice for Information Security' is used as a gauge on the aspired level of security, though exceptions are made where it is considered appropriate.

The Eik Group's banking systems are operated by the suppliers Elektron P/F, BEC A/S and SDC A/S. Furthermore, the banks co-operate with sector companies such as PBS and VP, which run the basic infrastructure of the financial sector. All of the companies mentioned, have internal and external audit and are under the supervision of the Danish Financial Supervisory Authority.

Through continuous monitoring, measures are taken to identify risks that might have a negative impact on the bank.

Basel II

From 1 January 2007 Danish banks had to abide to the new Basel II rules, made to ensure that banks

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standardreglum er, at kapitalkravið frameftir í størri og størri mun skal endurspegla teir váðar, sum hvør einstakur peningarstovnur átekur sær.

Basel II reglurnar eru ikki samtyktar í Føroyum, og ikki er fastlagt, nær hetta verður. Eik fyrireikar seg tó, sum um hesar reglur koma í gildi frá 1. januar 2009.

have the necessary solvency at all times. The new rules replace the current rules. The change from the current rules is that the required capital must, to a greater extent, reflect the risks that each bank assumes.

The Basel II rules have not been passed on the Faroe Islands and it is unclear when they will be passed. Eik Banki has chosen to prepare as if the rules were to be effective from 1 January 2009.

Kapitalútvegan & gjaldföri

Vaksandi virksemi í Eik Banka seinnu árinu er grundað á fleiri ymsar fíggjngarkeldur og byggir sostatt á eitt breitt fíggjngargrundarlag.

Í dag hefur Eik-samtakið í hövuðsheitum hesar fíggjarkeldur:

1. Partapeningur
2. Supplerandi kapitalur
3. Innlán
4. Syndikerað og bilateral lán
5. Uttanlandslán við ábyrgd frá Eik
6. Realkredit

Partapeningur hækkaður

Eik Banki hækkaði partapeningin við 101,6 mió. kr. í 2007. Kapitalhækkingin hevði eitt kursvirði uppá 584,3 mió kr. og varð framd sum liður í keypinum av danska partinum av SkandiaBanken A/S.

Supplerandi kapitalur útvegaður

Tann 28. mars 2007 almennakunngjörði Eik upptøku av 40 mió. evrum (uml. 298 mió. kr.) í eftirstillaðum kapitalinnskoti. Eftirstillað kapitalinnskot er bíligari enn partapeningur og gevur Eik móguleika at renta partapeningin betri.

Eik útvegaði sær eftirstillaða kapitalinnskotið í einum samtaki av donskum peningastovnum, sum saman útvegaðu sær innskotið á altjóða fíggjarmarknaðinum. Lánið er fyriskipað av JPMorgan og FSP-Pension, og lánsbrøvini, ið fíggja hesi lán, eru bórsskrásett á virðisbrævamarknaðinum í Dublin í Írlandi.

Í 2006 útvegaði Eik Banki 150 mió. kr. við einum lánsbrævi, sum varð fyriskipað av Danske Bank og bórsskrásett á OMX Nordic Exchange Copenhagen.

Positiva ávirkan á solvensin

Bæði ábyrgdarkapitalur og solvensur hækkar við ábyrgdarlánunum. Eftir at úrslitið fyri 2007 er innroknað,

Funding & Liquidity

The growing activities of Eik Banki during the last years have been based on different sources of funding and are therefore based on a wide funding foundation.

Today the Eik Group mainly operates with the following sources of financing:

1. Share capital
2. Supplemental capital
3. Deposits
4. Syndicated and bilateral loans
5. Foreign loans with Eik Banki as Guarantor
6. Realkredit

Share Capital Increased

In 2007 the share capital of Eik Banki was increased by DKK 101.6 million. The market value of the capital increase was DKK 584.3 million and it was made in connection with the acquisition of SkandiaBanken A/S.

Supplemental Capital Raise

On 28 March, Eik Banki announced that it had raised EUR 40 million (approx. DKK 298 million) as subordinated debt. Subordinated debt is cheaper than share capital and it also gives Eik Banki the opportunity to achieve a better return on equity.

The subordinated debt was raised together with a group of Danish banks that raised the subordinated debt on the international financial markets. The subordinated loan was arranged by FSP, i.e. Finanssektorernes Pensionskasse, and JPMorgan and the bonds that make up the subordinated loan are listed on the Stock Exchange in Dublin, Ireland.

In 2006, Eik Banki raised DKK 150 million issuing a bond that was listed on OMX the Nordic Exchange Copenhagen. The bond issue was arranged by Danske Bank.

Positively Affected Solvency

The capital base as well as the solvency is increased

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kemur grundkapitalurinn, uppgjörður sbrt. § 126, stk. 1 í lög um fíggingjarkvæmi, upp á 1.857 mió. kr.

Grundkapitalurinn er býttur á kjarnukapital eftir frádráttir og supplerandi kapital soleiðis, sum verður víst í mynd 14.

by the subordinated debt. When the 2007 result is included, the base capital, made up in accordance with § 126,1 in the Financial Business Act, amounts to DKK 1857 million.

The base capital consists of core capital after deduc-

Mynd / Figure 14

Samtakið / Group (Million)	2007	2006
Kjarnukapitalur eftir frádrátt / Core capital less deductions	1.437	977
Eftirstillað kapitalinnskot / Subordinated debt	448	150
Grundkapitalur áðrenn frádrátt / Base capital before deductions	1.885	1.127
Frádráttur í grundkapitali / Deductions to base capital	28	131
Grundkapitalur / Base capital	1.857	996

Tann supplerandi kapitalurinn, tvs. eftirstillað kapitalinnskot, kann eftir lögini vera upp til 100% av kjarnukapitalinum eftir frádráttir. Í lötuni er supplerandi kapitalurinn 31,2% av kjarnukapitalinum eftir frádráttir. Í 2006 taldi supplerandi kapitalurinn 15,3%.

Sostatt er rúm fyri at økja supplerandi kapitalin, so betri javnvág kemur í lutfallið millum kjarnukapital eftir frádráttir og supplerandi kapitalin.

Innlánsvøkstur í samtakinum

Eik arbeiðir sum samtak stöðugt við at økja innlánini, so betur javnvág fæst millum inn- og útlán.

Keypið av danska partinum av SkandiaBanken í 2007 var ein góður møguleiki at styrkja innlánspartin í mun til aðrar fíggingarkeldur, tí SkandiaBanken hevði umleið 1,6 mia. kr. í innlánsyvirskoti.

Innlánini í samtakinum eru økt 7,2 mia. kr. seinasta árið og eru við ársenda 13,2 mia. kr.

Ein munandi partur av innlánsvækstrinum stavar frá keypinum av SkandiaBanken og hesi innlán er fyri tað mesta uttan uppsøgn. Tað ber í sær, at gott 62% av øllum innlánum við ársenda 2007 eru uttan uppsøgn móti 44% í 2006.

tions and supplemental capital, as shown in Figure 14.

According to law, supplemental capital, i.e. subordinated debt, may make up 100 percent of the core capital after deductions. Currently, the supplemental capital amounts to 31.2 percent of the core capital after deductions. In 2006 the supplemental capital was 15.3 percent.

This means that there is scope for increasing the supplemental capital in order to find a finer balance between the core capital after deductions and the supplemental capital.

Increase in Group Deposits

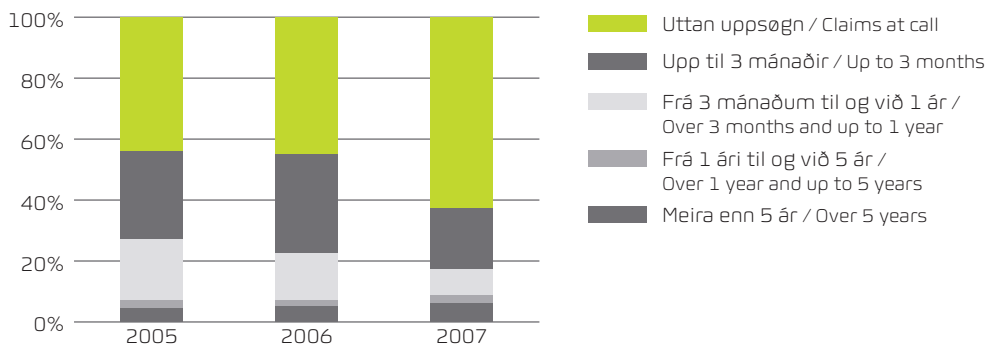
The Eik Group aims to steadily increase deposits in order to achieve a better balance between deposits and lending.

The acquisition of SkandiaBanken in 2007 was a great opportunity to strengthen deposits in relation to other sources of financing, as SkandiaBanken has a surplus of deposits amounting to approx. DKK 1.6 billion.

Group deposits increased by DKK 7.2 billion in 2007, and at year-end 2007 Group deposits amounted to DKK 13.2 billion.

Mynd / Figure 15

Gongdin í samanseting av innlánum / Development in the Composition of Deposits



Útlánsprosentíð er við ársenda 2007 119,6% av innlánunum móti 138,7% somu tíð í fjør. Útlánsprosentíð var hægst við ársenda 2005 og var tá 152,5%. Samanborið við danskar og íslenskar bankar er útlánsprosentíð hjá Eik-samtakinum munandi lægri.

Bilateral og syndikerað lán

Keypið av SkandiaBanken og sølan av bilporteføljun, saman við kapitalhækking og nýggja ábyrgdarláninum og at eitt ára revolving-credit-avtalurnar vórðu longdar, gjørdi, at tørvurin á at fara á marknaðin eftir nýggjum kapitali var avmarkaður í 2007.

Í 2008 skal Eik Banki endurfíggja umleið 1,7 mia. krónur. Av hesum fullu 800 mió. kr. til gjaldingar 21. januar 2008. Heldur enn at endurfíggja valdi Eik Banki at niðurgjalda hesa skuld, tí kostnaðurin av endurfíggjngini var ov høgur.

Írestandi parturin skal endurfíggjast seinni í ár, undir hesum fyrsta syndikeraða lánið uppá 70 mió. evrur.

Eik metir, at hesi lán verða endurfíggjað, men at marginalurin hækkar nakað orsakað av óvissuni á altjóða fíggjarmarknaðinum.

Í sambandi við keypið av føroysku deildini hjá

A considerable part of the growth in deposits comes from the acquisition of SkandiaBanken. They are mostly sight deposits, which means that at year-end 2007, about 62 percent of all deposits are sight deposits, compared to 44 percent in 2006.

At year-end 2007 loans, advances and provisions in proportion to deposits were 119.6 percent compared to 138.7 percent at year-end 2006. Loans, advances and provisions in proportion to deposits were at their highest at year-end 2005, i.e. 152.5 percent. Compared to Danish and Icelandic banks the loans, advances and provisions in proportion to deposits in the Eik Group are considerably lower.

Bilateral and Syndicated Loans

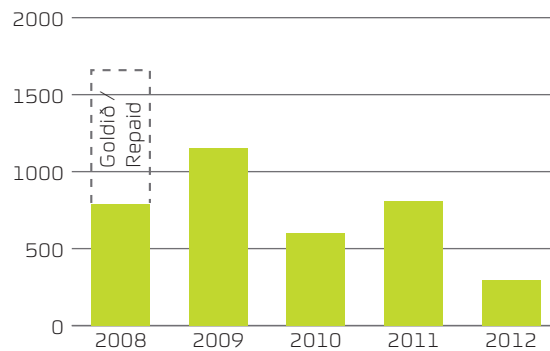
The acquisition of SkandiaBanken A/S, the subsequent divestment of the auto-portfolio, together with the capital increase, and the tier-two-capital as well as the extension of the one year revolving capital deals limited the need to look for further capital on the market in 2007.

In 2008 Eik is to refinance approximately DKK 1.7 billion. Of these DKK 800 were due for payment on 21 January 2008. Rather than to refinance, Eik chose to down pay the debt, as the cost of the refinancing was too high.

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Mynd / Figure 16

Forfall av langfreistaðari skuld til peningastovnar / Maturity of Long Term Debt to Credit Institutions DKK mió. / Million



Kaupthing Bank hefur Eik Banki útvegað eitt lán frá einum av stóru norðurlendsku bankunum uppá umleið 1 mia. krónur. Hetta lán er, orsakað av verandi rentustøði, fyribils galdandi í eitt ár, men móguleiki er at leingja 600 mió. kr. av hesum í enn eitt ár.

Uttanlandslán við ábyrgd frá Eik

Eik veitir í samstarvi við útlenskar bankar lán í útlenskum gjaldoyra. Hesi uttanlandslán eru veitt við ábyrgd frá Eik.

Realkredit

Eik Banki gav í november 2005 feroysingum móguleika at fíggja bústaðir við realkredittlánum. Hetta varð gjørt í samstarvi við danska realkredittstovnin BRF, men tað er Eik, ið veitir trygd fyri lánunum. Realkredittfíggingin var í byrjanini 60% av metta sethúsavirðinum, men er síðani hækkað upp í 80% av virðinum.

Umframt at geva feroyskum sethúsaeigarum alternativar móguleikar fyri bústaðarfígging ber realkredittfíggingin í sær, at Eik hevur fingið atgongd til enn eina fíggingarkeldu og harvið enn ein móguleika at økja um virksemd.

Eisini Eik Bank Danmark væntar at gera avtalu við danskt realkreditfelag. Henda avtala verður væntandi undirskrivað í 2008.

The remaining part is to be refinanced later this year, including the first syndicated loan of EUR 70 million.

Eik estimates that these loans will be refinanced, however, with a slightly higher margin caused by the uncertainty on the international financial market.

In relation to the acquisition of the Faroese branch of Kaupthing Bank, Eik has taken out a loan of approx. DKK 1 billion from one of the major Nordic banks.

Due to the existing interest level, the loan is temporarily valid for one year, however, with the possibility of a one year extension on DKK 600 million.

Foreign loan with Eik Banki as Guarantor

Eik Banki cooperates with foreign banks in financing loans to clients, issued in foreign currency. The loans are given with Eik as the guarantor.

Realkredit

In November 2005, Eik Banki gave the people of the Faroe Islands, the possibility to finance their houses with "realkredittlán" (generally special mortgage

Eik Banki P/F

Eik Banki P/F er móðirfelagið í Eik-samtakinum. Eik Banki hevði við ársskiftið 10.728 navnskrásettar partaeigarar í 26 ymiskum londum. Størsti partaeigari er Eik Grunnurin við 51,8% av partapeninginum.

Høvuðsvirkisøkini í Eik Banka eru privatkundaøkið, vinnukundaøkið og virðisbrævøkið, íroknað pensjón og investment banking. Yvirskipaða váðastýringin í samtakinum er í Eik Banka, sum eisini røkir samlaða gjaldførið í samtakinum, og eisini stendur fyri útvegan av gjaldføri v.m. Innanhýsis grannskoðarin í Eik Banka er samstundis innanhýsis grannskoðari í dóttirfeløgnum.

Árið 2007 royndist sera væl hjá Eik Banka. Nettoinntøkurnar av rentum og ómaksgjöldum øktust úr 271,7 mió. kr. í 2006 í 387,8 mió. kr. í 2007, ein vøkstur uppá 116,1 mió. kr. ella 42,7%. Kursvinningurin øktist úr 28,2 mió. kr. í 148,1 mió. kr., ein øking upp á 119,9 mió. kr. ella 425,2%. Úrslitið av figgjarpostum gjørdist 544,0 mió. kr. móti 310,6 mió. kr. árið fyri. Hetta er ein vøkstur upp á 233,4 mió. kr. ella 75,1%.

Útreiðslurnar til lønir og umsiting v.m. vóru 209,1 mió. kr. móti 161,9 mió. kr. í 2006. Hetta er ein vøkstur upp á 47,2 mió. kr. ella 29,2%.

Úrslitið av kapitalpørtum í assosieraðum og tilknýttum fyrítøkum gjørdist 143,1 mió. kr. í 2007 móti 115,8 mió. kr. í 2006. Hetta er ein vøkstur upp á 27,3 mió. kr. ella 23,6%. Feløgini, hvørs úrslit eru við í hesum upphæddum, eru m.o. Eik Bank Danmark við 81,9 mió. kr., Investea við 54,1 mió. kr. og Inni við 1,3 mió. kr.

Úrslitið í Eik Banka gjørdist 437,5 mió. kr. áðrenn skatt í 2007 móti 280,3 mió. kr. árið fyri. Hetta er ein vøkstur upp á 157,2 mió. kr. ella 56,1%. Eftir skatt gjørdist úrslitið 393,0 mió. kr. móti 250,5 mió. kr. árið fyri, ein vøkstur upp á 142,5 mió. kr. ella 56,9%.

Javnin við árslok 2007 var 14,6 mia. kr. móti 10,8

credit traded on the bond market). This was done in cooperation with the Danish credit institution BRFKredit, with Eik Banki acting as guarantor for the loans. Initially, the realkredittlán was 60 percent of the estimated housing value, this has, however, subsequently been increased to 80 percent.

Apart from giving Faroese homeowners alternative methods of financing their houses, the realkredit financing has meant that Eik Banki has been given access to a financing source, and thus an opportunity to increase its activities.

Eik Bank Danmark also expects to enter into an agreement with a Danish credit institution. An agreement will probably be signed in 2008.

Eik Banki P/F

Eik Banki is the parent company in the Eik Group. At year-end 2007, Eik Banki had 10,728 registered shareholders in 26 different countries. The largest shareholder is the Eik Grunnurin, i.e. the Eik Fund, which holds 51.8 percent of the shares.

The main activities of Eik Banki are retail banking, commercial banking and securities trading, including pensions and investment banking. The overall Group risk management is managed by Eik Banki, which also manages Group liquidity, including providing liquidity. The internal audit department of Eik Banki also functions as Group internal audit department.

The year 2007 proved to be a good year for Eik Banki. Net interest income and fees increased from DKK 271.7 million in 2006 to DKK 387.8 million in 2007, an increase of DKK 116.1 million, corresponding to 42.7 percent. Net capital gain increased from DKK 28.2 million to DKK 148.1 million, an increase of DKK 119.9 million or 425.2 percent. Profit on financial operations was DKK 544.0 million against DKK 310.6 million the year before. This is an increase of DKK 233.4 million or 75.1 percent.

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mia. kr. árið fyri. Hetta er ein vøkstur upp á 3,8 mia. kr. ella 35,2%. Útlánini øktust við 2,7 mia. kr., úr 5,2 mia. kr. í 7,9 mia. kr., meðan innlánini øktust við 0,4 mia. kr., úr 5,7 mia. kr. í 6,1 mia. kr. Tøl uttan fyri javnan vóru við árslok 2007 1,0 mia. kr. móti 1,2 mia. kr. árið fyri.

Í Eik Banka starvaðust 280 starvsfólk við árslok 2007 móti 262 við ársbyrjan. Hetta er ein vøkstur upp á 18 starvsfólk. Talið av ársverkum við árslok var 239,1 móti 220,2 við ársbyrjan. Talið á ársverkum er soleiðis økt við 18,9 fólkum ella 8,6%. Økingin í starvsfólkatalinum er eitt úrslit av, at virkseimið í móðurfelagnum sum heild er økt í árinum, og at virkseimið er umskipað.

Harafturat koma tey starvsfólk, ið Eik Banki yvirtók í sambandi við keypið av deildini hjá Kaupthing Banka í Føroyum.

Privatkundar

Nógva virkseimi sum heild í samfelagnum hevur eisini eyðkent privatkundaøkið í 2007. Nógva nýggj sethús eru bygd ella eru í gerð og eisini stórar íbúðarverktælanir, serliga í Tórshavn, síggjast aftur í byggivinnuni. Eik Banki hevur stóran marknaðarpátt innan privatkundaøkið og okkara kundaráðgevar hava tí havt úr at gera við at ráðgeva um sethúsafíggingar v.m.

Í árinum hava vit eisini veruliga merkt økta áhugan millum føroyingar at gera íløgur í virðisbrøv og serliga partabøv.

Inntjeningin fyri privatkundaøkið hevur verið nøktandi. Lønseimið er batnað munandi serliga orsakað av einum hækkandi rentumarginali. Í 2007 vóru tvær rentuhækkingar, sum í ávísan mun hava mótsvarað tí ógvusligu rentulækking, sum var í desember 2005.

Vøkturin í útlánum til privat hevur í árinum verið 10,8%. Í hesum tali eru realkredittfíggingar íroknaðar.

Staff costs and administrative expenses were DKK 209.1 million against DKK 161.9 million in 2006. This is an increase of DKK 47.2 million, i.e. 29.2 percent.

Income from associated and subsidiary undertakings was DKK 143.1 million in 2007, against 115.8 million in 2006. This is an increase of DKK 27.3 million increase, or 23.6 percent. The subsidiaries that constitute this income are amongst others Eik Bank Danmark, DKK 81.9 million, Investea, DKK 54.1 million and Inni, DKK 1.3 million.

The result for Eik Banki in 2007 was DKK 437.5 before taxes against DKK 280.3 in 2006. This is an increase of DKK 157.2 million, or 56.1 percent. Net profit for the year was DKK 393.0 million against DKK 250.5 million in 2006, an increase of DKK 142.5 million or 56.9 percent.

The balance at year-end 2007 was DKK 14.6 billion against DKK 10.8 billion the previous year. This is a DKK 3.8 billion increase or 35.2 percent. Loans increased by DKK 2.7 billion, from 5.2 billion to 7.9 billion, while deposits increased by DKK 0.4 billion, from DKK 5.7 billion to DKK 6.1 billion. Off-balance-sheet items at year-end 2007 were DKK 1.0 billion against DKK 1.2 billion in 2006.

At year-end 2007, 280 employees worked in Eik Banki against 262 at the beginning of the year. This is an increase of 18 employees. Converted into full-time equivalent there were 239.1 full-time employees at year-end against 220.2 at the beginning of the year. Converted into full-time, the number of employees increased by 18.9 employees or 8.6 percent. The increase is primarily a result of increased activity in the parent company during the year, and the reorganisation of activities.

In addition, the acquisition of Kaupthing Bank's Faroese operation entailed an increase in the number of employees.

Áhugin fyri realkredittfíggingum er alsamt vaksandi og útlánini í krónum eru tvífaldað í árinum.

Ungdómsdeildin hevur nú virkað í eitt ár og sigast má, at deildin hevur verið serstakliga væl móttikin. Tiltøkini, ið skipað hevur verið fyri, hava verið væl vitjað bæði á sjálvari deildini og úti um landið.

Mastercard og eikortið

Í november kom Eik Banki, umframt við vanliga Masterkortinum, eisini við einum nýggjum korti – nevnt eikort. eikortið er ein nýggj tænasta, sum verður veitt í samstarvi millum VikuBlaðið, Eik Banka og eina røð av handlum.

Í stuttum er eikortið eitt MasterCard, sum hevur eina umfatandi avsláttarskipan og móguleika fyri kreditti knýtt at sær. Harumframt er trygging við í kortinum.

Handlarnir, sum eru við í eikort-samstarvinum, veita avsláttur av vørum, ið verða seldar. Eik Banki letur harumframt 0,5 % í sonevndum evinningi av øllum keypum, ið gjørd eru við MasterCard ella eikorti frá Eik í handlum í Føroyum.

VikuBlaðið stendur fyri at samskipa tilboðini og at senda út eitt blað, hitt sonevnda e-blaðið, í hvørt hús í Føroyum. Harumframt rekur VikuBlaðið eikort-heimasíðuna, www.ekort.fo.

Vinnukundar

Árið 2007 var sera hendingarríkt á vinnuliga økinum hjá Eik. Samlaðu útlánini og innlánini til vinnuna eru økt munandi. Hetta hevur m.a. viðført, at Eik hevur økt um sín vinnuliga marknaðarpart í Føroyum. Økingin hevur verið innan flest allar vinnur í Føroyum, men seliga kann nevast at Eik í 2007 hevur styrkt um sína støðu innan eitt nú fígging av fastari ogn og fígging til tænavinnuna, herundir serliga innan fjarskiftisøkið og supplyvinnuna. Afturat hesum vøkstri koma tey lán, ið Eik Banki yvirtók í sambandi við keypið av deildini hjá Kaupthing í Føroyum. Ein ávísur partur av útlánsvøkstrinum hjá Eik í Føroyum er farin fram uttanlands. Samanumtikið eru útlánini

Retail customers

In 2007 retail banking has benefited from there being much activity in the Faroe Islands. Many new houses have been built and many are in the process of being built, in addition, the construction industry has also seen large flat building projects, especially in Tórshavn. Eik Banki has a large market share in retail banking and our customer advisors have been busy advising people about property financing.

During 2007 we have also seen an increased interest among Faroese customers in investing in securities, especially shares.

Income from retail banking has been satisfactory. Profitability has improved significantly, especially as the interest margin has increased. In 2007 interest rates increased twice, and this partly counterbalances the large decrease in interest rates in 2005.

The increase in lending in 2007 was 10.8 percent. This includes 'realkredit' loans (generally special mortgages traded on the bond market). The interest in 'realkredit' is increasing and during the year, lending in DKK has doubled.

The Youth Branch has now operated for one year, and has been very well received by everyone. The Youth Branch has hosted a number of events both in the branch itself and around the islands, which have been well visited.

MasterCard and ecard

In November 2007, Eik Banki introduced the MasterCard to the Faroese market, as well as a new card called the ecard. The ecard is a new product, which Eik Banki provides in cooperation with the newspaper 'Vikublaðið' and several different stores.

In short, the ecard is a MasterCard, i.e. a credit card, including extensive discount arrangements, and travel insurance.

The stores that are part of the ecard concept give cus-

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hjá Eik Banka býtt á fleiri vinnugreinar við árslok 2007 enn við ársbyrjan, og lutfalsliga útlánið í hvørjari vinnugrein sær er minkað, hóast upphæddirnar eru øktar. Hetta meta vit vera sera jaligt.

Vinnukundaøkið er skipað við tveimum vinnulívsdeildum. Tær eru í Tórshavn og í Saltangará. Harumframt røkja einstøku privatkundadeildirnar vinnuligar kundar í sínum økjum í ávísan mun – ofta í samstarvi við vinnulívsdeildirnar. Alið er miðsavnað á Vinnulívsdeildini í Tórshavn.

Eik luttók 3. - 5. mai 2007 við einum bási á Fiskivinnuáráði North Atlantic Fish Fair í Tórshavn og 30. oktober - 1. november 2007 við einum á bási á FaroeExpo 2007 í Runavík.

Virðisbrævaðkið

Áhugin fyri at gera íløgur í virðisbrøv er sera nógur øktur seinnu árin, og tað hevur gjørt, at stór framgongd hevur verið í virkseminum hjá Eik á hesum øki.

Í 2007 hevur Eik saman við DAF (Dansk Aktionær Forening) skipað fyri grundleggjandi útbúgving í partabrævaðlugu. Skipað var fyri sjev skeiðum á 40 fólk, og áhugin var so stórur, at fullteknað var til øll skeiðini.

Tað eru óivað fleiri orsøkir til økta áhugan fyri virðisbrøvum. Broytingin í skattaskipanini í 2001 og 2002 hevur havt við sær eina týðiliga hugburðsbroyting í Føroyum móttvegis virðisbrøvum. Lága rentustøðið, hækkandi partabrævakursir og møguleikarnir fyri at gera íløgur fyri uppspáðan pensjónspening eru óivað eisini høvuðsorsøkir til, at alt fleiri privatkundar ynskja at gera íløgur í virðisbrøv.

Ein stórur partur av hesum ílögum fer í útlendsk virðisbrøv, men áhugin fyri føroyskum partabrøvum hevur eisini verið stórur. Eitt nú teknaðu føroyskir íleggjarar seg fyri einum munandi parti av partabrævaútgávuni hjá Føroya Banka og Eik Banka í juni og juli. Áhugin fyri Atlantic Petroleum og Faroe

tomers a discount, and Eik Banki gives a 0.5 percent 'ediscount' whenever the card is used on the Faroe Islands.

'Vikublaðið' coordinates the offers and issues a leaflet to all households in the Faroe Islands. In addition, 'Vikublaðið' manages the ecard website: www.ekort.fo.

Corporate customers

2007 has been an eventful year for Eik Banki as far as commercial banking is concerned. Total commercial loans and deposits increased considerably, and Eik Banki has strengthened its position on the Faroese commercial market. The increase is apparent in just about all business areas, but especially in real estate financing and financing the service sector, i.e. particularly the supply industry and the telecommunication industry. Part of the increase in Eik Banki's lending stems from overseas activity. In general, Eik Banki's loans are made up by more business areas at year-end 2007 than at the beginning of the year. Furthermore, despite an increase in the amount of lending, the loans to each business area have decreased. We regard this as a positive trend.

Note that in addition to the increase in commercial banking in 2007, the acquisition of Kaupthing Føroyar on 31 December 2007 has contributed with a further increase in deposits and lending.

The commercial area is organised into two commercial loan departments, one in Tórshavn and one in Saltangará. The different retail branches also serve commercial customers in the local areas on a smaller scale – often in cooperation with the commercial loan departments. The fish farming industry and large customers are centralised at the Commercial Loan Department in Tórshavn.

On 3 May to 5 May 2007, Eik Banki participated with a stand in the North Atlantic Fish Fair in Tórshavn, and on 30 October to 1 November 2007, Eik had a stand the FaroeExpo 2007 fair in Runavík.

Petroleum partabrøvum hevur somuleiðis verið stórir í 2007.

Neiliga gongdin á partabrævamarknaðinum seinna hálvár 2007 hevur sjálvandi ávirkað áhugan fyri virðisbrøvum, og kundarnir eru meira varnir enn fyri einum ári síðani.

Eik Banki er limur bæði á danska og íslenska fondsbørsunum OMX Nordic Exchange Copenhagen og OMX Nordic Exchange Iceland (www.omxgroup.com/nordicexchange).

Eik Banki er "marketmaker", t.e. stillar prísir í partabrøvunum hjá Eik Banka og Atlantic Petroleum á virðisbrævamarknaðinum í Íslandi og Danmark.

Eik Markets fekk nýggjan leiðara 1. juni. Talan er um Sverra Justinussen, sum er av Glyvrum. Sverri er 40 ára gamal og hevur starvast í Eik síðani 2000. Hann er útbúgvinn cand. polit. og hevur drúgvur royndir sum íløguráðgevi í Eik. Sverri Justinussen tekur við eftir Finn Danberg, sum er útnevndur til undirstjóra við ábyrgd av fíggjarøkinum og Investor Relations í Eik-samtakinum.

Pensjón

Stórir áhugi hevur verið fyri pensjóns- og tryggingartænastum frá Eik í 2007. Fleiri og fleiri av kundunum stovna sær pensjónsuppsparing og VP-goymslu til virðisbrøv, og upphæddirnar, sum verða settar inn, økjast eisini á hvørjum ári.

Rákið seinnu árinum er, at kundin sjálvur vil hava ávirkan á, hvussu pensjónin skal samansettast bæði viðvíkjandi tryggingum og ikki minst, hvussu pensjónsuppsparingin skal plaserast í virðisbrøv.

Fíggjarmálaráðið hevur í longri tíð arbeitt við einari pensjónsskipan fyri føroyska arbeiðsmarknaðin. Eik hevur saman við hinum føroysku peningastovnunum og lívstryggingarfeløgum gjørt viðmerkingar til uppskotið hjá Fíggjarmálaráðnum um nýggja, tvungna pensjónsskipan til føroyska arbeiðsmarknaðin.

Securities

In recent years, the interest in securities investment has grown, causing an increase in Eik Banki's activities in this area.

In 2007, Eik Banki arranged courses free of charge in the fundamental understanding of investments. The 7 courses were arranged in cooperation with DAF, i.e. Dansk Aktionær Forening, with 40 participants each time, and all courses were fully booked.

There can be many different reasons for the growing interest in securities investment. Changes in the tax legislation in 2001 and 2002 have changed people's attitude towards securities. Low interest rates, rising share prices and the opportunity to invest pension savings are also main contributing factors to the increase in securities investments.

A large portion of these investments is made in foreign securities, but great interest has also been shown in Faroese shares. This was evident from the great interest in the share offerings of Føroya Banki and Eik Banki in June and July. There has also been great interest in the shares in Atlantic Petroleum and Faro Petroleum.

The negative trend in the international stock exchanges in the second half of 2007 has naturally affected interest in securities and in general, customers are more cautious now than a year ago.

Eik Banki is listed on OMX the Nordic Exchange Iceland as well as on the OMX the Nordic Exchange Copenhagen. (www.omxgroup.com/nordicexchange).

Eik Banki acts as 'marketmaker', i.e. sets the price of the Eik Banki share as well as the Atlantic Petroleum share on the stock exchanges in Iceland and Copenhagen.

On 1 June 2007, Sverri Justinussen, was appointed as new Head of Eik Markets. Sverri Justinussen is 40 years old and has been employed at Eik Banki since

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Tilmælið hjá fíggar- og lívstryggingarfyrirkunum byggir á eitt munandi størri frælsi enn upprunaliga uppskotið hjá Fíggaráráðnum og tekur eisini hædd fyrri óarbeiðsförstrygging og trygging við deyða.

Upprunaliga uppskotið tók bert hædd fyrri pensjónspartinum og bygdi bert á lívrentu og samhaldsfesti. Eftir okkara tykki var uppskotið ikki framskygt, m.a. tí tað bygdi á 30-40 ára gamlar eftirlønarskipanir í øðrum londum, sum als ikki taka hædd fyrri menningini seinastu árin á hesum øki.

Investment banking

Eik Banki hevur seinastu árin havt nakað av investment banking virksemin. Eik stílar m.a. fyrri kapitalhækkingum og veitir ráðgeving í sambandi við handil við fyrirkunum v.m. Hetta økið hevur higartil verið røkt av Fíggardeildini, sum eisini bjóðar partafeløgum VP-skráseting og elektroniska partabrevabók.

Tann 1. juni var virksemin lagt í eina nýggja sjálvstøðuga deild.

Keypið av deildini hjá Kaupthing Bank í Føroyum

Tann 28. desember varð almannakunngjørt, at Eik yvirtók virksemin hjá Kaupthing í Føroyum við virknaði frá 31. desember 2007.

Við keypinum vaks føroysku útlánini í Eik við umleið 15%, og innlánini við umleið 7%. Hartil styrkist okkara støða innan virðisbrævaðkið og Investment Banking munandi.

Við keypinum koma 18 dugnaligir nýggir starvsfelagar við hollari vitan. Hetta ger, at Eik er enn betri førur fyrri at lyfta framtíðar avbjóðingar.

Kristian Petersen, ið higartil hevur verið leiðari av Investment Banking í Kaupthing, er settur leiðari á Eik Investment Banking frá 1. januar 2008 at rokna.

Fyrri at styrkja ognarrøkt av virðisbrøvum verður Eik

2000. He holds a MSc degree in Economics, and has several years of experience as an investment advisor in Eik Banki. Sverri Justinussen replaces Finn Danberg, who has been appointed Director, CFO and Head of Investor Relations in the Eik Group.

Pensions

There has been a considerable interest in pension and insurance services from Eik Banki in 2007. An increasing number of customers set up pension savings and a securities account at VP Securities Services in Denmark. The amounts deposited have also increased every year.

Recent trends show that the customer wishes to have a say in how his or her pension is made up. This applies to insurance and especially how and to what extent pensions savings are invested in securities.

The Ministry of Finance is in the process of preparing a pension reform for the Faroese labour market. Eik Banki and other financial institutions as well as the life assurance companies have commented on the proposal, which aims at introducing an obligatory pension plan for the Faroese labour market.

The proposal from the financial institutions and the life assurance companies is based on considerably more freedom than that of the Ministry of Finance, and also takes into consideration insurance in connection with death and unfitness for work.

The original proposal only took into consideration the pension part and was based exclusively on life annuity and samhaldsfesti. In our opinion, the proposal was not very well considered, e.g. because it was based on 30-40 year old pension reforms from other countries. And therefore, no consideration was made for recent developments in the area.

Investment Banking

In the recent years, Eik Banki has offered Investment Banking services. Eik Banki arranges capital increases and offers advice on corporate finance etc. The area

Asset Management deildin sett á stovn 1. januar 2008. Leiðari á deildini er Jákup Petur Bærentsen, sum kemur frá Kaupthing.

Meira fæst at vita um Eik Banka á www.eik.fo.

Eik Bank Danmark A/S

Eik Bank Danmark er 100% dóttirfelag hjá Eik Banka. Bankin hevur høvuðssæti í Nørre Farimagsgade 15 í Keypmannahavn. Høvuðsvirkisøkini eru "retail banking", "corporate banking", pantibrævahandil, virðisbrævahandil, "asset management" og "private banking".

Sera gott ár í 2007

Nettoinntøkurnar av rentum og ómaksgjøldum øktust úr 123,7 mió. kr. í 2006 í 208,3 mió. kr. í 2007; ein vøkstur uppá 68,4%. Kursvinningurin øktist úr 43,4 mió. kr. í 43,8 mió. kr.; ein vøkstur uppá 0,4 mió. kr. Úrslitið av fíggjarpostum gjørdist 257,4 mió. kr. móti 167,0 mió. kr. árið fyrri, svarandi til eina øking upp á 54,1%.

Útreiðslurnar til lønir og umsiting v.m. vóru 126,8 mió. kr. móti 65,1 mió. kr. í 2006. Hetta er ein vøkstur upp á 61,7 mió. kr. ella 94,8%.

Úrslitið hjá Eik Bank Danmark gjørdist 109,4 mió. kr. fyri skatt í 2007 móti 93,8 mió. kr. árið fyrri. Hetta er ein vøkstur upp á 15,6 mió. kr. ella 16,6%. Eftir skatt gjørdist úrslitið 81,9 mió. kr. móti 67,2 mió. kr. árið fyrri. Hetta er ein vøkstur upp á 14,7 mió. kr. ella 21,9%.

Javnin ultimo 2007 var 10,5 mia. kr. móti 3,5 mia. kr. ultimo 2006. Hetta er ein vøkstur upp á 7,0 mia. kr. ella 200%. Útlánini øktust úr 3,1 mia. kr. í 7,7 mia. kr., meðan innlánini øktust úr 475 mió. kr. í 7,1 mia. kr.

Eik Bank Danmark keypti í 2007 SkandiaBanken, Privestor Fondsmæglerselskab og Tidskriftet Finansnyt, og í desember vóru hesi feløg lögð saman

has been managed by the Finance Department which also offers VP-registration and the electronic shareholders registry.

On 1 June, the investment banking activities were placed into a new independent department.

The Acquisition of Kaupthing Bank's Faroese Operation

On 28 December, it was announced that Eik Banki was to take over Kaupthing Bank's Faroese operations, effective from 31 December 2007.

With the acquisition the Eik's loans to the Domestic market increased by approximately 15 percent and deposits by approximate 7 percent. Additionally, our position within securities and Investment Banking has been strengthened considerably.

With the acquisition came furthermore 18 new and competent employees with great professional experience. Making Eik even better equipped to face future challenges.

Kristian Pedersen, who was Head of Investment Banking in Kaupthing, was employed as Head of Eik Investment Banking as of 1 January 2008.

To strengthen asset management, the Eik Asset Management department was established on 1 January 2008. The Head of the Department is Jákup Petur Bærentsen, former employee of Kaupthing.

Further information on Eik Banki can be found on www.eikbank.com or www.eik.fo

Eik Bank Danmark A/S

Eik Bank Danmark is a wholly owned subsidiary of Eik Banki. Eik Bank Danmark's head office is in Nørre Farimagsgade 15 in Copenhagen. The main areas of

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við Eik Bank Danmark. Keypini hava ført við sær eina kundatilgongd uppá 115.000 kundar, innlánsvøkstur uppá 6,1 mia. kr. og útlánsvøkstur uppá 4,8 mia. kr.

Í sambandi við tillagingina av virkseminum í SkandiaBanken var bilfiggingardeildin, ið burturav fæst við Business to Business bilfigging og -leasing, seld til Banco Santander samtakið fyri 1,7 mia. kr.

Við keypinum hevur Eik Bank Danmark fingið eina munandi váðaspjalding, tí SkandiaBanken í høvuðsheitum hevur privatkundar og sethúsalán, meðan Eik Bank Danmark frammanundan í høvuðsheitum hevði lán til vinnulívið. Eisini hevur bankin fingið atgongd til ein munandi størri kundaskara.

Samantlagdi bankin er nú førur fyri at nøkta tørvin fyri figgjartænastum hjá privatkundum til kappingarførar prísir og við persónligari ráðgeving innan ognarrøkt, pensjónsráðgeving, íløgur í bygningar v.m. Samstundis bjóðar Privestor íløguráðgeving til íleggjarar grundað á áralangar royndir við hedgegrunnum, lánsbrøvum og partabrøvum. FinansNyt hevur til endamáls at veita íløguráðgeving, marknaðarviðmerkingar og handilshugskot til íleggjarar.

Keyptu fyrirkurnar hava ført við sær, at starvsfólkatalið er munandi økt. Við ársenda vóru 110 starvsfólk í bankanum svarandi til 100 ársverk móti 43 ársverkum somu tíð í fjør.

Í 2007 er partapeningurin hækkaður við 575 mió. kr. í kursvirði, sum allur er teknaður av móðirfelagnum Eik Banka.

Grundkapitalurin við ársenda 2007 er 892 mió. kr. móti 371 mió. kr. í 2006.

Privatkundar

Privatkundaøkið - ella retail banking økið - er størsta virkisøkið hjá Eik Bank Danmark. Við keypinum av SkandiaBanken fekk Eik Bank Danmark umleið

activity are retail banking, corporate banking, mortgage trading, securities trading, asset management and private banking.

2007 A very good year

Net profit from interest income and fees increased from DKK 123,7 million in 2006 to DKK 208.3 million in 2007. This is an increase of 68.4 percent. Gains on securities increased from DKK 43.4 million to DKK 43.8 million, which is an increase of DKK 0.4 million, or 24.1 percent. Profit on financial operations was DKK 257.4 million against DKK 167.0 million in 2006. This is an increase of 54.1 percent.

Staff expenses and administrative costs amounted to DKK 126.8 million against DKK 65.1 million in 2006. This is an increase of DKK 61.7 million or 94.8 percent.

The result before taxes was DKK 109.4 million against DKK 93.8 million the year before. This is an increase of DKK 15.6 million, or 16.6 percent. Net profit was DKK 81.9 million against DKK 67.2 million in 2006. This is an increase of DKK 14.7 million increase, or 21.9 percent.

The balance at year-end 2007 was DKK 10.5 billion against DKK 3.5 billion in 2006. This is an increase of DKK 7.0 billion, or 200 percent. Lending increased from DKK 3.1 billion to DKK 7.7 billion, while deposits increased from DKK 475 million to DKK 7.1 billion.

In 2007, Eik Bank Danmark acquired SkandiaBanken A/S, Privestor Fondsmæglerselskab and the periodical Tidsskriftet Finansnyt. In December, these companies merged with Eik Bank Danmark. The acquisitions have entailed an increase in customers of 115,000, a DKK 6.1 billion increase in deposits, and a DKK 4.0 billion increase in loans. To adjust the activities in SkandiaBanken, the department for auto-financing operating solely with car financing and leasing, is sold to the Banco Santander Group for DKK 1.7 billion.

The acquisitions have also ensured a considerable

115.000 privatkundar, sum allir fáa sín tørv á fíggjartænastum nøktaðan á internetinum, tí talan er um ein internetbanka uttan deildir.

Kundanøgdsemið er sera høgt, og bankin hevur nógvar ambassadørar millum kundarnar, og síðani yvirtøkuna hevur verið ein nettotilgongd av kundum. Málið er framvegis at internetbankin skal vera millum førandi internetbankarnar í Danmark og bankin vil stremba eftir at hava áhugaverðar prísir og tænar, sum tryggja privatkundunum eitt kappingarført alternativ til stóru bankarnar.

Bankin bjóðar í dag privatkundunum so at siga allar relevantar tænar innan innlán, útlán, pensjón og íløgur. Tænaútbóðið økist komandi árin, og tað nýggjasta er, at bankin í desember mánað bjóðaði eina fullkomuliga automatiska tilgongd fyri privatlán, har játtan og avgreiðsla verður framd sjálvvirkandi. Fyrra hálvár í 2008 væntar bankin eisini at hava samstarvsavtalu við eitt realkredittfelag og harvið bjóða kundunum enn fleiri móguleikar fyri fígging av sethúsum v.m.

Netbankakundarnir fáa somuleiðis móguleika at keypa tær ráðgevingartænar, sum Private Banking-deildin bjóðar, og hetta gevur bankanum ein upplagðan móguleika at økja um handilsliga samskiptið við kundarnar.

Innlán frá privatum var við ársenda 2007 6,3 mia. kr., og útlánini vóru 3,5 mia. kr.

Vinnukundar og pantibrævaðkið

Vinnukundaðkið – ella corporate banking økið – veitir í høvuðsheitum fígging til fastogn og fastognarprojekt í Danmark, Svøríki, Finlandi og Týsklandi. Við lánveiting til fastognir verður dentur lagdur á, at talan er um umsetiligar ognir við góðum leigarum og leiguinntøkum, ofta við bindandi leiguavtalam í eitt áramál og sum harvið hava positivt cashflow. Somuleiðis hevur bankin seinni árin veitt styttri millumfíggingar í høvuðsheitum til keyp av størri fastognum ella fastognarporteføljum, sum í útgangstøðuni liva upp til bankans krav um gjaldføri og trygd.

spread of risk, as SkandiaBanken primarily has retail customers and home owner mortgages, while Eik Bank Danmark previously mostly provided loans to commercial customers. The Bank has also gained access to a wider customer stock.

The merged Bank is able to provide financial services to retail customers at competitive prices, personal consultation at larger economic dispositions within asset management, pension advise, real-estate investments etc. At the same time, Privestor offers investment advice to investors. This advice is based on several years of experience with hedge funds, bond and shares. FinansNyt's objective is to offer investment advice, market comments and trade ideas.

The acquisitions have lead to a substantial increase in the number of employees. At year-end 2007 there were 110 employees at Eik Bank Danmark. This corresponds to 100 full-time equivalents, compared to 43 full-time equivalents at year-end 2006.

In 2007, the share capital was increased by DKK 575 million at market value, which was fully subscribed by the parent company, Eik Banki.

At year-end 2007, the capital base was DKK 892 million against DKK 371 million in 2006.

Retail Banking

The retail banking area is the largest single field of operation in Eik Bank Danmark. With the acquisition of SkandiaBanken, Eik Bank Danmark gained roughly 115,000 retail customers, who are all serviced over the internet, as SkandiaBanken was an internet bank with no branch offices.

Customer satisfaction is very high, and the bank has ambassadors within the customer stock. Therefore, there has been a net increase in the number of customers since the merger. The aim is still to be one of the leading internet banks in Denmark by offering competitive prices and services ensuring retail customers a competitive alternative to the larger banks.

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Bankin hefur eisini nakað av bygglánsvirksemi, primert í hövuðstaðarøkinum. Bankin ger eina neyvva meting av tí samlaða váðanum í verkætlanini, serliga við atlitil til útvegáar- og söluprís umframt solumøguleikarnar, tá verkætlanin er liðug. Harumframt er ein avgerðandi fortreyt at talan er um lutfallsliga stutt realisationstíðarskeið, tí bankin hefur ikki áhuga í at átaka sær øktan kredittváða av prísbroyingum, ið t.d. skyldast rentubroytingum ella øðrum uttanhýsis viðurskiftum, sum bankin ikki kann ávirka.

Pantibrævaðkið í Eik Bank Danmark rekur ráðgeving og handil við pantibrøvum. Bankin keypir eisini pantibrøv til egna goymslu við tí fyrri eyga at uppbyggja porteføljur av pantibrøvum, ið kunnu seljast víðari, bæði hvør sær og sum størri porteføljur til inn- og útlendskar kundar, ið hava áhuga fyrri og innlit í pantibrævamarknaðin. Stórir dentur verður lagdur á umsetiligheitina av pantibrøvunum.

Bankin hefur staðfest økt tap á pantibrævaðkinum og bankin hefur valt at leggja pantibrævaðkið saman við vinnukundaðkinum og hefur hert krøvini til fígging av pantibrøvum.

Harumframt hefur bankin eisini nakað av íløgukredittum til keyp av børsrásettum virðisbrøvum. Hesir íløgukredittir hava individuelt innbygdar yvirdekningsreglur, ið geva bankanum móguleika fyrri at selja virðisbrøvini um yvirdeknungurin framhaldandi ikki er til staðar.

Vinnulig útlán øktust soleiðis úr 3,1 mia. kr. í 4,2 mia. kr., ein vøkstur uppá 1,1 mia. kr. ella 35,5%. Talan er í stóran mun um fígging til fastognir og fastognarprojekt av ymiskum sløgum.

Capital Markets

Eik Bank Danmark er limur í OMX Nordic Exchange í Danmark, Svøríki, Finlandi og Íslandi og er í 2007 góðkendur sum Certified Adviser á First North. Capital Markets veitir ráðgeving og handil við øllum vanligum íløguaktivum so sum partabrøvum, lánsbrøvum,

Today, the Bank offers its customers more or less all relevant services within deposits, loans, pensions and investments. The product range is steadily expanding, and as a new service the Bank now offers its customers a fully automatic procedure for loan applications, where the granting and handling of the loan is made automatically. In the first half of 2008, the Bank expects to enter into an agreement with a credit institution, thereby being able to offer home owners yet another opportunity for financing real estate.

Internet customers will also have the opportunity to buy the same services as the Private Banking department offers, and this gives the bank an excellent opportunity to increase the commercial communication with customers.

At year-end 2007, deposits were DKK 6.3 million and loans were DKK 3.5 billion.

Corporate Banking and the Mortgage Area

The corporate banking area consists of financing real estate and real estate projects in Denmark, Sweden, Finland, and in Germany. When providing finance for real estate it is important that the properties in question are transferable, with good tenants and good rental income, often with binding long-term tenancy agreements, thereby ensuring a positive cash flow. In recent years, the Bank has offered shorter bridge financing primarily for buying real estate of a larger scale or real estate portfolios, which as a rule fulfil the banks requirement of liquidity and security.

The Bank also provides lending to the building industry, mainly loans for owner-occupied dwellings primarily in and around the capital. The Bank tries to make an exact evaluation of the risk associated to the projects, taking special consideration to acquisition costs and the sale price in addition to the sales potential, when the project is completed. In addition, it is a crucial prerequisite that the project can be realised within a relatively short time period, because the bank does not want to take on increased credit risk from changes in prices, which can be caused by

í löguprógvum, fíggarligum amboðum, pantibrøvum og gjaldoyra. Somuleiðis veitir deildin ráðgeving innan investment banking.

Bankin hevur privatar kundar, vinnukundar og stovnskundar.

Private Banking og Asset Management

Private Banking deildin hevur ráðgevar við breiðari servitan og veitir ognarrøkt til kundar, ið hava eina fíggarogn upp á 1 mió. kr. ella meira. Deildin veitir persónliga og einstaklingaráðgeving og vendir sær til kundar, ið hava tørv á tænastru og ráðgeving, sum fevnir um meira enn tað vanligu. Grundleggjandi ráðgevingin fevnir um íløgur, pensjón, keyp og sølu av fastari ogn, fígging, vanligar bankatænastur og ráðgeving í sambandi við, at kundar flyta ella umhugsa at flyta til/frá útlondum.

Økið er víðkað við keypinum av Privestor Fondsmæglerelskáp A/S og Tidsskriftet Finansnyt A/S.

Meira fæst at vita um Eik Bank Danmark á www.eikbank.dk.

Inni P/F

Inni er størsta húsaméklaravirki í Føroyum. Felagið hevur skjótt 10 ár á baki og sostatt drúgvur royndir í at selja fasta ogn.

Talið av húsahandlum, sum Inni hevur staðið fyri, er aftur økt í 2007 í mun til undanfarna ár. Inntøkurnar hjá felagnum eru soleiðis hækkaðar munandi í árinum. Vaksandi virkseimið hevur tó viðfært nógva øktar útreiðslur. Hetta merkir, at úrslitið fyri 2007 var 1,3 mió. kr. móti 1,6 mió. kr. í 2006.

Tann 5. november 2007 keypti Inni felagið Sethúsasøluna frá Hannelenu Mittún. Hetta er gjørt sum ein liður í at styrkja enn meira um førleikan og marknaðarstöðuna hjá felagnum. Bæði feløgini verða ætlandi lögð saman við virknaði frá 1. januar 2008 við Inni sum framhaldandi felagi.

changes in interest rates or other external factors that the bank has no influence on.

In the mortgage area Eik Bank Denmark offers advise on and mortgage trading. The Bank also buys mortgages in order to build portfolios of mortgages that can be sold on individually or as larger portfolios to domestic and foreign clients with an interest in the mortgage market. Great importance is placed on the transferability of the mortgages.

The Bank has realised increased losses in the mortgage area and therefore the bank has chosen to merge the mortgage area with corporate banking, and imposed stricter requirements for the finance of mortgages.

In addition, the Bank also has some investment credit for buying listed securities. These credits have individually built-in covers, which make it possible for the Bank to sell off the securities if the cover is no longer in place.

Lending increased from DKK 3.1 billion in 2006 to DKK 4.2 in 2007. This is an increase of DKK 1.1 million or 35.5 percent. This is mainly caused by the financing of real estate and different real estate projects.

Capital Markets

Eik Bank Denmark is member of OMX the Nordic Exchange in Denmark, Sweden, Finland, and in Iceland, and furthermore, in 2007, Eik Bank Denmark was certified as 'Certified Adviser on First North'. Capital Markets offers advice and trade with all ordinary assets of investment such as shares, bonds, investment units, financial tools, mortgages and foreign currencies. The department also provides advice within investment banking.

The Bank has retail customers, corporate clients and institutional clients.

Private Banking and Asset Management

The Private Banking department has advisors with

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Í hesum sambandi varð avtalað við Hannelenu Mittún, at hon skuldi halda fram sum stjóri í Inni. Jónsvein Mortensen, sum hevur verið stjóri, síðani felagið varð stovnað í 1998, hevur valt at taka við nýggjum avbjóðingum uttan fyri Eik-samtakið. Ultimo 2007 starvaðust 7 starvsfólk, íroknað stjóran.

Meira fæst at vita um Inni á www.inni.fo.

Onnur dóttirfeløg

Dóttirfelagið 12. juni 2003 P/F varð stovnað í 2003 í sambandi við eitt neyðlíðandi alibrúk, sum síðani varð selt. Eftir hetta stóð felagið fyri áling av laks, sum Eik yvirtók frá einum øðrum alibrúki. Fiskurin varð slaktaður í mars 2006, og síðani hevur onki virksema verið í felagnum. Aktivini hjá felagnum eru 7,9 mió. kr., ið standa á bók. Felagið hevur onga skuld.

Faroe Real Estate er móðirfelag hjá Kollafjørð Pelagic, ið varð stovnað í 2001 av Kloosterboer Overseas úr Hálandi við tí endamáli at taka ímóti uppsjóvarfiski til matna. Felagið bar seg ikki og var endurstovnað við føroyskum kapitali, men tað hevur ikki víst seg møguligt at útvega neyðugu nøgdin, og í januar 2008 steðgaði virksema.

Eik átti við árslok 2007 57% av partabrøvunum og hevur síðani yvirtikið restina av partabrøvunum.

Assosierað feløg og kapitalpartar, ið eru støðisogn

Eitt felag er assosierað, tá Eik Banki og dóttirfeløg hjá bankanum ráða yvir 20% ella meira av atkvøðunum á aðalfundi hjá fyrirkuni, men hava tó ikki meirilutan. Er ávirkanin undir 20%, er felagið sambært lóg um fíggjarvirksema vanligur kapitalpartur.

Íløgur, ið annaðhvørt eru assosieraðar við Eik ella eru kapitalpartar við ávirkan undir 20%, verða, tá talan er um ikki-børsskrásett feløg, vanliga bókaðar til roknskaparliga innara virðið. Er felagið børsskrásett,

an array of specialist knowledge and provides asset management for clients with financial assets of DKK 1 million or more. The department offers personal and individual advice and addresses customers that need special services and advice. The basic advice covers investments, pensions, buying and selling of real estate, financing, standard bank services and international transfers.

This area of expertise has been expanded with the acquisition of Privestor Fondsmæglersekskab A/S and Tidsskriftet Finansnyt A/S.

Further information on Eik Bank Danmark is available on www.eikbank.dk

Inni P/F

Inni is the largest real estate agency on the Faroe Islands, with nearly 10 years of experience in buying and selling real estate.

The number of transactions, managed by Inni, has increased in 2007 compared to the year before. Income has thereby increased significantly in 2007, but expenses have also increased. The result for 2007 was DKK 1.3 million against DKK 1.6 million in 2006. This corresponds to a decrease of roughly 17 percent.

On 5 November 2007, Inni purchased the Faroese real estate agency, Sethúsasølan, from Ms Hannelena Mittún. The purchase is part of the objective to strengthen competence and the market position of Inni. The plan is to merge the two companies, effective from 1 January 2008 with Inni P/F as the surviving company.

In relation with the acquisition of Sethúsasølan, an agreement was made with Ms Hannelena Mittún to continue as the manager of Inni. Mr. Jónsvein Mortensen, who has been the manager of Inni since the company was established in 1998, has chosen to pursue new opportunities outside the Eik Group. At year-end 2007 Inni had 7 full time equivalent employees, including the management.

verður ílögum bókað til dagsvirðið á partabrévinum uppgerðardaginn.

Samanlagt er bókaða virðið, sum Eik hefur í assosieraðum felögum, 176,1 mió. kr. Mest týðandi ílögum í hesum bólkinum er Investea, ið verður umrøtt niðanfyri.

Eisini hefur Eik ílögur í kapitalpørtum, ið eru støðisogn, og har ávirkanin er undir 20%. Samanlagt er bókaða virðið av hesum ílögum 272,6 mió. kr. Mest týðandi ílögum í hesum bólkinum er SPRON, ið verður umrøddur niðanfyri.

Investea A/S

Eik Banki keypti tann 15. mai 2006 25% av partapeninginum í Investea A/S í Danmark. Tann 15. juli 2006 keypti Eik Bank Danmark 4% afturat, soleiðis at Eik-samtakið átti 29% av partapeninginum í Investea. Í 2007 er ognarluturin minkaður niður í 26,9% orsakað av, at Eik Bank Danmark, hefur selt burturav sínum ognarluti, og tí partapeningurin er hækkaður nakað. Við ársenda 2007 var ognarluturin hjá Eik Banka 24,8% og hjá Eik Bank Danmark 2,1%.

Investea A/S hefur sum høvuðsvirksemi at ráðgeva og bjóða fyrítøkum og einstaklingum at gera ílögur í fastogn. Fyrítøkan arbeiðir bæði í og uttan fyri Danmark, og hon er millum fremstu fyrítøkur av sínum slag í Danmark.

Investea er limur í The European Association for Investors in Non-listed Real Estate Vehicles, stýtt INREV (www.inrev.org). INREV arbeiðir fyri at betra atgongdina til marknaðarkunning og umsetiligheitina av ikki-børsskrásettum fastognarfelögum, t.d. kommandittfelögum, ið orsakað av donsku skattareglunum eru sera vanlig til fastognarílögur í Danmark.

Samtakið Investea hefur síðani 1988 staðið fyri umseting av ílögum í fastognir í Danmark, Svøríki, Týsklandi, Bretlandi, Spania og í USA. Umleið helmingurin av ílögnum er gjørdur vegna

More information about Inni is available on www.inni.fo

Other Subsidiaries

The subsidiary 12. juni 2003 P/F was established in 2003 in connection with a troubled fish farm, which subsequently was sold. The company then reared salmon, which Eik Banki acquired from another fish farm. The fish was slaughtered in March 2006 and since then there has been no activity in the company. The company's assets are DKK 7.9 million, which are deposited in a bank account. The company has no debts.

Faroe Real Estate is the parent company of Kollafjørð Pelagic, established in 2001 by Kloosterboer Overseas Holland. The objective was to take on pelagic fish for the consumer market. The company went bankrupt and was re-established with Faroese capital. However, it has proven difficult to obtain the necessary quantities and in January 2008, activities ceased.

By the end of 2007, Eik owned 57 percent of the shares and has since acquired the remaining shares.

Associated undertakings and holdings that are fixed assets

A company is an associated company when Eik Banki or a subsidiary of Eik Banki controls 20 percent or more of the votes at the company's general meeting without having the majority. If the share of votes is less than 20 percent, the company is a normal holding.

Investments which are either associated with Eik Banki or holdings with less than a 20 percent influence are normally entered at equity value in the case of non-listed companies. If the company is listed, the investment is entered at market value.

In total, the entered value of Eik Banki's share in as-

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privatpersónar og felög, meðan hin helmingurinn er gjörður umvegis kommandittfelög, ið Investea umsitur.

Seinnu árin hefur tað slagjið av fastognarvirksemi, sum Investea fæst við, vunnið fram uttanlands. Áður vóru tað serliga stórar fyrirkur og fíggjarliga sterkir einstaklingar, ið hövdu móguleika at gera stórar íløgur í fastogn. Við felögum sum Investea er tó vorðið móguligt hjá meira vanligum íleggjarum at sleppa upp í part, og tað gevur eitt nú Investea blíðan byr.

Investea sjálvt eigur vanliga ikki fastognir. Felagið er tí heldur ikki eins viðkvæmt fyri broytingum í prísnum á fastognum, sum nógv onnur líknandi felög í Danmark. Høvuðsinntøkurnar hjá Investea eru umsetingarprovisiðin og umsitingargjöld vegna umsiting av kommandittfelögum v.m.

Yvirskotið aftan á skatt gjørdist 215,3 mió. kr. móti 182,6 mió. kr. í 2006. Íkastið av hesum til roknskapin hjá Eik fyri 2007 er uppá 54,1 mió. kr. Úrslitið hjá Investea í 2008 verður væntandi áleið tað sama sum í 2007.

Eik-samtakið hefur í februar mánaði minkað ognarlutin í Investea niður 4.5%. Inntil söluna hava partabøvini í Investea verið upptikið til innara virði. Eftir söluna eru partabøvini upptikin til söluprísir.

Meira fæst at vita um Investea A/S á www.investea.dk.

SPRON

SPRON (Sparisjóður Reykjavíkur og nágrennis) er størsti íslenski sparikassin. Høvuðssætið og høvuðsvirksemið eru í Reykjavík, og høvuðskundabólkurin er privatkandar, ið tann 31. desember 2007 stóðu fyri 60,7% av útlánum.

SPRON var 21. august 2007 umlagdur frá ábyrgdarsparikassa til partafelag. Við umleggingini til partafelag vórðu 15% av eginognini lögð í ein vinnurekandi grunn, SPRON-sjóðurin, eftir tí leisti, vit

sociated companies is DKK 176.1 million. The most important of these assets is Investea, which will be discussed below.

Eik Banki also has holdings of fixed financial assets where the influence is less than 20 percent. The total book value of these assets is DKK 272.6 million. The most important of these assets is Spron, which will be discussed below.

Investea A/S

On 15 May 2006, Eik Banki acquired 25 percent of the shares in the Danish company Investea A/S. On 15 July 2006, Eik Bank Denmark acquired a further 4 percent, giving the Eik Group a total of 29 percent of the shares in Investea. In 2007, the holding in Investea has decreased to 26.9 percent as Eik Bank Denmark has sold part of its share, and therefore the share capital has increased somewhat. At year-end 2007, Eik Banki held 24.76 percent of the shares in Investea, while Eik Bank Denmark held 2.12 percent.

Investea's main activities are giving advice on and offering corporate and private investors investment opportunities in properties in Denmark and abroad. The company is one of the largest of its kind in Denmark.

Investea is a member of The European Association for Investors in Non-listed Real Estate Vehicles, INREV (www.inrev.org). INREV works to improve access to market information and the transferability of non-listed real estate companies, such as partnership companies which are commonly used for real estate investment in Denmark because of Danish tax legislation.

Since 1988, Investea has arranged investments in real estate in Denmark, Sweden, Germany, the UK, Spain and the USA. Approximately half of these investments were made on behalf of private individuals and companies, while the other half was made through partnership companies that Investea administers.

In recent years, the type of real estate business that

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kenna frá umlegging av sparikassum til partafelag í Føroyum og Danmark. Partaeigararnir atkvøða á aðalfundi; men tó kann ongin einstakur partaeigari atkvøða við meira enn 5% av samlaðu atkvøðunum.

Tann 23. oktober 2007 varð SPRON skrásettur á OMX Nordic Exchange Iceland.

Eik valdi, orsakað av møguligu solvensávirkanini av kapitalpørtunum í SPRON, áðrenn børsskrásetingina av SPRON, at minka sín ognarlut í íslenska sparikassanum niður í 5,00%. Hetta varð gjørt við at selja 3,44% til eitt dóttirfelag hjá Eik Grunninum, Eystfallssker I, samstundis sum Eystfallssker I hefur útgivið eitt lánsbræv, sum Eik hefur keypt. Avkastid á lánsbrævinum avspeglar kursgongdina í SPRON-partabrøvunum.

Sostatt er Eik, hvat kursgongdini í SPRON partabrøvum viðvíkur, stillaður eins og ognarluturin var 8,44%, meðan solvensávirkanin svarar til 5%.

Vinningsbýtið, sum varð útgoldið eftir aðalfundin í 2007, var 65,0 mió. móti 13,5 mió. kr. í 2006.

Partabrøvinu í SPRON hava til og við 3. ársfjórðing í ár verið bókað til útveganarvirði í bókunum hjá Eik Banka, svarandi til ein kurs uppá 6,329 ISK fyri hvørt partabrævið á 1 ISK. Eftir at SPRON er børsskrásettur verða partabrøvinu tikin upp til marknaðarvirði.

Kursurin á SPRON er fram til ársenda 2007 fallin við 45,3%, og neiliga gongdin er hildin fram higartil í 2008.

Kursgongdin hjá SPRON er í stóran mun merkt av teirra ognarluti í Exista, sum er fallin eins nógv og kursurin hjá SPRON.

Meira fæst at vita um SPRON á www.SPRON.is.

Investea is involved in has gained popularity abroad. Historically, mainly large companies and wealthy individuals have had the opportunity to make large investments in real estate. Companies like Investea have made it possible for the average investor to participate, which in turn also benefits companies like Investea.

Investea does not normally hold real estate. The company, therefore, is not as sensitive to changes in real estate prices as other comparable companies in Denmark. Investea's main sources of revenue are commission on trading and administration fees relating to managing partnership companies etc.

Profit after tax was DKK 215.3 million compared with DKK 182.6 million in 2006. The contribution to Eik Banki's annual accounts in 2007 is DKK 54.1 million. Eik Banki expects Investea's result for 2008 to be roughly the same as in 2007.

At the turn of the year 38 people were employed by Investea, corresponding to a full-time equivalent of 37.

In February 2008, Eik reduced its ownership in Investea to 4.5 percent. Prior and until the selling the shares were booked to intrinsic value. After the sale the shares were booked to sales price.

More information about Investea A/S is available on www.investea.dk.

SPRON

SPRON (Sparisjóður Reykjavíkur og nágrennis) is the largest savings bank in Iceland. The headquarters and main area of activity is in Reykjavík and the main clientel consists of private customers, representing 60.7 percent of lending as of 31 December 2007.

On 21 August 2007 Spron was converted from a guarantor savings bank into a limited liability company. At the conversion, 15 percent of the equity was placed into a fund, the SPRON Fund, following a similar procedure of savings bank conversions into

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limited liability companies on the Faroe Islands and in Denmark. Shareholders can vote at the General Meeting, but no shareholder can hold more than 5 percent of the votes.

On 23 October 2007, the SPRON was listed on OMX the Nordic Exchange Iceland.

Owing to the potential effect that the shares in Spron might have on the solvency, Eik Banki decided to reduce the holdings in SPRON to 5 percent. This was done by selling 3.44 percent to a subsidiary of the Eik Grunnurin, Eystfallssker I, which in return issued a bond, purchased by Eik Banki. The yield of the bond will reflect the price change of the Spron share.

Thus the return to Eik Banki is the same as when Eik Banki held 8.44 percent, while the effect on the solvency is 5 percent.

The dividend that was paid after the General Meeting in 2007 was DKK 65.0 million against DKK 13.5 million in 2006.

Up and until the third quarter of 2007 the holdings in SPRON were booked at acquisition price in Eik Banki books, corresponding to a price of ISK 6.329 per share at ISK 1. After the listing of SPRON, the shares have been booked at market value.

The share price of SPRON has fallen with 45.3 percent by the end of 2007. And the negative date has continued until date.

The course of the share price of SPRON is to a great extent influenced by their ownership in Exista, which has fallen to a similar pace to that of SPRON.

The main reason for the difference being the exchange rate for Exista shares, which in 2006 gave a capital gain against a capital loss in 2007.

More information on SPRON is available on www.spron.is



Roknskapartøl

Annual Accounts

2007

Roknskapartöl 2007/ Annual Accounts 2007
Rakstrarroknskapur / Profit and Loss Account

Eik Banki P/F				Samtak / Group	
2007	2006	Nota / Note	DKK 1.000	2007	2006
Rakstrarroknskapur / Profit and Loss Account					
602.309	369.547	3	Rentuinntøkur v. m. / Interest income, etc.	915.252	485.388
380.472	179.140	4	Rentuútreiðslur v. m. / Interest expense, etc.	539.289	210.426
221.837	190.407		Rentuinntøkur netto / Net interest income	375.963	274.962
		5	Vinningsbýti av partabrøvum v. m. og øðrum kapitalpörtum / Dividends from shares, etc., and other holdings	69.226	16.613
66.572	15.823				
100.689	67.285		Ómaksgjöld og provisiónsinntøkur v.m. / Fee and commission income, etc.	159.530	91.990
1.323	1.778		Útreiðslur til ómaksgjöld og provisióðir / Fee and commission expense	8.338	2.979
387.775	271.737		Rentu- og ómaksgjöld netto / Net interest and fee income	596.381	380.586
		6	Virðisjavnan av virðisbrøvum og útlenskum gjaldoyra v. m. / Market value adjustments of securities and foreign currencies etc.	191.814	85.785
148.100	28.179				
8.109	10.648		Aðrar vanligar inntøkur / Other operating income	19.683	15.034
543.984	310.564		Úrslit av figgjarpostum / Profit on financial items	807.878	481.405
		7	Útreiðslur til starvsfólk og umsiting / Staff costs and administrative expenses	340.731	229.049
209.142	161.941				
		16	Av- og niðurskrivingar av óítökiligum og ítökiligum ognum / Depreciation and write-down of intangible and tangible assets	25.117	25.768
23.330	23.474				
0	0		Aðrar rakstrarútreiðslur / Other operating expenses	43	863
			Avskringingar og burturleggingar av skuldarum (netto) / Net depreciation and provisions for loss on bad debts	36.605	-33.733
17.160	-39.356				
		8	Úrslit av kapitalpörtum í assosieraðum og tilknýttum fyrirkömum / Income from associated and subsidiary undertakings	59.923	47.700
143.099	115.757				
437.451	280.262		Úrslit av vanligum rakstri / Profit on ordinary operations	465.305	307.158
		9	Skattur / Taxes	72.260	56.681
44.406	29.785				
393.045	250.477		Ársúrslit / Net profit for the year	393.045	250.477
		Býti av ársúrsliti / Allocation of net profit for the year			
393.045	250.477		Ársúrslit / Net profit for the year	393.045	250.477
0	0		Flutt frá yvirkursi við partabrævasölu / Brought forward from share premium account	0	0
0	0		Flutt frá seinasta ár / Brought forward from last year	0	0
393.045	250.477		At ráða yvir tilsamans / Total amount available for allocation	393.045	250.477
			Nýtt til vinningsbýti / Dividends on shares	81.293	35.566
81.293	35.566				
128.412	118.374		Burturlagt til aðrar grunnar / Amount allocated to other reserves	113.169	78.863
183.340	96.537		At flyta til næsta ár / Carried forward to next year	198.583	136.048
393.045	250.477		Nýtsla av ársúrsliti / Total allocation of the net profit for the year	393.045	250.477

Roknskapartöl 2007 / Annual Accounts 2007
Fíggjarstöða / Balance Sheet

Eik Banki P/F			Samtak / Group		
2007	2006	Nota / Note	DKK 1.000	2007	2006
Fíggjarstöða / Balance Sheet					
Ogn / Assets					
Kassapeningur og áögn uttan uppsögn hjá tjóðbankum v. m. /					
164.983	87.498			219.851	87.498
Cash-in-hand and demand deposits with central banks, etc.					
3.119.913	3.596.354	10		2.910.591	1.568.120
Áögn í lánistovnum v. m. / Claims on credit institutions, etc.					
7.932.413	5.191.433	11		15.616.134	8.270.539
Útlán / Loans and advances					
997.396	712.230	12,13		1.182.949	824.408
Lánsbrøv v. m. / Bonds, etc.					
425.982	336.939	14,15		502.979	377.266
Partabrøv v. m. / Shares, etc.					
176.088	121.986	15		176.088	121.986
Kapitalpartar í assosieraðum fyrítökum /					
1.020.831	363.251	15		6.486	8.452
Holdings in associated undertakings					
357.520	217.430	16		573.590	217.667
Kapitalpartar í tilknýttum fyrítökum / Holdings in subsidiary undertakings					
135.007	131.582	16		138.815	136.273
Óítökiligar ognir / Intangible assets					
85.508	0			86.012	0
Ítökiligar ognir / Tangible assets					
133.387	84.600			244.794	208.724
Egin partabrøv / Own shares					
9.161	5.547			9.504	6.959
Onnur ogn / Other assets					
Tíðarskeiðsavmarkingar / Prepayments					
14.558.189	10.848.850		Ogn tilsamans / Total assets	21.667.793	11.827.892
Skuld / Liabilities					
17 Skuld til lánistovnar og tjóðbankar /					
5.595.298	3.682.409			5.411.535	4.070.947
Debt to credit institutions and central banks					
6.144.839	5.656.873	18		13.263.261	6.116.501
Innlán / Deposits					
263.378	142.358			437.242	272.102
Onnur skuld / Other liabilities					
0	0			199	7
Tíðarskeiðsavmarkingar / Prepayments					
2.300	8.447	19		3.182	9.572
Avsetingar til skyldur / Provisions for liabilities and charges					
448.392	150.000			448.392	150.000
Eftirstillað kapitalinnskot / Subordinated debt					
1,2 Eginpeningur / Equity					
812.927	711.311			812.927	711.311
Partapeningur / Share capital					
0	826			0	826
Ábyrgðarfæ / Guarantee capital					
600.428	117.751			600.428	117.751
Yvirkursur við partabrævaútgávu / Share premium account					
85.508	0			86.012	0
Grunnur fyri egin partabrøv / Reserves for own shares					
205.646	162.742			121.278	94.121
Aðrir grunnar / Other reserves					
216.133	119.596			284.754	148.706
Flutt frá undanfarnum árum / Brought forward from prior years					
183.340	96.537			198.583	136.048
At flyta frá ársins úrsliti / Carried forward from profit for the year					
2.103.982	1.208.763		Eginpeningur tilsamans / Total equity	2.103.982	1.208.763
14.558.189	10.848.850		Skuld tilsamans / Total liabilities	21.667.793	11.827.892
20 Töl, ið ikki eru tikin við í javna / Off-balance-sheet items					
904.109	869.165			1.091.427	841.832
Ábyrgdir v. m. tilsamans / Total guarantees, etc.					
103.482	318.500			110.615	320.567
Aðrar skyldur / Other commitments					
1.007.591	1.187.665		Töl, ið ikki eru tikin við í javna tilsamans / Total off-balance-sheet items	1.202.042	1.162.399

Noturnar 13 og 21-34 hava ikki ávísing til rakstur og javna /

Notes 13 and 21-34 do not have any reference to Profit and Loss Account or Balance Sheet

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Gjaldförisbroyting / Cash flow statement

Eik Banki P/F			Samtak / Group	
2007	2006	DKK 1.000	2007	2006
Gjaldförisbroyting / Cash flow statement				
Peningastreymur frá rakstri / Cash flows from operating activities				
393.045	250.477	Ársúrslit / Net profit for the year	393.045	250.477
23.330	23.474	Av- og niðurskrivingar / Depreciations and write-downs	25.117	25.768
22.151	-40.861	Burturleggingar av skuldarum / Provisions for loss on bad debts	-39.311	-35.134
-291.199	-143.936	Virðisjavnun av virðisbrøvum / Market value adjustments of securities	-245.961	-118.705
147.327	89.154	Peningastreymur frá rakstri tilsamans / Cash flows from operating activities	132.890	122.406
Peningastreymur frá ávísari fíggingarögn/skuld tilsamans / Cash flows from selected financial assets/liabilities				
2.375.702	343.337	Broyting í millumverandi við lánistovnar, netto / Changes in net position to credit institutions and central banks	1.619.846	1.161.998
-2.763.131	-716.392	Broyting í útláni, netto / Net changes in loan	-7.306.284	-1.684.509
487.966	1.510.640	Broyting í innláni, netto / Net changes in deposit	7.146.760	1.633.471
-655.943	-264.999	Broyting í virðisbrøvum, netto / Net changes in securities	-193.834	-167.885
-23.035	50.712	Broyting í aðrari ogn og skuld v.m. netto / Net changes in other assets and liabilities	34.315	50.547
-578.441	923.298	Cash flows from selected financial assets/liabilities	1.300.803	993.622
Peningastreymur frá ilögum / Cash flows from investing activities				
-166.845	-216.013	Broyting í ó- og ítökiligum ognum / Changes in in- and tangible assets	-383.581	-219.387
584.292	76.800	Kapitalhækking / Capital increase	0	0
-655.000	-100.000	Ílögur í associeraðar og tilknýttar fyrirtøkur / Investments associated and subsidiary undertakings	0	0
-237.553	-239.213	Peningastreymur frá ilögum tilsamans / Cash flows from investing activities	-383.581	-219.387
Peningastreymur frá fígging / Cash flows from financing activities				
583.467	76.523	Peningatilgongd til eginognina / Inflow to equity	583.466	76.523
-81.293	-35.566	Vinningsbýti / Dividend	-81.293	-35.566
298.392	150.000	Eftirstillað kapitalinnskot / Subordinated debt	298.392	150.000
800.566	190.957	Peningastreymur frá fígging tilsamans / Cash flows from financing activities	800.565	190.957
131.899	964.196	Peningastreymur tilsamans / Total changes in cash flows	1.850.677	1.087.598
2.080.627	1.116.431	Gjaldføri primo / Cash and cash equivalents at beginning of the period	2.545.700	1.458.102
2.212.526	2.080.627	Gjaldføri ultimo / Cash and cash equivalents at end of the period	4.396.377	2.545.700
Gjaldføri primo / Cash and cash equivalents at beginning of the period 1)				
87.498	43.783	Kassapeningur og áogn uttan uppsøgn hjá tjóðbankum v. m. / Cash-in-hand and demand deposits with central banks, etc.	87.498	43.783
1.131.117	171.477	Millumverandi við lánistovnar uttan uppsøgn / Claims on demands on credit institutions	1.481.256	425.123
149.782	0	Innskotsprögv í Danmarks Nationalbank / Claims at notice on central banks	149.782	0
712.230	901.171	Lánsbrøv v. m / Bonds etc.	827.164	989.196
2.080.627	1.116.431	Gjaldføri primo tilsamans / Cash and cash equivalents at beginning of the period	2.545.700	1.458.102
Gjaldføri ultimo / Cash and cash equivalents at end of the period 1)				
164.983	87.498	Kassapeningur og áogn uttan uppsøgn hjá tjóðbankum v. m. / Cash-in-hand and demand deposits with central banks, etc.	219.851	87.498
657.322	1.131.117	Millumverandi við lánistovnar uttan uppsøgn / Claims on demands on credit institutions	2.079.958	1.481.256
639.471	149.782	Innskotsprögv í Danmarks Nationalbank / Claims at notice on central banks	1.203.974	149.782
750.750	712.230	Lánsbrøv v. m / Bonds etc.	892.594	827.164
2.212.526	2.080.627	Gjaldføri ultimo tilsamans / Cash and cash equivalents at end of the period	4.396.377	2.545.700

1) Av tí at uppperðin av gjaldføri bert fevnir um líkvid millumverandi, er ikki møguligt at avstemma allar upphæddirnar beinleiðis til ávísu roknskaparpostarnar. / As the cash is made up of claims on demands only, it is not possible to balance all the accounts directly to the respective items on the balance sheet.

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Notur / Notes

Nota / Note	DKK 1.000	Parta- peningur / Share capital	Yvirkurs- grunnur / Share premium account	Egin partabrov / Own shares	Aðrir grunnar / Other reserves	Flutt avlop / Profit carried	Tilsamans / Total
1 Eginpeningur / Equity							
Samtak / Group							
Kapitalflytingar / Change in capital							
1. januar 2007		711.311	118.577	0	94.121	284.754	1.208.763
Tilgongd / Additions		101.616	482.677	86.012			
Frágongd / Disposals			826		86.012		
Ársúrslit / Net profit					113.169	279.876	
Frágongd vinningsbýti / Disposal of Dividends						81.293	
31. desember 2007		812.927	600.428	86.012	121.278	483.337	2.103.982
1. januar 2006		679.311	74.054	95	15.259	148.611	917.330
Tilgongd / Additions		32.000	44.800			95	
Frágongd / Disposals			277	95			
Ársúrslit / Net profit					78.862	171.614	
Frágongd vinningsbýti / Disposal of Dividends						35.566	
31. desember 2006		711.311	118.577	0	94.121	284.754	1.208.763
Eik Banki P/F							
Kapitalflytingar / Change in capital							
1. januar 2007		711.311	118.577	0	162.742	216.133	1.208.763
Tilgongd / Additions		101.616	482.677	85.508			
Frágongd / Disposals			826		85.508		
Ársúrslit / Net profit					128.412	264.633	
Frágongd vinningsbýti / Disposal of Dividends						81.293	
31. desember 2007		812.927	600.428	85.508	205.646	399.473	2.103.982
1. januar 2006		679.311	74.054	95	44.273	119.597	917.330
Tilgongd / Additions		32.000	44.800			95	
Frágongd / Disposals			277	95			
Ársúrslit / Net profit					118.469	132.007	
Frágongd vinningsbýti / Disposal of Dividends						35.566	
31. desember 2006		711.311	118.577	0	162.742	216.133	1.208.763

Roknskapartöl 2007 / Annual Accounts 2007
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Eik Banki P/F				Samtak / Group	
2007	2006	Nota/ Note	DKK 1.000	2007	2006
2 Solvensuppgærd / Solvency					
1.653.229	982.760	Kjarnukapitalur eftir frádrátt / Core capital less statutory deductions		1.436.676	977.485
2.095.341	1.002.018	Grundkapitalur / Capital base		1.857.082	996.217
9.596.608	6.508.244	Vektað ogn uttan fyri handilsognina, íroknað töl, ið ikki eru tilkin við í jövnun / Weighted assets not included in trading portfolio including off balance-sheet items		14.183.281	8.453.051
1.107.655	483.774	Vektaðir postar við marknaðarvæða / Weighted items with market risk		1.305.945	586.012
10.704.263	6.992.018	Vektað ogn tilsamans / Total risk weighted assets		15.489.226	9.039.063
19,6%	14,3%	Solvensprosent eftir FIL § 124, stk. 1 / Solvency ratio purs to FIL § 124,1		12,0%	11,0%
15,5%	14,1%	Kjarnukapitalur eftir frádrátt í % av vektaðari ogn / Core capital less statutory deductions in % of weighted items		9,3%	10,8%
3 Rentuinntøkur v. m. / Interest income, etc.					
151.933	67.343	Áogn í lánistovnum og tjóðbankum / Claims on credit institutions and central banks		88.060	27.112
416.264	273.064	Útlán / Loans and advances		780.272	426.172
40.856	29.188	Lánsbrøv / Bonds		54.565	31.856
-6.744	-48	Avleidd figgjaramboð / Derivative financial instruments		-7.678	248
-6.487	-48	- Herav: Gjaldoyrasáttmálar / Of this: Currency contracts		-5.784	161
-257	0	- Herav: Rentusáttmálar / Of this: Interest contracts		-1.894	83
0	0	- Herav: Partabrævasáttmálar / Of this: Shares contracts		0	4
0	0	Annað / Other		33	0
602.309	369.547	Rentuinntøkur v. m. tilsamans / Total interest income etc.		915.252	485.388
4 Rentuútreiðslur / Interest expense					
196.204	93.677	Lánistovnar og tjóðbankar / Credit institutions and central banks		207.625	114.423
163.613	82.003	Innlán / Deposits		307.174	92.543
0	29	Ábyrgðarfæ / Guarantee capital		0	29
20.655	3.431	Eftirstillað kapitalinnskot / Subordinated debt		24.419	3.431
	0	Aðrar rentuútreiðslur / Other interest expenses		71	0
380.472	179.140	Rentuútreiðslur tilsamans / Total interest expense		539.289	210.426
66.572	15.823	5 Vinningsbýti av partabrøvum / Dividends on holdings		69.226	16.613
6 Virðisjavnun av virðisbrøvum og útlenskum gjaldoyra v.m. / Market value adjustments of securities and foreign currencies etc.					
-5.533	-13.262	Lánsbrøv / Bonds (+/-)		-1.854	-10.340
183.155	16.736	Partabrøv / Shares (+/-)		219.057	56.810
0	0	Fastforrentað útlán / Fixed-rated mortgage		0	0
-29.522	24.705	Gjaldoyra / Currency (+/-)		-31.165	24.535
0	0	Avleidd figgjjarlig amboð / Derivative financial instruments		5.776	14.780
0	0	- Herav: Gjaldoyrasáttmálar / Of this: Currency contracts		0	534
148.100	28.179	Virðisjavnun tilsamans / Total market value adjustments		191.814	85.785

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Eik Banki P/F			Samtak / Group		
2007	2006	Nota/ Note	DKK 1.000	2007	2006
		7	Útreiðslur til starvsfólk og umsiting / Staff costs and administrative expenses		
			Lønir og samsýning til nevnd, stjórn og umboðsráð /Salaries and remuneration of Board of Directors, Managing Directors and Board of Representatives		
			Mærner Jacobsen, Chief Managing Director		
2.110	1.953		Løn íroknað pensjón / Fixed salary and pension	2.460	2.153
1.792	291		Avriksløn / Bonuses	1.792	291
3.902	2.244		Tilsamans / Total	4.252	2.444
			Bjarni Olsen, Managing Director		
1.490	1.386		Løn íroknað pensjón / Fixed salary and pension	1.490	1.386
597	208		Avriksløn / Bonuses	597	208
2.087	1.594		Tilsamans / Total	2.087	1.594
5.989	3.838		Stjórn tilsamans / Managing Directors total 1)	6.339	4.038
			Nevnd / Board of Directors		
260	240		Frithleif Olsen, Formaður / Chairman	260	240
182	156		Odd Arild Bjellvåg, Næstformaður / Deputy Chairman	182	156
117	108		Finnbogi Niclasen	117	108
117	108		Petur Hammer	117	108
117	108		Marian Jacobsen	117	108
117	108		Rólant Vidtfeldt	117	108
117	108		Mathea E. Hilduberg	117	108
117	120		Tórmund A. Joensen	117	120
117	108		Gert Langaard	117	108
117	108		Bjartur Nolsøe - til januar 2008 / until January 2008	117	108
117	108		Rakul Dam	117	108
0	18		Durita Tausen - til januar 2006 / until February 2006	0	18
0	0		Inga Dahl - frá januar / from January 2008	0	0
1.495	1.398		Nevnd tilsamans / Board of Directors 2)	1.495	1.398
41	74		Umboðsráð / Board of Representatives 2)	41	74
7.525	5.310		Tilsamans / Total	7.875	5.510
			Starvsfólkaútreiðslur / Staff costs		
87.035	67.177		Lønir / Wages and salaries	145.887	109.857
7.935	6.817		Eftirlønir / Pensions	12.181	8.662
7.332	5.224		Útreiðslur til sosiala trygd / Social security costs	11.783	9.522
102.302	79.218		Tilsamans / Total	169.851	128.041
99.315	77.413		Aðrar umsitingarútreiðslur / Other administrative expenses	163.005	95.498
209.142	161.941		Útreiðslur til starvsfólk og umsiting tilsamans / Total staff costs and administrative expenses	340.731	229.049
239,1	220,2		Tal á ársverkum / Number of employees, full time equivalent 3)	343,4	268,8

- 1) Stjórnin hevur uppsagnarfrest uppá 12 mdr. frá Eik Banka og 3 mdr. frá stjóra. Fráfaringsamsýningin, um stjóri verður sagdur upp, er 18 mdr. løn. / 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) Nevndarlímur og umboðsráðslímur hava ikki rætt til samsýning aftaná at teir fara frá. / Members of Board of Directors and Board of Representatives are not entitled to any benefits upon termination of employment.
- 3) Starvsfólkini í deildini hjá Kaupthing í Føroyum ið Eik yvirtók 31. desember 2007 eru ikki við í hesum tali. / The number does not include the staff of Kaupthing Bank's Faroese operation that Eik acquired on 31 December 2007.

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Eik Banki P/F				Samtak / Group	
2007	2006	Nota/ Note	DKK 1.000	2007	2006
		8	Úrslit av kapitalþertum í assosieraðum og tilknýttum fyrítökum /		
			Income from associated and subsidiary undertakings		
60.519	46.453		Assosieraðar fyrítökur / Associated undertakings	60.519	46.453
15.000	0		- Herav: Vinningsbýti / Of this: Dividend	15.000	0
82.580	69.304		Tilknýttar fyrítökur / Subsidiary undertakings	-596	1.247
143.099	115.757		Úrslit av kapitalþertum í assosieraðum og tilknýttum fyrítökum tilsamans / Total income from associated and subsidiary undertakings	59.923	47.700
		9	Skattur / Taxes		
43.240	28.437		Roknaður skattur av ársvinningi / Estimated tax charge on the annual profit	63.029	52.882
869	1.348		Broyting í útsettum skatti / Changes in deferred taxes (Útsettur skattur er eitt skattaaktiv á 7.705 DKK / Deferred taxes are a tax asset of 7,705 DKK)	9.068	1.348
297	0		Javnan av skatti frá undanfarnum árum / Adjustment to prior-year's tax charges	163	2.451
44.406	29.785		Skattur tilsamans / Total taxes	72.260	56.681
		10	Áogn í lánistovnum og tjóðbankum /		
			Claims on credit institutions and central banks		
639.471	149.782		Áogn upp á uppsögn í tjóðbankum / Claims at notice on central banks	1.203.974	149.782
2.480.442	3.446.572		Áogn í lánistovnum / Claims on credit institutions	1.706.617	1.418.338
3.119.913	3.596.354		Áogn í lánistovnum og tjóðbankum tilsamans /	2.910.591	1.568.120
			Total claims on credit institutions and central banks		
			Áogn í lánistovnum og tjóðbankum /		
			Claims on credit institutions and central banks		
248.376	1.131.117		Uttan uppsögn / Claims at call	1.264.285	1.131.117
2.571.537	2.435.237		Til og við 3 mánaðir / Up to 3 months	1.446.306	427.003
0	0		Frá 3 mör. til og við 1 ár / Over 3 months and up to one year	0	0
300.000	30.000		Frá 1 ár til og við 5 ár / Over one year and up to 5 years	200.000	10.000
0	0		Yvir 5 ár / Over 5 years	0	0
3.119.913	3.596.354		Áogn í lánistovnum og tjóðbankum tilsamans /	2.910.591	1.568.120
			Total claims on credit institutions and central banks		
1.822.069	2.176.763		Harav Eik Bank Danmark A/S / Thereof Eik Bank Danmark A/S	0	0
		11	Útlán og ábyrgdir býtt eftir sektorum og vinnum í prosent /		
			Loans, advances, and guarantees by sectors and industries, in per cent		
2	2		Almennir myndugleikar / Public sector	1	1
			Vinnulív / Commercial sector		
0	0		Landbúnaður, veiða, skóggbrúk / Agriculture, hunting and forestry	0	0
9	7		Fiskiskapur / Fishing	5	5
7	6		Framleiðsla, ráevnisvinna, hita- og streymveiting o. l. / Manufacturing, mining, utilities, etc.	4	4
4	3		Byggivirksemi / Building and construction	6	3
6	6		Handil, matstovu- og hotelvirksemi / Commerce, restaurants and hotels	4	5
4	2		Flutningur, post og telefon / Transport, post and telecommunicating	2	2
10	13		Láns-, fíggjar- og tryggingarvirksemi / Credit, finance and insurance	8	7
			Ognarfyrísiting og -handil, handilsstænasta / Property administration, purchase and sale, business services	18	11
12	4		Property administration, purchase and sale, business services	18	11
7	5		Aðrar vinnur / Other industries	7	21
59	46		Vinnulív tilsamans / Total commercial sector	54	58
39	52		Privat / Private customers	45	41
100	100		Útlán tilsamans / Total loans and advances	100	100

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Eik Banki P/F				Samtak / Group	
2007	2006	Nota/ Note	DKK 1.000	2007	2006
		11 Útlán / Loans and advances			
133.791	64.673	Uttan uppsögn / At call		198.620	89.587
314.605	191.378	Til og við 3 mánaðir / Up to 3 months		1.635.062	935.382
653.306	507.464	Frá 3 mör. til og við 1 ár / Over 3 months and up to one year		2.223.431	1.587.125
2.792.883	2.302.302	Frá 1 ár til og við 5 ár / Over one year and up to 5 years		3.669.573	2.939.183
4.037.828	2.125.616	Yvir 5 ár / Over 5 years		7.889.448	2.719.262
7.932.413	5.191.433	Útlán tilsamans / Total loans and advances		15.616.134	8.270.539
		Samanlagðar burturleggingar / Accumulated provisions			
214.369	188.193	Burturlagt við ársenda upp á útlán og ábyrgdir / Provisions on loans, advances, and guarantees at the end of the year		251.252	209.990
0	0	Burturlagt við ársenda upp á ogn hjá lánistovnum og aðrar postar við ársenda / Provisions on claims due from credit institutions and other claims at the end of the year		0	0
214.369	188.193	Samanlagðar burturleggingar tilsamans / Total accumulated provisions		251.252	209.990
		Samanlagðar burturleggingar upp á útlán og ábyrgdir í % av útláni og ábyrgðum við ársenda / Accumulated provisions on loans, advances, and guarantees in per cent of loans, advances and guarantees, at the end of year			
2,4%	3,0%	Áognir, har renturokning er steðgað / Non-accrual loans, advances, and guarantees		1,5%	2,3%
99.687	67.754			106.317	68.754
		12 Lánsbrøv / Bonds			
869.122	712.230	Skrásett á keypsskálum / Listed on Stock Exchanges		1.042.403	824.408
128.274	0	Onnur lánsbrøv / Other bonds		140.546	0
997.396	712.230	Lánsbrøv tilsamans / Total bonds		1.182.949	824.408
		13 Fíggjarlig umsetningsogn / Financial current assets			
999.821	809.460	a) Fíggjarlig umsetningsogn ásett til marknaðarvirði / Financial current assets valued at marked value		1.260.265	809.460
81.502	17.371	b) Munur millum útveganarvirði av fíggjarligari umsetningsogn, undir pkt. a), og hægra marknaðarvirði uppgerðardagin / Difference between purchase price of financial current assets listed under a) and the higher marked value at the balance sheet date		31.369	17.371
0	0	c) Fíggjarlig umsetningsogn, ið ikki er ásett til marknaðarvirði / Financial current assets not valued at marked value		0	0
0	0	d) Munur millum útveganarvirði av fíggjarligari umsetningsogn, undir pkt. c), og hægra marknaðarvirði uppgerðardagin / Difference between purchase price of financial current assets listed under c) and the higher marked value at the balance sheet date		0	0
		14 Partabrøv / Shares			
207.584	55.736	Skrásett á keypsskálunum í Keypmannahavn / Listed on OMX Nordic Exchange Copenhagen		231.969	58.248
200.826	41.494	Skrásett á øðrum keypsskálum / Listed on other Stock Exchanges		209.497	41.737
17.572	239.709	Onnur partabrøv / Other shares		61.513	277.281
425.982	336.939	Partabrøv tilsamans / Total shares		502.979	377.266

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15 Útgreinan av fígðjarligari stöðisogn / Specification of financial fixed assets

Eik Banki P/F

Samlaður keypsprísur við ársbyrjan / Total purchase price, beginning
Gjaldoyrakursjávning / Currency adjustments
Tilgongd / Additions
Frágongd / Disposals
Samlaður keypsprísur við ársenda / Total purchase price of assets held, end

Samlaðar upp- og niðurskrivingar við ársbyrjan /

Revaluation and write-downs of assets, beginning
Úrslit / Result
Upp- og niðurskrivingar í árinum / Revaluation and write-downs during the year
Onnur tilgongd / Other additions
Onnur frágongd / Other disposals
Afturförðar upp- og niðurskrivingar / Reversals of revaluation and write-downs
Samlaðar upp- og niðurskrivingar við ársenda /
Total revaluation and write-downs of assets held, end

Bókað virði við ársenda / Book value, end

Bókað virði við ársbyrjan / Book value, beginning

Samtak / Group

Samlaður keypsprísur við ársbyrjan / Total purchase price, beginning
Gjaldoyrakursjávning / Currency adjustments
Tilgongd / Additions
Frágongd / Disposals
Samlaður keypsprísur við ársenda / Total purchase price of assets held, end

Samlaðar upp- og niðurskrivingar við ársbyrjan /

Revaluation and write-downs of assets, beginning
Úrslit / Result
Upp- og niðurskrivingar í árinum / Revaluation and write-downs during the year
Onnur frágongd / Other disposals
Afturförðar upp- og niðurskrivingar / Reversals of revaluation and write-downs
Samlaðar upp- og niðurskrivingar við ársenda /
Total revaluation and write-downs of assets held, end

Bókað virði við ársenda / Book value, end

Bókað virði við ársbyrjan / Book value, beginning

	Tilknýttar fyrirtekur/ Subsidiary undertakings	Assosieraðar fyrirtekur/ Associated undertakings	Aðrir kapitalpartar/ Other holdings
Samlaður keypsprísur við ársbyrjan / Total purchase price, beginning	257.594	78.156	336.939
Gjaldoyrakursjávning / Currency adjustments	0	0	-12.518
Tilgongd / Additions	575.000	17.925	427.286
Frágongd / Disposals	0	1.545	325.725
Samlaður keypsprísur við ársenda / Total purchase price of assets held, end	832.594	94.536	425.982
Samlaðar upp- og niðurskrivingar við ársbyrjan / Revaluation and write-downs of assets, beginning	105.657	43.830	0
Úrslit / Result	83.175	45.520	0
Upp- og niðurskrivingar í árinum / Revaluation and write-downs during the year	0	0	0
Onnur tilgongd / Other additions	0	0	0
Onnur frágongd / Other disposals	595	7.798	0
Afturförðar upp- og niðurskrivingar / Reversals of revaluation and write-downs	0	0	0
Samlaðar upp- og niðurskrivingar við ársenda / Total revaluation and write-downs of assets held, end	188.237	81.552	0
Bókað virði við ársenda / Book value, end	1.020.831	176.088	425.982
Bókað virði við ársbyrjan / Book value, beginning	363.251	121.986	336.939
Samlaður keypsprísur við ársbyrjan / Total purchase price, beginning	500	78.156	377.266
Gjaldoyrakursjávning / Currency adjustments	0	0	-12.518
Tilgongd / Additions	0	17.925	463.956
Frágongd / Disposals	0	1.545	325.725
Samlaður keypsprísur við ársenda / Total purchase price of assets held, end	500	94.536	502.979
Samlaðar upp- og niðurskrivingar við ársbyrjan / Revaluation and write-downs of assets, beginning	7.952	43.830	0
Úrslit / Result	0	45.520	0
Upp- og niðurskrivingar í árinum / Revaluation and write-downs during the year	0	0	0
Onnur frágongd / Other disposals	1.966	7.798	0
Afturförðar upp- og niðurskrivingar / Reversals of revaluation and write-downs	0	0	0
Samlaðar upp- og niðurskrivingar við ársenda / Total revaluation and write-downs of assets held, end	5.986	81.552	0
Bókað virði við ársenda / Book value, end	6.486	176.088	502.979
Bókað virði við ársbyrjan / Book value, beginning	8.452	121.986	377.266

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2007

16 Ótökilig ogn / Intangible assets

Eik Banki P/F

	Goodwill / Goodwill	Aðrar / Other	Tilsamans / Total
Útveganarvirði við ársbyrjan / Acquisition value, beginning	228.949	9.111	238.060
Tilgongd / Additions	160.000	1.854	161.854
Frágongd / Disposals	7.282	0	7.282
Útveganarvirði við ársenda / Acquisition value of assets held, end	381.667	10.965	392.632
Avskringing og niðurskrivingar við ársbyrjan / Depreciation and write-downs, beginning	16.156	4.474	20.630
Avskringing í árinum / Depreciation	12.653	2.193	14.846
Niðurskrivingar í árinum / Write-downs	0	0	0
Afturförðar av- og niðurskrivingar / Reversal of depreciation and write-downs	364	0	364
Avskringing og niðurskrivingar við ársenda / Depreciation and write-downs, end	28.445	6.667	35.112
Bókað virði við ársenda / Book value, end	353.222	4.298	357.520
Bókað virði við ársbyrjan / Book value, beginning	212.793	4.637	217.430

Samtak / Group

Útveganarvirði við ársbyrjan / Acquisition value, beginning	228.948	12.474	241.422
Tilgongd / Additions	473.472	1.854	475.326
Frágongd / Disposals	104.782	0	104.782
Útveganarvirði við ársenda / Acquisition value of assets held, end	597.638	14.328	611.966
Avskringing og niðurskrivingar við ársbyrjan / Depreciation and write-downs, beginning	16.156	7.599	23.755
Avskringing í árinum / Depreciation	12.656	2.329	14.985
Niðurskrivingar í árinum / Write-downs	0	0	0
Afturförðar av- og niðurskrivingar / Reversal of depreciation and write-downs	364	0	364
Avskringing og niðurskrivingar við ársenda / Depreciation and write-downs, end	28.448	9.928	38.376
Bókað virði við ársenda / Book value, end	569.190	4.400	573.590
Bókað virði við ársbyrjan / Book value, beginning	212.792	4.875	217.667

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DKK 1.000
2007

16 Ítækilíg ogn / Tangible assets

Eik Banki P/F

	Grundtæki og bygningar/ Land and buildings	Tól og innbúgv/ Machinery, equipment etc.	Tilsamans/ Total
Útveganarvirði við ársbyrjan / Acquisition value, beginning	216.344	65.764	282.108
Tilgongd / Additions	5.151	11.682	16.833
Frágongd / Disposals	5.311	0	5.311
Útveganarvirði við ársenda / Acquisition value of assets held, end	216.184	77.446	293.630
Avskrivningar og niðurskrivingar við ársbyrjan / Depreciation and write-downs, beginning	96.779	53.747	150.526
Avskrivningar í árinum / Depreciation	3.801	4.296	8.097
Niðurskrivingar í árinum / Write-downs	0	0	0
Afturförðar av- og niðurskrivingar / Reversal of depreciation and write-downs	0	0	0
Avskrivningar og niðurskrivingar við ársenda / Depreciation and write-downs, end	100.580	58.043	158.623
Bókað virði við ársenda / Book value, end	115.604	19.403	135.007
Bókað virði við ársbyrjan / Book value, beginning	119.565	12.017	131.582
Straksavskrivað av tólum og innbúgv / Machinery and equipment fully depreciated at time of acquisition	0	751	751
Samtak / Group			
Útveganarvirði við ársbyrjan / Acquisition value, beginning	218.083	70.402	288.485
Tilgongd / Additions	5.152	14.460	19.612
Frágongd / Disposals	6.513	1.061	7.574
Útveganarvirði við ársenda / Acquisition value of assets held, end	216.722	83.801	300.523
Uppskriving av ogn við ársbyrjan / Revaluation, beginning	0	0	0
Uppskriving í árinum / Revaluation	138	0	138
Uppskriving av ogn við ársenda / Revaluation, end	138	0	138
Avskrivningar og niðurskrivingar við ársbyrjan / Depreciation and write-downs, beginning	96.779	55.433	152.212
Avskrivningar í árinum / Depreciation	3.801	5.944	9.745
Niðurskrivingar í árinum / Write-downs	0	0	0
Afturförðar av- og niðurskrivingar / Reversal of depreciation and write-downs	0	111	111
Avskrivningar og niðurskrivingar við ársenda / Depreciation and write-downs, end	100.580	61.266	161.846
Bókað virði við ársenda / Book value, end	116.280	22.535	138.815
Bókað virði við ársbyrjan / Book value, beginning	121.304	14.969	136.273
Straksavskrivað av tólum og innbúgv / Machinery and equipment fully depreciated at time of acquisition	0	751	751

Roknskapartöl 2007 / Annual Accounts 2007
Notur / Notes

Eik Banki P/F				Samtak / Group	
2007	2006	Nota/ Note	DKK 1.000	2007	2006
		17	Skuld til lánistovnar og tjóðbankar /		
			Debt to credit institutions and central banks		
0	0		Skuld til tjóðbankar / Debt to central banks	0	0
5.595.298	3.682.409		Skuld til lánistovnar / Debt to credit institutions	5.411.535	4.070.947
5.595.298	3.682.409		Skuld til lánistovnar og tjóðbankar tilsamans /	5.411.535	4.070.947
			Total debt to credit institutions and central banks		
			Skuld til lánistovnar og tjóðbankar /		
			Debt to credit institutions and central banks		
253.155	175.754		Uttan uppsögn / Debt payable on demand	386.560	1.416.104
1.783.447	1.601.685		Til og við 3 mánaðir / Up to 3 months	1.263.668	743.898
683.888	521.766		Frá 3 mör. til og við 1 ár / Over 3 months and up to one year	886.499	522.766
2.874.808	1.383.204		Frá 1 ár til og við 5 ár / Over one year and up to 5 years	2.874.808	1.388.179
0	0		Yvir 5 ár / Over 5 years	0	0
5.595.298	3.682.409		Skuld til lánistovnar og tjóðbankar tilsamans /	5.411.535	4.070.947
			Total debt to credit institutions and central banks		
		18	Innlán / Deposits		
2.821.308	2.331.276		Innlán uttan uppsögn / Deposits on demand	8.329.998	2.705.012
1.985.452	2.073.214		Innlán við uppsögn / Deposits at notice	2.405.854	2.099.182
970.799	935.697		Tíðarinnskot / Time deposits	1.040.138	957.327
367.280	316.686		Serligir innlánshættir / Special categories of deposits	1.487.271	354.980
6.144.839	5.656.873		Innlán tilsamans / Total deposits	13.263.261	6.116.501
			Innlán / Deposits		
2.821.308	2.331.276		Uttan uppsögn / On demand	8.329.998	2.341.256
2.050.716	2.134.039		Til og við 3 mánaðir / Up to 3 months	2.621.625	2.542.420
943.138	896.634		Frá 3 mör. til og við 1 ár / Over 3 months and up to one year	1.152.317	906.265
119.433	118.251		Frá 1 ár til og við 5 ár / Over one year and up to 5 years	357.757	122.061
210.244	176.673		Yvir 5 ár / Over 5 years	801.564	204.499
6.144.839	5.656.873		Innlán tilsamans / Total deposits	13.263.261	6.116.501
		19	Avsetingar til skyldur / Provisions for liabilities and charges		
2.300	2.447		Burturleggingar til pensiónir og líknandi skyldur /		
0	0		Provisions for pensions and similar commitments	2.300	2.447
0	6.000		Burturleggingar til möguligan skatt / Provisions for deferred taxes	2	0
			Aðrar burturleggingar til útreiðslur / Other provisions	880	7.125
2.300	8.447		Avsetingar til skyldur tilsamans / Total provisions for liabilities and charges	3.182	9.572
		20	Töl, ið ekki eru tikin við í javna / Off-balance-sheet items		
			Ábyrgdir / Guarantees		
576.939	381.106		Fíggjarligar ábyrgdir / Financial guarantees	736.994	600.459
327.170	488.059		Aðrar ábyrgdir / Other guarantees	354.433	241.373
0	0		Acceptir / Approvals	0	0
103.482	318.500		Aðrar skyldur / Other commitments	110.615	320.567
1.007.591	1.187.665		Ábyrgdir tilsamans / Total guarantees	1.202.042	1.162.399

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Notur / Notes

DKK 1.000

Nota / Note

21 Avleidd figgjjarlig amboð býtt eftir resttíðarskeiði /

Derivative financial tools split by remaining terms

	2007		2006	
	Áljóðandi virði / Par value	marknaðarvirði / Net market value	Áljóðandi virði / Par value	marknaðarvirði / Net market value
Eik Banki P/F				
Gjaldoyra- og rentusáttmálar / Currency and interest contracts				
Til og við 3 mánaðir / Up to 3 months				
Terminir og futures, keyp / Forwards and futures, bought	42.607	-1.196	167.939	-84
Terminir og futures, sœla / Forwards and futures, sold	148.765	735	41.419	49
Frá 3 mánaðum til og við 1 ár / Over 3 months and up to one year				
Terminir og futures, keyp / Forwards and futures, bought	289.333	6.389	33.760	-217
Terminir og futures, sœla / Forwards and futures, sold	289.333	-4.571	33.760	413
Frá 1 ár til og við 5 ár / Over 1 year and up to 5 year				
Terminir og futures, keyp / Forwards and futures, bought	56.106	256	279.314	-2.164
Terminir og futures, sœla / Forwards and futures, sold	56.106	-172	270.263	3.888
Rentuswaps / Interest swaps	150.000	1.207	0	0
Tilsamans / Total				
Terminir og futures, keyp / Forwards and futures, bought	388.046	5.449	481.013	-2.465
Terminir og futures, sœla / Forwards and futures, sold	494.204	-4.008	345.442	4.350
Rentuswaps / Interest swaps	150.000	1.207	0	0
Netto marknaðarvirði / Net market value		2.648		1.885
Samtak / Group				
Gjaldoyra- og rentusáttmálar / Currency and interest contracts				
Til og við 3 mánaðir / Up to 3 months				
Terminir og futures, keyp / Forwards and futures, bought	231.277	-1.417	271.752	-1.386
Terminir og futures, sœla / Forwards and futures, sold	339.957	-85	144.386	423
Frá 3 mánaðum til og við 1 ár / Over 3 months and up to one year				
Terminir og futures, keyp / Forwards and futures, bought	289.333	6.388	33.760	-217
Terminir og futures, sœla / Forwards and futures, sold	289.333	-4.571	33.760	413
Frá 1 ár til og við 5 ár / Over 1 year and up to 5 year				
Terminir og futures, keyp / Forwards and futures, bought	56.106	256	279.314	-2.164
Terminir og futures, sœla / Forwards and futures, sold	56.106	-172	270.263	3.888
Rentuswaps / Interest swaps	150.000	1.207	0	0
Yvir 5 ár / Over 5 years				
Optiðnir / Options	850.000	21.913	0	0
Til og við 3 mánaðir / Up to 3 months				
Rentuswaps / Interest swaps	0	0	2.000	45
Tilsamans / Total				
Terminir og futures, keyp / Forwards and futures, bought	576.716	5.227	584.826	-3.767
Terminir og futures, sœla / Forwards and futures, sold	685.396	-4.828	448.409	4.724
Rentuswaps / Interest swaps	150.000	1.207	2.000	45
Optiðnir / Options	850.000	21.913	0	0
Netto marknaðarvirði / Net market value		23.519		1.002

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Notur / Notes

DKK 1.000

Nota / Note

22 Gjaldoyra- og rentusáttmálar / Currency and interest contracts

	2007		2006	
	Positivt/Positive	Negativt/Negative	Positivt/Positive	Negativt/Negative
Eik Banki P/F				
Terminir og futures, keyp / Forwards and futures, bought	6.654	1.206	0	2.465
Terminir og futures, sœla / Forwards and futures, sold	1.210	5.219	4.350	0
Rentuswaps / Interest swaps	157.070	155.863	0	0
Tilsamans / Total	164.934	162.288	4.350	2.465
Samtak / Group				
Terminir og futures, keyp / Forwards and futures, bought	7.745	2.076	146	3.913
Terminir og futures, sœla / Forwards and futures, sold	2.825	6.015	5.234	510
Rentuswaps / Interest swaps	157.070	155.863	45	0
Optiðnir / Options	21.913	25.228	0	0
Tilsamans / Total	189.553	189.182	5.425	4.423

23 Marknaðarvirði av ikki-tryggjaðum sáttmálum /
Market value of non-guaranteed contracts

Eik Banki P/F				
Gjaldoyra- og rentusáttmálar / Currency and interest contracts				
Terminir og futures, keyp / Forwards and futures, bought	6.654	1.206	0	2.465
Terminir og futures, sœla / Forwards and futures, sold	1.210	5.219	4.350	0
Rentuswaps / Interest swaps	157.070	155.863	0	0
Tilsamans / Total	164.934	162.288	4.350	2.465
Samtak / Group				
Gjaldoyra- og rentusáttmálar / Currency and interest contracts				
Terminir og futures, keyp / Forwards and futures, bought	7.745	2.076	146	3.913
Terminir og futures, sœla / Forwards and futures, sold	2.825	6.015	5.234	510
Rentuswaps / Interest swaps	157.070	155.863	45	0
Tilsamans / Total	167.640	163.954	5.425	4.423

24 Lánsváði av avleiddum figgjárligum amboðum /
Credit risk on derivative financial instruments

	Mótpartur við váðavekt 20% / Counterpart with a risk weighting of 20%	Mótpartur við váðavekt 100% / Counterpart with a risk weighting of 100%	Mótpartur við váðavekt 20% / Counterpart with a risk weighting of 20%	Mótpartur við váðavekt 100% / Counterpart with a risk weighting of 100%
Eik Banki P/F				
Positivt marknaðarvirði aftaná móttrokning / Positive market value after netting	2.768	3.668	423	339
Samtak / Group				
Positivt marknaðarvirði aftaná móttrokning / Positive market value after netting	2.974	6.371	819	1.363

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Eik Banki P/F				Samtak / Group	
2007	2006	Nota/ Note	DKK 1.000	2007	2006
		25	Marknaðarváði / Market risk		
			Gjaldoyraváði / Currency risk		
			Ogn í fremmandum gjaldoyra tilsamans / Total assets in foreign currency	282.285	137.455
234.985	78.407				
			Skuld í fremmandum gjaldoyra tilsamans / Total liabilities in foreign currency	7.446	160.157
7.381	141.041				
234.985	141.041		Gjaldoyraáþending 1 við árslok / Exchange rate indicator 1 Gjaldoyraáþending 1 í pst. av eginogn eftir frádrátt / Exchange rate indicator 1 as percentage of equity less statutory deductions	282.285	160.157
				19,6	16,4
14,2	14,4				
			Rentuváði / Interest rate risk		
			Rentuváði av fíggjaramboðum v. m. tilsamans / Total interest rate risk on debt instruments, etc.	65.884	15.563
32.978	8.473				
			Rentuváði býttur eftir gjaldoyraslagi / Interest rate risk by currency		
			DKK	60.111	13.532
31.120	8.014				
			EUR	6.274	1.248
2.144	634				
			ISK	-56	0
-99	0				
			GBP	-89	0
-88	0				
			USD	-114	79
-112	0				
			SEK	-150	370
101	0				
			Annað / Other	-92	334
-88	-175				
			26 Stjórn og nevnd / Management and Board of Directors		
			Lán, pant, veðhald ella ábyrgdir, og trygdir fyri somu / Loans, advances, mortgages, surety or guarantees including collateral		
			Lán vm., Stjórn / Loans etc., Managing Directors	7.604	6.093
7.604	6.093				
			Trygdir, Stjórn / Security, Managing Directors	7.604	6.013
7.604	6.013				
			Lán vm., Board of Directors / Loans etc., Board of Directors	8.377	4.494
8.377	4.494				
			Trygdir, Board of Directors / Security, Board of Directors	8.377	4.494
8.377	4.494				
			27 Samsýning til grannskoðarar valdir av aðalfundinum / Audit fee to the public accountants elected by the General Meeting		
			Samsýning fyri roknskaparárið / Total fee for the financial year	1.928	1.401
954	776				
			Herav aðrar tænarastur / There of other services	874	246
354	196				
			28 Starvsfólk / Employees		
			Miðaltalið á ársverkum / Average number of employees during the financial year, full-time equivalent	318,7	249,2
233,7	204,1				

Roknskapartøl 2007 / Annual Accounts 2007
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Eik Banki P/F			Samtak / Group		
2007	2006	Nota / Note	DKK 1.000	2007	2006
		29	Tilknýtt feløg / Subsidiary undertakings		
			Partur av partapeningi / Part of share capital		
100%	100%		P/F Inni	100%	100%
100%	100%		P/F 12. juni 2003	100%	100%
100%	100%		Eik Bank Danmark A/S	100%	100%
100%	0%		P/F Property Bonds 1	100%	0%
57%	47%		P/F Faroe Real Estate	57%	47%
			Millumverandi við tilknýtt feløg /		
			Amounts due from and due to subsidiary undertakings		
			Áogn í lánistovnum og tjóðbankum /		
1.818.322	2.176.763		Claims on credit institutions and central banks	0	0
75.722	17.500		Útlán / Loans and advances	56.189	0
0	0		Lánsbrøv / Bonds	0	0
1.894.044	2.194.263		Ogn tilsamans / Total assets	56.189	0
			Skuld til lánistovnar / Debt to credit institutions	0	0
651.323	14.226		Áogn í Eik Banka / Deposits in Eik Banki	13.139	7.847
30.020	22.844				
681.343	37.070		Skuld tilsamans / Total liabilities	13.139	7.847
			30 Stjórnarlimir og deildarleiðarar, ið røkja nevndarsessir í		
			dótturfeløgum hjá Eik Banka / Management and branch managers		
			that are board members in subsidiary undertakings of Eik Banki		
			P/F Inni, N. Finsensgøta 37, 100 Tórshavn		
			Nevndarformaður / Chairman: Marnar Jacobsen, forstjóri / Chief Managing Director		
			Næstformaður / Deputy Chairman: Bjarni Olsen, stjóri / Managing Director		
			Nevndarlimur / Board Member: Øssur Skeel Nolsøe, økisleiðari / Executive Branch Manager		
			Eik Bank Danmark A/S, Nørre Farimagsgade 15, 1364 Keymannahavn		
			Nevndarformaður / Chairman: Marnar Jacobsen, forstjóri / Chief Managing Director		
			31 Assosieraðar fyrítøkur / Associated undertakings		
			Partur av partapeningi / Part of share capital		
35%	35%		P/F Faroe Farming	35%	35%
27%	27%		P/F Marine Harvest Faroes (aður P/F Pan Fish Faroes)	27%	27%
25%	25%		P/F Elektron	25%	25%
25%	25%		P/F Týggjará	25%	25%
25%	25%		Investea A/S (aður Ejdendomsvækst A/S)	27%	29%
22%	22%		P/F 6. sept. 2006	22%	22%
20%	20%		Nianet A/S	20%	20%
40%	0%		P/F Biotech Invest	40%	0%

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Eik Banki P/F				Samtak / Group	
2007	2006	Nota / Note	DKK 1.000	2007	2006
		Millumverandi við assosieraðar fyrirtøkur /			
		Amounts due from and due to associated undertakings			
		Áogn í lánistovnum og tjóðbankum /			
0	0	Claims on credit institutions and central banks		0	0
243.397	162.147	Útlán / Loans and advances		243.397	162.147
0	0	Lánsbrøv / Bonds		0	0
243.397	162.147	Ogn tilsamans / Total assets		243.397	162.147
0	0	Skuld til lánistovnar / Debt to credit institutions		0	0
10.999	54.230	Áogn í Eik / Deposits in Eik Bank		10.999	54.230
10.999	54.230	Skuld tilsamans / Total liabilities		10.999	54.230
		32 Partaeigarar, sum sambært §28a í partafelagslógini eiga meira enn 5 % / Shareholders holding more than 5% according to §28a in the Company Act			
52%	62%	Eik Grunnurin / The Eik Fund		52%	62%

Roknskapartöl 2007 / Annual Accounts 2007
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Nota / Note

- 33 Partabævaogn í Eik Banka P/F hjá nevnd og stjórn við ársenda /
Shareholdings in Eik Banki of the Board of Directors and Managing Directors at year end

Nevnd / Board of Directors	Tal av partabøvum / No. of shares		Nominel value
	Egin partabrov / own shares	Nærstandandi / Related parties	
Frithleif Olsen, Formaður / Chairman	3.941	20.803	2.474.400
Odd Arild Bjellvåg, Næstformaður / Deputy Chairman	1.443	57	150.000
Finnbogi Niclasen	1.092	68	116.000
Petur Hammer	70	70	14.000
Marian Jacobsen	300	0	30.000
Rólant Vidtfeldt	932	114	104.600
Mathea E. Hilduberg	55	11	6.600
Tórmund A. Joensen	306	1.092	139.800
Gert Langgaard	1.243	182	142.500
Bjartur Nolsøe - til januar 2008 / until January 2008	2.271	1.044	331.500
Rakul Dam	160	160	32.000
Inga Dahl - frá januar 2008 / from January 2008	341	770	111.100
Tilsamans / Total	12.154	24.371	3.652.500
Stjórn / Managing Directors			
Marnar Jacobsen, Forstjóri / Chief Managing Director	16.075	424	1.649.900
Bjarni Olsen, Stjóri / Managing Director	3.226	956	418.200
Tilsamans / Total	19.301	1.380	2.068.100

34 Egin partabrov / Own shares	Tal av partabøvum / Number of shares	Nominelt virði DKK / Nominal value DKK	Partur av partapeningi / Prop. of share capital
Ogn við ársenda / Holding year end, 2006	681	68.100	0,0%
Ogn við ársenda / Holding year end, 2007	166.558	16.655.800	2,0%

Partapeningurin við ársenda 2007 er 812.927.400 DKK svarandi til 8.129.274 partabrov á DKK 100 /
At year end 2007 the sharecapital was DKK 812.927.400 which is 8.129.274 shares with a nominal value of DKK 100

Roknskapartøl 2007 / Annual Accounts Leiðsluátekning / Statement by the Management

Nevnd og stjórn í Eik Banka hava í dag viðgjørt og góðkent árs- og samtaksroknskapin fyri Eik Banka P/F fyri 2007.

Árs- og samtaksroknskapurin fyri tíðarskeiðið 1. januar - 31. desember 2007, sum er greiddur av okkum, er settur upp samsvarandi Lóg um fíggarstovnar v.m., kunngerð og leiðreglur frá Fíggar-
eftirlitinum viðvíkjandi roknskapi fyri peningastovnar og í samsvari við leiðreglur fyri skrásett feløg á virðisbrævamarknaðinum OMX Nordic Exchange í Íslandi og OMX Nordic Exchange í Keypmannahavn.

Tað er okkara fatan, at árs- og samtaksroknskapurin gevur eina rættvísandi mynd av ognum og skyldum felagsins og fíggarligu støðuni 31. desember 2007.

Árs- og samtaksroknskapurin verður lagdur fram til góðkenningar á aðalfundinum.

The Board of Directors and the Managing Directors have today approved the consolidated and annual financial statement of Eik Banki P/F. The financial statements for the period 1 January - 31 December 2007, which is prepared by us, is set up in accordance with the Faroese Banking Act and with the executive order and guidelines of the Danish Financial Supervisory authority on presentatins of consolidated financial statements and in accordance with the guidelines for companies listed on OMX the Nordic Exchange Iceland and OMX the Nordic Exchange Copenhagen.

The financial statements give a true and fair view of the company's assets and liabilities, financial position and profit/loss for the period 1 January - 31 December 2007.

The consolidated and annual financial statements will be put before the Annual General Meeting for approval.

Eik Banki P/F

Tórshavn, 21. februar 2008

Stjórn / Managing Directors

Marnar Jacobsen, forstjóri / Chief Managing Director

Bjarni Olsen, stjóri / Managing Director

Nevnd / Board of Directors

Frithleif Olsen, formaður / Chairman

Odd Arild Bjellvåg, næstformaður / Deputy Chairman

Finnbogi Niclasen

Rólant Vidtfeldt

Mathea Hilduberg

Marian Jacobsen

Petur Hammer

Tórmund A. Joensen

Rakul Dam

Inga Dahl

Gert Langgaard

Grannskoðanarátækning

Auditor's Report

Grannskoðanarátekning / Auditor's Report Innanhýsis / Internal

Grannskoðaraátekning

Vit hava grannskoðað árs- og samtaksroknskapin hjá Eik Banka P/F fyri roknskaparárið 1. januar – 31. desember 2007, sum leiðslan hevur sett upp. Árs- og samtaksroknskapurin er gjørdur samsvarandi Lóg um fíggingarstovnar v.m., kunngerð og leiðreglum frá Fíggjareftirlitinum viðvíkjandi roknskapi fyri peningastovnar og eftir íslenskum og donskum ásetingum frá keyppsskálum fyri virðisbrævaskrásettar peningastovnar.

Framd grannskoðan

Grannskoðanin er framd samsvarandi kunngerð og leiðreglum frá Fíggjareftirlitinum um grannskoðan av peningastovnum og eftir vanliga góðkendum grannskoðanareglum. Grundreglurnar krevja, at vit leggja til rættis og fremja grannskoðanina fyri at fáa eina grundaða sannføring um, at árs- og samtaksroknskapurin ikki inniheldur týðandi skeivleikar, uttan mun til um hesir standast av sviki ella mistøkum.

Grannskoðanin er framd við arbeiðsbýti, sum er avtalað við uttanhýsis grannskoðanina, og hevur fevnt um meting av virkisgongdum og innanhýsis eftirliti, íroknað váðastýring fyriskipað av leiðsluni, sum er viðkomandi fyri fráboðanarhættir og týðningarmiklar virkisváðar hjá bankanum. Grundað á týðning og váða hava vit við stakroyndum kannað grundarlagið fyri upphæddum og øðrum upplýsingum í ársroknskapinum, íroknað skjalprógv sum stuðla uppundir upphæddir og upplýsingar í árs- og samtaksroknskapinum. Harumframt inniheldur grannskoðanin støðutakan til um roknskaparhætturin er hóskandi og um roknskaparmetingarnar hjá leiðsluni eru rímligar, umframt eina heildarmeting av árs- og samtaksroknskapinum.

Vit hava lutikið í grannskoðanini av váðum og øðrum týðningarmiklum økjum og meta, at vit hava innsavnað nøktandi skjalatilfar til tess at rækka eini niðurstøðu.

Internal Auditor's Report

We have audited the Annual Report of Eik Banki P/F for the financial year 1 January – 31 December 2007 presented by the Board of Directors and Management. The Financial Statements have been prepared in accordance with the Faroese Banking Act 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 and in accordance with additional Icelandic and Danish disclosure requirements for annual reports of listed financial institutions.

Basis of opinion

We conducted our audit in accordance with the Executive Order of the Danish Financial Supervisory Authority on Auditing Financial Undertakings etc. and in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the Annual Report is free from material misstatement, whether due to fraud or error.

The audit has been performed in accordance with the division of duties agreed with the external auditors and has included an assessment of procedures and internal controls established, including the risk management organised by Management relevant to the entity's reporting processes and significant business risks. Based on materiality and risk, we have examined, on a test basis, the basis of amounts and other disclosures in the Annual Report, including evidence supporting amounts and disclosures in the Annual Report. Furthermore, the audit has included evaluating the appropriateness of the accounting policies applied by Management and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the Annual Report.

We have participated in the audit of risk and other material areas and believe that the audit evidence we

Granskoðanarátækning / Auditor's Report Innanhýsis / Internal

Granskoðanin hefur ikki givið orsök til fyrirvarni.

have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Niðurstøða

Vit meta, at virkisgongdir og innanhýsis eftirlit, íroknað váðastýring fyriskipað av leiðsluni, sum er viðkomandi fyri fráboðanarhættir og týðningarmiklar virkisváðar hjá bankanum, eru nøktandi.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the procedures and internal controls established, including the risk management organised by Management relevant to the entity's reporting processes and significant business risks, are working satisfactorily.

Harumframt meta vit, at árs- og samtaksroknskapurin gevur eina rættvísandi mynd av bankans ognum, skyldum og fíggjarstöðu 31. desember 2007 og av virksemini og peningastreymi bankans í roknskaparárinum 1. januar – 31. desember 2007, samsvarandi Lóg um fíggjarstovnar v.m., kunngerð og leiðreglur frá Fíggjareftirlitinum viðvíkjandi roknskapi fyri peningastovnar og eftir íslenskum og donskum ásetingum frá keypsskálum fyri virðisbrævaskrásettum peningastovnar.

Furthermore, in our opinion, the Annual Report gives a true and fair view of the Bank's financial position at 31 December 2007 and of its financial performance and its cash flows for the financial year 1 January – 31 December 2007 in accordance with the Faroese Banking Act 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 and in accordance with additional Icelandic and Danish disclosure requirements for annual reports of listed financial institutions.

Eik Banki P/F

Tórshavn, 21. februar 2008

Sigmund Frederiksen

granskoðanarleiðari / Chief Auditor

Grannskoðanarátækning / Auditor's Report Uttanhýsis / External

Átekning frá óheftum grannskoðara

Til partaeigararnar í Eik Banka P/F

Vit hava grannskoðað árs- og konsernroknskapin hjá Eik Banka P/F fyri roknskaparárið 1. januar – 31. desember 2007 við leiðsluátekning, ársfrágreiðing, nýttum roknskaparhátti, rakstrarroknskapi, fíggjarstöðu, uppperð av eginogn, peningastreymsi og notum. Ársroknskapurin er gjørdur eftir lóg um fíggjarligt virksemsi, umframt kunngerðum og leiðreglum frá Fíggjareftirlitinum fyri peningastovnar. Harumframt er árs- og konsernroknskapurin gjørdur í samsvari við íslensk og dansk krøv um upplýsingar í árs- og konsernroknskapum hjá skrásettum peningastovnum.

Ábyrgd leiðslunnar av ársroknskapinum

Leiðslan hevur ábyrgdina av at gera ein árs- og konsernroknskap, ið gevur eina rættvísandi mynd í samsvari við lóg um fíggjarligt virksemsi umframt kunngerðum og leiðreglum frá Fíggjareftirlitinum fyri peningastovnar og harumframt íslensk og dansk krøv um upplýsingar í árs- og konsernroknskapum hjá skrásettum peningastovnum. Henda ábyrgd ber í sær, at felagið støðugt hevur tað innanhýsis eftirlit, ið skal til fyri at gerast kann ein árs- og konsernroknskapur, sum gevur eina rættvísandi mynd uttan týðandi skeivleikar, og uttan mun til um skeivleikarnir standast av sviki ella mistøkum ella vali av hóskandi roknskaparhátti ella roknskaparligum metingum, ið eftir umstøðunum mugu ætlast at vera hóskandi.

Independent Auditor's Report

To the Shareholders of Eik Banki P/F

We have audited the Annual Report of Eik Banki P/F for the financial year 1 January – 31 December 2007, which comprises the Statement of the Board of Directors and Board of Executives on the Annual Report, Management's Review, a summary of significant accounting policies, the income statement, balance sheet, statement of changes in equity, cash flow statement for the year then ended and notes for the Group as well as for the Parent Company. The consolidated financial statements have been prepared in accordance with the Financial Business Act and with the executive order and guidelines of the Danish Financial Supervisory Authority on presentation of financial statements by financial institutions as applied in the Faroe Islands. Furthermore, the Annual Report has been prepared in accordance with additional Icelandic and Danish disclosure requirements for annual reports of listed financial institutions.

The Board of Directors and Board of Executives' Responsibility for the Annual Report

The Board of Directors and Board of Executives are responsible for the preparation and fair presentation of this Annual Report in accordance with the Financial Business Act and with the executive order and guidelines of the Danish Financial Supervisory Authority on presentation of financial statements by financial institutions as applied in the Faroe Islands as well as additional Icelandic and Danish disclosure requirements for annual reports of listed financial institutions. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an Annual Report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Grannskoðanarátækning / Auditor's Report Uttanhýsis / External

Grannskoðanin og ábyrgd grannskoðarans

Okkara ábyrgd er við stöði í grannskoðanini at gera eina niðurstöðu um árs- og konsernroknaskapin. Vit hava grannskoðað samsvarandi galdandi grannskoðanarreglum, ið krevja, at vit halda tey etisku krøvini og leggja grannskoðanina til rættis við denti á at fáa eina grundaða vissu fyri, at í árs- og konsernroknaskapinum eru ikki týðandi skeivleikar.

Grannskoðanin ber í sær, at gjørt verður tað arbeiði, sum skal til fyri at fáa grannskoðanarprógv fyri upphæddum og upplýsingum í árs- og konsernroknaskapinum. Grannskoðarin metir um, hvat arbeiði skal gerast, herundir metir hann um vandan fyri týðandi skeivleikum í árs- og konsernroknaskapinum, uttan mun til um skeivleikarnir standast av sviki ella mistøkum. Grannskoðarin metir eisini um innanhýsis eftirlitið, ið skal til, fyri at felagið kann gera ein árs- og konsernroknaskap, sum gevur eina rættvísandi mynd. Hetta verður gjørt fyri at leggja grannskoðanina til rættis eftir umstøðunum og ikki at gera eina niðurstöðu um, hvussu gott innanhýsis eftirlitið er. Grannskoðanin ber eisini í sær, at stöða verður tikin til, um roknskaparhætturin, sum leiðslan nýtir, er hóskandi, um tær roknskaparligu metingarnar, sum leiðslan hevur gjørt, eru rímligar, og hvussu roknskapurin sum heild er gjørdur.

Tað er okkara fatan, at vit hava fingið eitt nøktandi grannskoðanarprógv, ið kann vera grundarlag undir okkara niðurstöðu.

Grannskoðanin hevur ikki givið orsök til fyrivarni.

Auditor's Responsibility and Basis of Opinion

Our responsibility is to express an opinion on this Annual Report based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Annual Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Annual Report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Annual Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Annual Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and Board of Executives, as well as evaluating the overall presentation of the Annual Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Grannskoðanarátækning / Auditor's Report Uttanhýsis / External

Niðurstøða

Tað er okkara fatan, at árs- og konsernroknskapurin gevur eina rættvísandi mynd av felagsins ognum, skyldum og fíggjarligu støðu 31. desember 2007 og av úrslitinum av virksemi og peningastreymi felagsins í roknskaparárinum 1. januar – 31. desember 2007 í samsvari við lóg um fíggjarligt virksemi umframt kunngerðum og leiðreglum frá Fíggjareftirlitinum fyri peningastovnar og í samsvari við íslensk og dansk krøv um upplýsingar í árs- og konsernroknskapum hjá skrásettum peningastovnum.

Opinion

In our opinion, the Annual Report gives a true and fair view of the Group's and the Parent Company's financial position at 31 December 2007 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January – 31 December 2007 in accordance with the Financial Business Act and in accordance with additional Danish disclosure requirements for Annual Reports of financial institutions as applied in the Faroe Islands and with additional Icelandic and Danish disclosure requirements for annual reports of listed financial institutions.

Tórshavn, 21. februar 2008

Rasmussen & Weihe

Statsaut. grannskoðarafelag P/F

Hans Laksá

statsaut. revisor

State Authorized Public Accountant

Roknskaparháttur

Accounting Principles

Alment

Tíðarskeiðs- og samtaksroknskapurinn er gjörður í samsvari við lóg um fíggarlegt virksemi v.m. og kunngerðir og leiðreglur frá Fíggjareftirlitinum fyrir peningastovnar.

Nýttur roknskaparháttur er óbroyttur í mun til undanfarin ár. Tó hefur dupult skrásetingin í summari í, ávikavist OMX Nordic Exchange Ísland og Keypmannahavn, viðfært eina ókta lýsingarskyldu av roknskaparháttinum. Roknskaparhátturinn fylgir teimum krøvum, sum eru áløgd samtakinum av OMX Nordic Exchange í Íslandi og Keypmannahavn.

Samtaksroknskapur

Samtaksroknskapurinn fevnir um Eik Banka P/F, P/F Inni, Eik Bank Danmark A/S, sum eru 100% ogn hjá Eik Banka P/F.

Samtaksroknskapurinn verður gjörður við at leggja saman roknskaparpostar við einsháttaðum innihaldi og við at draga innanhýsis inntøkur og útreiðslur frá saman við innanhýsis millumverandi.

Tíðargreining

Rentuinntøkur, rentuútreiðslur og leypandi provisióinir eins og allar aðrar týðandi inntøkur og útreiðslur verða tíðargreinaðar til roknskapartíðarskeiðið. Ómaksgjöld og stovningarprovisiúnir v.m. verða bókaðar leypandi. Vinningsbýti frá partabrøvum verður bókað sum inntøka, tá peningurin er móttikin. Rentur av útlánum, sum verða mett at vera mist, verða ikki bókaðar sum inntøka.

Innanhýsis transaktiúnir í samtakinum

Transaktiúnir við tilknýtt og assosierað feløg verða sum meginregla gjørdar samsvarandi marknaðar-treytum.

Umrokning av útlenskum gjaldoyra

Ogn og skuld í útlenskum gjaldoyra verður bókað til almennar gjaldoyrakursir 31. desember. Inntøkur og útreiðslur í útlenskum gjaldoyra verða umroknaðar

General

The consolidated and annual accounts are prepared in conformity with the Financial Business Act and regulations and directives from the Danish Financial Supervisory Authority (Finanstilsynet).

The accounting principles are unchanged since previous year. However, the dual listing on OMX the Nordic Exchange Iceland and OMX the Nordic Exchange Copenhagen, respectively, entails increased disclosure requirements regarding the accounting principles. The accounting principles follow the requirements of OMX the Nordic Exchange Iceland and Copenhagen.

Consolidated Accounts

The consolidated accounts include Eik Banki P/F, P/F Inni, Eik Bank Danmark A/S, SkandiaBanken A/S, Privestor Fondsmæglerskab A/S and FinansNyt A/S which are 100% owned by Eik Banki P/F.

The consolidated accounts are prepared by consolidating items of the same nature and eliminating intra-group income and expenses, and outstanding loan balances.

Income Recognition

Interest income, interest expenses, recurring provisions as well as all other significant income and expenses were accrued to the accounting period. Fees, charges and commissions, etc. were entered as received. Dividends on shares were entered as income upon receipt of the funds. Interest on loans, which are identified as bad or doubtful, was not entered as income.

Internal Transactions

Transactions with subsidiary and associated companies were in principle executed in accordance with market conditions.

Foreign Currency Translation

Assets and liabilities denominated in foreign

Roknskaparháttur / Accounting Principles

sambært galdandi valutakursum á bókingardegnum.

Útlán, ábyrgdir og áögn í øðrum lánistovnum

Útlán, ábyrgdir og áögn í øðrum lánistovnum verða støðugt gjøgnumgíngin til tess at lýsa tapsvandán. Hetta viðførir, at tap og burturleggingar til tap verða bókað í rakstrarroknskapinum undir „Avskrivningar og burturleggingar av skuldarum“.

Lán við fastari rentu, har rentuváðin er avdekkaður við fíggjarligum amboðum, verða ikki kursjavnað.

Virðisbrøv

Børsnoterað virðisbrøv verða bókað til almennar kursir 31. desember. Ikki børsnoterað virðisbrøv verða upptikin til útveganarvirði ella til mett marknaðarvirði.

Partabrøv, sum eru at rokna sum fíggjarlig støðisogn, verða bókað til dagsvirði.

Kapitalpartar í tilknýttum og assosieraðum fyrítøkum

Kapitalpartar í tilknýttum fyrítøkum og assosieraðum fyrítøkum verða bókaðir til roknskaparlíga innara virði.

Óítøkiligar ognir

Ritbúnaður verður bókaður til útveganarvirði, frádrígið avskrivningar. Avskrivað verður linjurætt yvir 5 ár. Goodwill verður bókað til útveganarvirði við keyp, frádrígið avskrivningar. Avskrivað verður linjurætt yvir 10 - 20 ár.

Ítøkiligar ognir

Grundtøki og bygningar verða bókað til útveganarvirði, frádrígið av- og niðurskrivningar. Avskrivað verður linjurætt yvir 50 ár og við støði í einum mettum restvirði. Grundtøki verða tó ikki avskrivað.

Yvirtíknar ognir verða bókaðar til mett handilsvirði. Innbúgv og rakstartól verða bókað til útveganarvirði, frádrígið av- og niðurskrivningar. Avskrivað verður linjurætt yvir 5-8 ár. Smáinnbúgv útvegað fyri minni enn 20 tkr. verða útreiðsluførd, tá hesi verða útvegað.

currencies were translated according to the official rates of exchange prevailing on 31 December.

Income and expense related to foreign exchange were converted according to the rates of exchange prevailing at the transaction date.

Loans, Guarantees and Claims on other Financial Institutions

Loans, guarantees and claims on other financial institutions were continually reviewed to determine loss risk. Consequently, bad debts and provisions for bad debts were entered in the profit and loss account under "Depreciation and provisions for loss on bad debts".

Loans with fixed interest where interest risk is covered by derivatives were not subject to market value adjustments.

Securities

Listed securities were entered at market values on 30 September. Non-listed securities were entered at purchase price or at market price, if the latter is determined to be lower.

Shares that are included in the bank's long-term investment portfolio were entered at marked value.

Equity in Subsidiary and Associated Undertakings

Equity in subsidiary and associated undertakings was entered at equity value.

Intangible Assets

Software is booked at cost less a deduction for depreciation. Software is depreciated according to the straight-line method over a period of 5 years.

Good-will is booked at purchase price, less a deduction for depreciation. Good-will is depreciated according to the straight-line method over a period of 10 - 20 years.

Tangible Assets

Land and buildings were entered based on purchase price, less deductions for depreciation and write

Fíggarlig amboð

Gjaldoyraterminshandlar verða bókaðir til marknaðarvirði við tíðarskeiðsenda.

Rentuswaps, sum verða nýtt til at avdekka lán við fastari rentu, verða ikki kursjavnáð. Rentur av swap verða tíðargreinaðar og bókaðar undir rentuinntøkum.

Skattur

Roknaður skattur av ársvinningi verður bókaður í ársroknskapinum og fevnir bæði um vanligan skatt og útsettan skatt. Útsettur skattur, ið kemur av tíðarfrávikum millum ársroknskapin og skattaroknskapin, verður útreiðsluførdur og avsettur undir „Avsetingar til skyldur“. Skattaáogn, sum sannlíkindi eru fyri verður nýtt frammyvir, verður tikin við undir „Onnur ogn“.

downs. Depreciation was taken according to the straight-line method over the estimated useful life with a maximum of 50 years. Land was not, however, depreciated.

Reposessed properties were entered according to their estimated market value.

Furnishings and equipment were entered at cost less deductions for depreciation and write downs. Depreciation was taken according to the straight-line method over a period of 5 - 8 years.

Furnishings and supplies valued at less than DKK 20,000 were expensed in the purchase year.

Financial Instruments

Currency futures contracts were entered at market value on 30 September.

Interest rate swaps that were used to secure a fixed-interest loan, were not subject to market value adjustments. Interest on swaps was accrued to the accounting period and entered as interest income.

Taxes

Calculated tax on the profit for the year was stated in the annual accounts and included both actual tax and deferred tax. Deferred tax resulting from the timing differences between the annual accounts and the tax accounting by the Faroese tax administration was expensed and stated under „Provisions for liabilities and charges“. Tax surplus, which in all probability will be used in future, was entered as income and stated under „Other assets“.

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BIC/SWIFT: EIKB FO TF

Eik virðisbrøv / Eik Banki Securities

Partabræv / Share 1)

Virðisbrævamarknaðir / Stock Exchanges	VMF Market on OMX Nordic Exchange Iceland OMX Nordic Exchange Copenhagen
ISIN code	F00005702340
Bloomberg	EIK IR / EIK DC
Partapeningur / Share Capital	DKK 812,927,400
Tal av partabrøvum / No. of Shares	8,129,274

Eftirstillað kapitalinnskot / Subordinated Debt

Virðisbrævamarknaður / Stock Exchange	OMX Nordic Exchange Copenhagen
ISIN code	DK0030034426
Bloomberg	FOROYA 5.385
Upphædd / Amount	DKK 150,000,000

- 1) Eik Banki er við í MidCap+ á OMX í Keypmannahavn. Endamálið við MidCap+ er at økja um áhugan fyri at handla partabrøv í miðalstórum børskrásettum fyrítøkum / Eik Banki is a member of MidCap+ set up by the Copenhagen Stock Exchange to promote liquidity in shares of medium- sized listed companies.

Investor Relations

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