

# Growth and Stability in the Eik Group

The Eik Group nine month report 2007 shows that growth and stability characterise the activities in the Eik Group. All the companies in the group, including the newly acquired subsidiaries, show growth, and **the outlook is good**. The profit is DKK 281.6 million after taxes against DKK 155.2 million in the same period last year. This means that the annualised return on equity is 31.1 percent against 22.6 percent in 2006. The balance is approaching DKK 20 billion, which is an 88 percent increase in the last year

"Growth and stability characterise the development in our activities in the Faroe Islands and abroad. The Group has grown in the last year, and we are very pleased that the three new companies in the Group – SkandiaBanken, Privestor and FinansNyt – have had a good start in the Group", says Marnar Jacobsen, CEO of the Eik Group, after the publication of the nine month report.

## **Return on equity 31 percent**

In short, the report shows that annualised return on equity is 31.1 percent against 22.6 percent last year.

Profit after taxes is DKK 281.6 million against DKK 155.2 million the first nine months of 2006. The profit before taxes is DKK 332.1 million against DKK 192.3 million last year.

## **Balance nearly DKK 20 billion**

The Eik Banki strategy of growth has brought Eik Banki in a position among the fifteen largest banks in Denmark.

The Group Balance has increased considerably and is now 19.9 billion against 10.6 billion last year. This is an increase of 9.3 billion, or 88.2 percent. The purchase of SkandiaBanken has contributed to the increase.

The comparison to last years figures should be made with a note of caution as SkandiaBanken, Privestor and FinansNyt have not previously been included in the financial reports.

## **No Connection to the Subprime Market**

The Eik Group is in no way connected to the so-called subprime crisis, which primarily is a crisis of confidence.

"Eik is not involved in subprime mortgages on the American market. We have no investments in or financed to companies that finance these activities. It is, however, likely that the subprime crisis will have an effect on the Faroese as well as the Danish market, as the interest rate on the interbank market has increased, and this will make it more expensive to borrow money in general", says Marnar Jacobsen, CEO of the Eik Group.

Equity is now DKK 2.1 billion and the group solvency is 11.2 percent against 10.5 percent in the same period last year. The solvency required by law is 8 percent. In July this year Eik Banki increased the share capital with DKK 101.6 million nominal in connection with the purchase of SkandiaBanken earlier this year. Group liquidity is also good. By 30 September 2007, the liquidity was DKK 2.8 billion against 1.9 billion in September last year. Liquidity required by law is DKK 1.8 billion. The liquidity exceeds the requirements by 54.2 percent, which is satisfactory.

## **Positive Outlook**

The outlook for 2007 is good.

Based on the result so far this year, and the outlook for the year, we maintain our previously announced estimate of DKK 340 million, before market value adjustments of securities, net depreciations and taxes.

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Eik Banki is one of the largest shareholders in the Icelandic savings bank SPRON, which was listed on OMX Nordic Exchange Iceland on 23 October this year.

Prior to the listing, Eik Banki held an 8.44 percent stake in SPRON.

To avoid an adverse effect on the solvency if the SPRON-shares increase in value Eik Banki has decreased its holdings in SPRON to 5 percent. However, Eik Banki has purchased a bond, which is linked to the price of the SPRON share.

This means, that as far as return on the investment is concerned, Eik Banki is still exposed as were our holdings in SPRON still 8.44 percent.

Our holdings in SPRON have so far been booked at purchase value in Eik Bank's books, but after the listing the shares will be booked at market value.

Based on the closing price on 24 October, the price of the SPRON share is DKK 295 million above the book value per 30 September 2007.

Provided that market value adjustments of securities and currencies are unchanged compared to the first nine months, but including the before mentioned capital gain from the SPRON share, the estimated result for the year before taxes is DKK 740 million.

A webcast on the nine month report is available on our website [www.eikbank.com](http://www.eikbank.com), [www.eikbank.dk](http://www.eikbank.dk), [www.eik.fo](http://www.eik.fo).

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