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First Quarter Report

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2009

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[www.eikbank.com](http://www.eikbank.com)



Eik

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# First Quarter Report

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2009

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**Eik Banki P/F**

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Faroe Islands                              www.eikbank.com

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Registered address                      Tórshavn  
Established                                24 August 1832

Registration No.                        3293  
VAT No.                                    516244

Reg No.                                    9181  
BIC/SWIFT                                EIKB FO TF

**Eik Banki Securities****Share**

Stock Exchanges                        VMF Market on Nasdaq OMX Nordic Exchange Iceland  
Nasdaq OMX Nordic Exchange Copenhagen  
ISIN code                                FO0005702340  
Bloomberg                                EIK IR / EIK DC  
Share Capital                            DKK 812,927,400  
No. of Shares                            8,129,274

**Subordinated Debt**

Stock Exchange                        Nasdaq OMX Nordic Exchange Copenhagen  
ISIN code                                DK0030034426  
Bloomberg                                FOROYA 5.385  
Amount                                    DKK 150,000,000  
Interest                                    5.385 per cent

**Senior Debt**

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

**Investor Relations**

Finn Danberg, Director, Group CFO  
Tel: +298 548610  
e-mail: finn.danberg@eik.fo

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**Management**

Mårner Jacobsen, CEO  
Chief Managing Director  
mårner.jacobsen@eik.fo

Bjarni Olsen  
Managing Director  
bjarni.olsen@eik.fo

**Board of Directors**

Frithleif Olsen  
Chairman

Odd Arild Bjellvåg  
Deputy Chairman

Finnbogi Niclasen  
Rólanf Vidtfeldt  
Mathea Hilduberg  
Jákup Egil Jensen  
Petur Hammer  
Tórmund A. Joensen  
Rakul Dam  
Gert Langgaard  
Fía Selma Nielsen

**Board of Representatives****Suðuroy**

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

**Eysturoy**

Olaf Fríðheim  
Regin Gregersen  
Álvur Hansen  
Leif Høj  
Alice Højsted  
Oluffa Joensen  
Sofus D. Johannesen  
Frithleif Olsen  
Eyðun Rasmussen  
Høgni á Reynatrøð

**Sandoy**

Poul Klementsén  
Elisabeth Myllhamar  
Jonna Krog Poulsen  
Kristoffer Poulsen  
Jákup Martin Sørensen  
Rólanf Vidtfeldt

**Vágoy**

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

**Norðstrey moy**

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

**Norðoyggjar**

Finn Baldvinsson  
Jógvan í Beiti  
Jórun Gardar  
Jonhard Larsen  
Eliesar N. Lydersen  
Dánjal Jákup Meinertsson

**Suðurstrey moy**

Odd Arild Bjellvåg  
Hans Johannes á Brúgv  
Debes Danberg  
Hans Andrias Djurhuus  
Bent Jacob Højgaard Hansen  
Jóhannes Martin Hansen  
Poul Gert Hansen  
Jákup Egil Jensen  
Jóan Pauli Joensen  
Líggjas Joensen  
Olga Kallsberg  
Oddvå Nattestad  
Marita Simonsen  
Birgir Sondum  
Jákup í Stórustovu

**Appointed according to § 6.6 in the Articles of Association**

Frithleif Olsen  
Kjartan Mohr  
Bárður S. Nielsen

**External Auditor**

Hans Laksá,  
State-Authorised Public  
Accountant

**Internal Auditor**

Sigmund Frederiksen  
Chief Auditor

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## Contents

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First Quarter Highlights	7
Five Year Summary	9
Management Review	15
Management Statement	19
First Quarter Accounts	21
Auditor's Statement	37

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# First Quarter Highlights

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2009

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## Highlights

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### First Quarter Highlights

- The result for the period is a loss of DKK 23.9 million
- Profit on financial operations is DKK 157.1 million compared to DKK 149.1 first quarter 2008
- Contribution to the Danish Private Contingency Association is DKK 17 million
- Impairments are DKK 76.0 million corresponding to 0.4 per cent of total total loans and guarantees. Impairments decreased by 83 per cent compared to fourth quarter 2008
- Solvency ratio is 10.0 per cent and core capital ratio is 7.0 per cent
- Liquidity is DKK 5.6 billion, which corresponds to an excess cover over statutory requirement of 154.9 per cent
- Eik Banki Group applies for hybrid core capital injection of DKK 550 million under the Credit Package II
- Loans have decreased by DKK 389.4 million from DKK 15.9 billion to DKK 15.5 billion. From year begin the loans have decreased by DKK 158.9 million
- Deposits have increased from DKK 13.1 billion to DKK 14.2 billion. At the beginning of 2009 deposits amounted to DKK 14.1 billion

### Outlook 2009

Income from interest and fees and commissions are expected to amount to approximately DKK 30 million less than previously expected, while the estimated expenses to staff and administration are expected to remain unchanged.

Simultaneously, Credit Package II is expected to burden the result with slightly over DKK 20 million. Hence the result prior to value adjustment, impairments and taxes for the year is expected to be about DKK 300 million against the original estimation of DKK 350 million, announced in connection with the Annual Report 2008.

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Five Year Summary

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2005–2009

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## Five Year Summary Income Statement

Group DKK Million	1Q 2009	1Q 2008	Change in per cent	1Q 2007	1Q 2006	1Q 2005
<b>Income Statement</b>						
Interest income	337	345	-2	170	98	83
Interest expenses	204	185	10	85	37	25
<b>Net interest income</b>	<b>133</b>	<b>160</b>	<b>-17</b>	<b>85</b>	<b>61</b>	<b>58</b>
Fees, commissions and dividend	34	45	-24	94	36	16
Market value adjustments	-12	-59	-79	18	5	8
Other operating income	2	3	-23	2	2	2
<b>Profit on financial operations</b>	<b>157</b>	<b>149</b>	<b>5</b>	<b>199</b>	<b>104</b>	<b>84</b>
Staff costs, administrative expenses and other operating expenses	108	91	18	62	49	43
Depreciations and write-down of intangible and tangible assets	4	6	-42	6	4	3
Impairment of loans and other claims	76	13	-	-3	6	6
Income from associated and subsidiary undertakings	-6	0	-	0	0	0
<b>Profit before taxes</b>	<b>-37</b>	<b>39</b>	<b>-195</b>	<b>134</b>	<b>45</b>	<b>32</b>
Taxes	-13	10	-	16	9	7
<b>Net profit for the period</b>	<b>-24</b>	<b>29</b>	<b>-183</b>	<b>118</b>	<b>36</b>	<b>25</b>

Comparative figures for 2005-2007 have not been adjusted according to the new accounting principles, but 2008 have been partly adjusted.

## Five Year Summary Balance Sheet

Group DKK Million	1Q 2009	1Q 2008	Change in per cent	2008	1Q 2007	1Q 2006	1Q 2005
<b>Balance Sheet</b>							
<b>Assets</b>							
Cash in hand, claims on central banks and credit institutions	2,503	1,880	33	2,795	1,233	297	298
Loans and other advances	15,513	15,902	-2	15,672	8,536	6,758	5,230
Securities	2,868	1,892	52	2,201	1,383	1,237	842
Tangible assets	156	137	14	157	138	127	124
Other assets	902	723	25	889	498	260	243
<b>Total assets</b>	<b>21,942</b>	<b>20,534</b>	<b>7</b>	<b>21,714</b>	<b>11,788</b>	<b>8,679</b>	<b>6,737</b>
<b>Liabilities</b>							
Debt to credit institutions	4,075	4,476	-9	5,081	3,877	2,847	1,335
Deposits and other liabilities	14,172	13,095	8	14,135	5,869	4,647	4,397
Issued bonds at fair value	1,167	1	-	1	0	0	0
Other liabilities	428	404	6	373	268	232	154
Subordinated debt	448	449	-	448	448	0	0
Equity	1,652	2,108	-22	1,676	1,326	953	851
<b>Total liabilities</b>	<b>21,942</b>	<b>20,534</b>	<b>7</b>	<b>21,714</b>	<b>11,788</b>	<b>8,679</b>	<b>6,737</b>
<b>Off-balance-sheet items</b>							
Total guarantees, etc.	1,965	1,333	47	1,890	865	404	219
Other commitments	145	101	43	170	321	2	2
<b>Total off-balance-sheet items</b>	<b>2,110</b>	<b>1,434</b>	<b>47</b>	<b>2,060</b>	<b>1,186</b>	<b>406</b>	<b>221</b>

Comparative figures for 2005-2007 have not been adjusted according to the new accounting principles, but 2008 have been partly adjusted.

## Five Year Summary Key Ratios

Group		1Q 2009	1Q 2008	1Q 2007	1Q 2006	1Q 2005
<b>Ratios</b>						
<b>Solvency and capital ratios</b>						
Solvency ratio 1)		10.0%	13.5%	14.0%	10.0%	13.2%
Core capital ratio 1)		7.0%	10.8%	10.3%	12.9%	13.2%
<b>Earning ratios</b>						
Return on equity before tax 1)	ROE	-2.2%	1.8%	10.6%	4.8%	3.7%
Return on equity after tax 1)	ROE	-1.4%	1.4%	9.3%	3.8%	2.9%
Return on assets after tax	ROA	-0.1%	0.1%	1.0%	0.4%	0.4%
Return on risk weighted assets after tax	RORWA	-0.2%	0.2%	1.2%	0.5%	0.4%
Income/cost ratio 1)		0.81	1.35	3.07	1.77	1.59
<b>Shares</b>						
Average number of shares (1,000)		8,129	8,129	7,113	6,793	6,793
Number of shares end period (1,000)		8,129	8,129	7,113	6,793	6,793
Share price end period		82.00	357.50	518.00	274.00	123.51
Share price high		110.00	521.00	575.00	283.00	137.00
Share price low		78.00	355.00	480.00	283.00	115.00
Average share price		94.00	438.00	527.50	283.00	126.00
Earnings after tax per share 1)	EPS	-2.94	3.87	17.30	5.23	3.58
Book value per share	BVPS	203.16	259.34	195.19	140.31	125.29
<b>Market risk ratios</b>						
Interest rate risk 1) & 2)		6.4%	3.0%	1.9%	3.4%	3.4%
Foreign exchange risk 1) & 3)		7.2%	13.6%	27.4%	5.4%	4.9%
Risk weighted assets / Total assets		72.6%	75.0%	80.9%	77.7%	83.8%
<b>Liquidity ratios</b>						
Loans, advances and impairments in proportion to deposits 1)		114.5%	123.1%	148.9%	151.7%	127.4%
Excess liquidity cover relative to statutory requirement 1)		154.9%	99.3%	74.3%	80.9%	83.3%
<b>Credit risk ratios</b>						
Large loans as percentage of capital base 1) & 4)		257.8%	146.2%	133.4%	85.7%	46.3%
Part of outstanding loans at reduced interest 1)	NPL	3.6%	0.7%	0.9%	-	-
Impairments percentage 1)	LLR	3.9%	1.2%	2.1%	3.9%	6.5%
Loan loss reserve / Non-performing loan ratio	LLR/NPL	110%	163%	233%	-	-
Write-offs and impairments during the period 1)		0.4%	0.1%	0.0%	0.1%	0.1%
Total loans in proportion to equity 1)		9.4	7.5	6.4	7.1	6.1
Increase in loans 1)		-1.0%	1.8%	3.2%	3.2%	3.5%
<b>Other ratios</b>						
Increase in deposits 1)		0.3%	-1.3%	-4.0%	3.7%	4.8%
Increase in balance 1)		1.0%	-4.9%	-0.3%	0.7%	3.8%

Comparative figures for 2005-2007 have not been adjusted according to the new accounting principles, but 2008 have been partly adjusted.

### Explanation of ratios

- 1) Prepared in accordance with the regulations issued by the Danish Financial Supervisory Authority.
- 2) Interest rate risk is based on the premise that the effective interest rate fluctuates 1 per cent and that the fluctuations in DKK are calculated in comparison to core capital less certain adjustments.
- 3) Foreign exchange risk is the higher amount of assets or liabilities in currency and is calculated in per cent to core capital less certain adjustments.
- 4) Outstanding balances greater than 10 per cent after deductions for secure requirements in per cent to capital base.

## Five Year Summary Key Ratios

Eik Banki P/F	1Q 2009	1Q 2008	1Q 2007	1Q 2006	1Q 2005
<b>Ratios</b>					
<b>Solvency and capital</b>					
Solvency ratio 1)	17.4%	22.0%	17.9%	13.0%	15.9%
Core capital ratio 1)	13.1%	18.0%	13.2%	16.7%	15.9%
<b>Earnings ratios</b>					
Return on equity before tax 1)	-1.3%	1.4%	9.8%	4.5%	3.5%
Return on equity after tax 1)	-1.4%	1.4%	9.3%	3.8%	2.9%
Income / cost ratio 1)	0.73	1.46	3.95	1.99	1.73
<b>Market risk</b>					
Interest rate risk 1) & 2)	2.9%	1.5%	1.0%	2.6%	3.0%
Foreign currency risk 1) & 3)	5.5%	5.7%	27.1%	5.0%	4.9%
<b>Liquidity ratios</b>					
Loans, advances and impairments in proportion to deposits 1)	141.6%	132.1%	104.8%	116.8%	106.1%
Excess liquidity cover relative to statutory requirement 1)	167.4%	42.8%	30.7%	42.6%	74.1%
<b>Credit risk</b>					
Large loans as percentage of capital base 1) & 4)	144.3%	100.4%	107.4%	29.2%	46.3%
Part of outstanding loans at reduced interest 1)	NPL 3.2%	0.4%	1.0%	2.7%	-
Impairments percentage 1)	LLR 3.6%	1.9%	2.8%	5.1%	7.8%
Write-offs and impairments during the period 1)	0.1%	0.1%	-0.1%	0.1%	0.1%
Total loans in proportion to equity 1)	5.0	3.9	4.1	4.9	4.7
Increase in loans 1)	-0.1%	2.9%	4.6%	4.3%	3.0%
<b>Other ratios</b>					
Increase in deposits 1)	-4.0%	2.7%	-5.3%	1.1%	6.3%
Increase in balance 1)	-1.6%	-6.9%	-0.6%	-0.8%	19.6%

Comparative figures for 2005-2007 have not been adjusted according to the new accounting principles, but 2008 have been partly adjusted.

### Explanation of ratios

- 1) Prepared in accordance with the regulations issued by the Danish Financial Supervisory Authority.
- 2) Interest rate risk is based on the premise that the effective interest rate fluctuates 1 per cent and that the fluctuations in DKK are calculated in comparison to core capital less certain adjustments.
- 3) Foreign exchange risk is the higher amount of assets or liabilities in currency and is calculated in per cent to core capital less certain adjustments.
- 4) Outstanding balances greater than 10 per cent after deductions for secure requirements in per cent to capital base.



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# Management Review

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2009

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## Management Review

In spite of a loss in the first quarter 2009, the Management is pleased with the development in the first quarter accounts in which losses and impairments have decreased considerably compared to fourth quarter 2008.

The first quarter result before taxes is a loss of 36.5 million against a DKK 377.2 million loss in the fourth quarter 2008. After taxes, the result is a DKK 23.9 million loss against a DKK 282.4 million loss in the fourth quarter 2008. A year ago, the result was a profit of DKK 38.6 million before taxes and DKK 28.9 million after taxes.

Even though it is not satisfactory that the first quarter result is a loss, it is positive that impairments have decreased by 83 per cent compared to the fourth quarter last year, which was marked by the global economic and financial crisis. This development points in the right direction, although the crisis is not yet over.

Since the second half last year, the borrowing interest has decreased, and the activities first quarter 2009 are also marked by the economic recession, on the Danish market in particular.

### Basic Operations

The result of the basic operations reveals a decrease of DKK 58.5 million.

Net interest income is somewhat meeker than a year ago, i.e. DKK 133.0 million in the first quarter 2009, against DKK 159.7 million the same period last year. The reason for this is that the unusual high interest rates on the interbank market in the fourth quarter 2008 have impacted the interest costs of the loans procured in this market. Furthermore, the net interest income for first quarter 2008 was marked by a nonrecurrent income of DKK 18 million.

Fees and commissions income have decreased from DKK 44.8 million to DKK 39.2 million in first quarter 2009.

Staff and administrative expenses are DKK 89.0 million against DKK 91.3 million in the first quarter 2008.

### Credit Package I

In first quarter of 2009, DKK 17 million was charged in relation to the Danish Private Contingency Association.

The total cost for participation in Credit Package I is DKK 134 million. Furthermore, Eik Banki Group provides guarantee of DKK 179 million for other banks' losses. Therefore the total costs for Credit Package I could amount up to DKK 313 million.

### Impairments

The result is marked by high impairments, however on a much lower level than fourth quarter 2008. The impairments in the first quarter are DKK 76.0 million against DKK 452.7 million fourth quarter 2008, i.e. a decrease of 83 per cent. Same period last year, impairments were DKK 13.0 million.

The majority of the impairments are due to activities in Denmark.

### Solvency and Liquidity

Group solvency is 10.0 per cent compared to 13.5 last year. The solvency for the parent company Eik Banki P/F is 17.4 per cent compared to 22.0 per cent last year. At year-end 2008 the solvency rate was 10.6 per cent and 18.3 per cent respectively.

The statutory minimum requirement is 8 per cent.

Core capital by end of first quarter is 7.0 per cent

## Management Review

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and 13.1 per cent for the Group and Eik Banki P/F respectively.

Despite the satisfactory solvency, Eik Banki Group has decided to apply for an injection of hybrid core capital of DKK 550 million, under the Credit Package II from the Danish Government. This is expected to strengthen the Group's solvency by 3.4 percentage points, which at end of first quarter would imply a solvency ratio of 13.4 percent for the Group.

It is difficult to predict the development and implications of the financial crisis. By applying for Credit Package II, we take full precautions and secure the ability to maintain our loan activities on a certain level, in spite of the financial crisis.

Liquidity remains very good. Liquidity calculated as cash-in-hand, sight deposits in other banks, certificates of deposit in the Danish Central Bank and securities was DKK 5.6 billion, which is an excess cover of 154.9 per cent over the required minimum.

### **Balance**

The group balance sheet stands at DKK 21.9 billion compared to 20.5 billion first quarter 2008. This is a DKK 1.4 billion increase corresponding to 6.9 per cent.

Loans have decreased by DKK 389.4 million from DKK 15.9 billion to DKK 15.5 billion. From year begin the loans have decreased by DKK 158.9 million.

Simultaneously, there has been an increase in deposits from DKK 13.1 billion to DKK 14.2 billion. At the beginning of 2009 deposits amounted to DKK 14.1 billion.

Equity 31 March 2009 is DKK 1.652 billion compared to DKK 1.676 billion at year-begin.

### **Events After the End of the Interim Period**

Eik Banki Group has applied for participation in Credit Package II.

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

Risk of loss has increased due to the deterioration in the international economy. Besides the instability in the international financial markets, and the cost in connection with the participation in the Credit Packages, Eik Banki Group has no knowledge of possible trends, uncertainties, demands, obligations or events that could be expected to have a significant negative impact on the prospects of Eik Banki Group.

No other events of significance for the first quarter report 2009 have occurred after 31 March 2009.

### **Outlook 2009**

Income from interest and fees and commissions are expected to amount to approximately DKK 30 million less than previously expected, while the estimated expenses to staff and administration are expected to remain unchanged.

Simultaneously, Credit Package II is expected to burden the result with slightly over DKK 20 million. Hence the result prior to value adjustment, impairments and taxes for the year is expected to be about DKK 300 million against the original estimation of DKK 350 million, announced in connection with the Annual Report 2008.

### **Auditing**

The first quarter report has been reviewed by the

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## Management Review

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internal auditing department, but has not been audited.

### **Accounting Principles**

As of 1 January 2009, the International Financial Reporting Standard (IFRS) came into force on the Faroe Islands and therefore applies to Eik Banki Group. The effect of these changes are explained in further detail under Note 1 Accounting Principles and Note 18 The effect of the changes in accounting principles for Eik Banki Group.

### **Financial Calender 2009 1)**

24 July 2009	Half Year Report
30 October 2009	Nine Month Report

- 1) Silent period commences three weeks prior to the announcement of financial reports.
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## Management Statement

### Management Statement

The Management and The Board of Directors have today reviewed and adopted the Interim Report of Eik Banki P/F and the Eik Banki Group for the period 1 January - 31 March 2009.

The reviewed Interim Report is presented in compliance with IAS 34 "Interim Financial Reporting" for the Group and the Parent Company, and in accordance with the executive order and guidelines of the Danish Financial Supervisory Authority on presentations of consolidated financial statements and in accordance with the guidelines for companies listed on Nasdaq OMX Nordic Exchange.

We consider the accounting policies applied to be appropriate, and in our opinion the Interim Report gives a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 March 2009 and of the results of the Group's and the Parent Company's operations and the Group's cash flows for the period 1 January - 31 March 2009.

In addition, we also consider the Management's review to give a fair presentation of the development in the Group's and Parent Company's activities and financial affairs, the profit for the period and the Group's and the Parent Company's financial position as a whole, as well as a description of the significant risks and elements of uncertainty that may affect the Group and the Parent Company.

#### Eik Banki P/F

Tórshavn 5 May 2009

#### Managing Directors

Mærner Jacobsen, Chief Managing Director

Bjarni Olsen, Managing Director

#### Board of Directors

Frithleif Olsen, Chairman

Odd A. Bjellvåg, Deputy Chairman

Finnbogi Niclasen

Rólanf Vidtfeldt

Mathea Hilduberg

Jákup Egil Jensen

Petur Hammer

Tórmund A. Joensen

Rakul Dam

Gert Langgaard

Fía Selma Nielsen



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First Quarter Accounts

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2009

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## First Quarter Accounts Income Statement

Eik Banki P/F				Group		
1Q 2009	1Q 2008	Note	DKK 1,000	1Q 2009	1Q 2008	2008
<b>Income Statement</b>						
205,893	225,833	2	Interest income	337,116	344,922	1,381,411
131,052	120,047	3	Interest expense	204,147	185,249	869,276
<b>74,841</b>	<b>105,786</b>		<b>Net interest income</b>	<b>132,969</b>	<b>159,673</b>	<b>512,135</b>
249	4,937		Dividends from shares and other holdings	291	4,975	26,932
30,161	22,201	4	Fee and commission income	39,245	44,759	251,519
4,150	1,057		Fee and commission expense	5,197	4,323	12,462
<b>101,101</b>	<b>131,867</b>		<b>Net interest and fee income</b>	<b>167,308</b>	<b>205,084</b>	<b>778,124</b>
5,788	-68,039	5	Market value adjustments	-12,335	-58,729	-245,994
1,802	2,181		Other operating income	2,136	2,789	25,692
<b>108,691</b>	<b>66,009</b>		<b>Profit on financial operations</b>	<b>157,109</b>	<b>149,144</b>	<b>557,822</b>
51,989	51,460	6	Staff costs and administrative expenses	89,030	91,326	370,625
3,037	5,642		Depreciation and write-down of intangible and tangible assets	3,584	6,222	21,637
10,737	0		Other operating expenses	18,781	5	19,458
13,906	7,253	7	Impairment of loans and other claims	75,990	13,013	553,677
-50,653	27,695		Income from associated and subsidiary undertakings	-6,246	0	-7,975
<b>-21,631</b>	<b>29,349</b>		<b>Profit before taxes</b>	<b>-36,522</b>	<b>38,578</b>	<b>-415,550</b>
2,289	469		Taxes	-12,602	9,698	-101,475
<b>-23,920</b>	<b>28,880</b>		<b>Net profit for the period</b>	<b>-23,920</b>	<b>28,880</b>	<b>-314,075</b>

## First Quarter Accounts Balance Sheet

Eik Banki P/F				Group		
1Q 2009	1Q 2008	Note	DKK 1,000	1Q 2009	1Q 2008	2008
<b>Balance Sheet</b>						
<b>Assets</b>						
219,000	153,689		Cash-in-hand and demand deposits with central banks	753,367	306,569	643,322
1,457,920	2,100,709	8	Claims on credit institutions and central banks	1,749,585	1,573,139	2,151,623
112,790	0	9	Loans and other claims at current value	198,796	106,740	218,986
8,104,688	8,166,853	9	Loans and other claims at amortised cost	15,313,794	15,795,240	15,452,540
1,730,312	999,597		Bonds at current value	2,359,338	1,312,462	1,840,231
126,735	0		Bonds at amortised cost	126,735	0	0
295,630	381,458	5	Shares	364,824	499,376	287,739
8,780	71,216		Holdings in associated undertakings	16,478	71,216	64,228
790,453	1,049,027		Holdings in subsidiary undertakings	626	8,525	8,522
177,095	202,083		Intangible assets	392,120	409,214	388,540
141,152	112,887		Land and buildings	141,677	113,562	141,815
141,152	112,887		-Domicile properties	141,677	113,562	141,815
12,652	18,649		Other tangible assets	14,770	23,443	15,552
0	0		Current tax assets	10,393	6,532	6,000
36,690	7,705		Deferred tax assets	121,245	7,705	111,675
15,571	2,010		Assets in temporary possession	59,923	7,118	3,515
185,822	197,669		Other assets	286,815	284,718	359,366
28,415	7,493		Prepayments	31,108	8,021	20,440
<b>13,443,705</b>	<b>13,471,045</b>		<b>Total assets</b>	<b>21,941,594</b>	<b>20,533,580</b>	<b>21,714,094</b>
<b>Liabilities</b>						
3,838,770	4,396,467	10	Debt to credit institutions and central banks	4,075,084	4,475,769	5,081,483
6,063,494	6,309,440	11	Deposits and other debt	14,172,330	13,095,232	14,135,430
1,166,000	0		Issued bonds at fair value	1,166,602	602	602
275,396	205,366		Other liabilities	404,064	393,602	346,004
0	0		Prepayments	268	155	826
<b>11,343,660</b>	<b>10,911,273</b>		<b>Total liabilities</b>	<b>19,818,348</b>	<b>17,965,360</b>	<b>19,564,345</b>
0	2,300		Provisions for pensions	0	2,300	1,590
0	0		Provisions for deferred tax	15,617	7,521	18,673
545	545		Provisions for loan on collaterals	930	1,230	930
0	0		Other provisions	7,199	242	5,006
<b>545</b>	<b>2,845</b>		<b>Provisions for liabilities and charges</b>	<b>23,746</b>	<b>11,293</b>	<b>26,199</b>
<b>447,928</b>	<b>448,698</b>	12	<b>Subordinated debt</b>	<b>447,928</b>	<b>448,698</b>	<b>448,024</b>
<b>Equity</b>						
812,927	812,927		Share capital	812,927	812,927	812,927
600,428	600,428		Share premium account	600,428	600,428	600,428
23,525	0		Other reserves / Revaluation reserve	23,525	0	23,525
214,692	694,874		Retained profit	214,692	694,874	238,646
<b>1,651,572</b>	<b>2,108,229</b>		<b>Total equity</b>	<b>1,651,572</b>	<b>2,108,229</b>	<b>1,675,526</b>
<b>13,443,705</b>	<b>13,471,045</b>		<b>Total liabilities</b>	<b>21,941,594</b>	<b>20,533,580</b>	<b>21,714,094</b>
<b>13 Off-balance sheet items</b>						
1,731,635	1,083,567		Guarantees, etc.	1,964,641	1,333,370	1,890,496
136,862	97,392		Other commitments	144,869	101,023	169,923
<b>1,868,497</b>	<b>1,180,959</b>		<b>Total off-balance sheet items</b>	<b>2,109,510</b>	<b>1,434,393</b>	<b>2,060,419</b>

## First Quarter Accounts Cash Flow Statement

Eik Banki P/F			Group		
1Q 2009	1Q 2008	DKK 1,000	1Q 2009	1Q 2008	2008
<b>Cash Flow Statement</b>					
<b>Cash flows from operating activities</b>					
-23,920	28,880	Net profit in the period	-23,920	28,880	-314,075
3,037	5,643	Depreciations and write-downs	3,584	6,222	21,637
13,906	-7,253	Impairments for losses on bad debts	75,990	-13,013	553,677
62,865	68,039	Market value adjustments of securities	36,582	58,729	253,968
<b>55,888</b>	<b>95,309</b>	<b>Cash flows from operating activities</b>	<b>92,236</b>	<b>80,818</b>	<b>515,207</b>
<b>Cash flows from selected financial assets and liabilities</b>					
750,537	-930,852	Changes in net position to credit institutions and central banks	443,195	-1,256,091	-745,157
-260,331	-62,586	Net changes in loan and deposit	99,655	-446,762	482,631
100,643	209,752	Net changes in securities	63,498	249,915	389,445
77,301	-42,279	Net changes in other assets and liabilities	42,347	-9,123	-234,092
<b>668,150</b>	<b>-825,965</b>	<b>Cash flows from selected financial assets and liabilities</b>	<b>648,695</b>	<b>-1,462,061</b>	<b>-107,173</b>
<b>Cash flows from investment activities</b>					
-2,296	151,255	Changes in intangible and tangible assets	-6,243	159,963	125,482
0	104,371	Investments in associated companies and subsidiaries	0	102,832	0
<b>-2,296</b>	<b>255,626</b>	<b>Cash flows from investment activities</b>	<b>-6,243</b>	<b>262,795</b>	<b>125,482</b>
<b>Cash flows from financing activities</b>					
4,181	-24,633	Inflow to equity	4,181	-18,733	-110,166
-770	307	Subordinated debt	-96	307	-366
<b>3,411</b>	<b>-24,326</b>	<b>Cash flows from financing activities</b>	<b>4,085</b>	<b>-18,426</b>	<b>-110,532</b>
<b>725,153</b>	<b>-499,356</b>	<b>Total changes in cash flows</b>	<b>738,773</b>	<b>-1,136,874</b>	<b>422,984</b>
2,770,703	2,212,526	Cash and cash equivalents beginning period	4,819,361	4,396,377	4,396,377
<b>3,495,856</b>	<b>1,713,170</b>	<b>Cash and cash equivalents end period</b>	<b>5,558,134</b>	<b>3,259,503</b>	<b>4,819,361</b>
<b>Cash and cash equivalents beginning period</b>					
111,049	164,983	Cash-in-hand and demand deposits with central banks, etc.	643,322	219,851	219,851
245,583	657,322	Claims on demands on credit institutions	804,883	2,079,958	2,079,958
1,198,751	639,471	Claims at notice on central banks	1,548,641	1,203,974	1,203,974
1,215,320	750,750	Bonds etc.	1,822,515	892,594	892,594
<b>2,770,703</b>	<b>2,212,526</b>	<b>Cash and cash equivalents beginning period</b>	<b>4,819,361</b>	<b>4,396,377</b>	<b>4,396,377</b>
<b>Cash and cash equivalents end period</b>					
219,000	153,689	Cash-in-hand and demand deposits with central banks, etc.	753,754	306,569	643,322
558,313	209,024	Claims on demands on credit institutions	879,758	431,318	804,883
899,607	350,860	Claims at notice with central banks	1,344,490	1,209,154	1,548,641
1,818,936	999,597	Bonds etc.	2,580,132	1,312,462	1,822,515
<b>3,495,856</b>	<b>1,713,170</b>	<b>Cash and cash equivalents end period</b>	<b>5,558,134</b>	<b>3,259,503</b>	<b>4,819,361</b>

## First Quarter Accounts Equity

	Share capital	Share premium account	Other reserves / Revaluation reserves	Retained profit	Total
<b>DKK 1,000</b>					
<b>Equity</b>					
<b>Eik Banki P/F</b>					
1 January 2009	812,927	600,428	23,525	238,646	1,675,526
Increase from buying own shares				-89	-89
Decrease from selling own shares				55	55
Net profit				-23,920	-23,920
<b>31 March 2009</b>	<b>812,927</b>	<b>600,428</b>	<b>23,525</b>	<b>214,692</b>	<b>1,651,572</b>
<b>1 January 2008</b>					
Own shares year begin	812,927	600,428	0	686,412	2,099,767
Own shares end period				85,508	85,508
Own shares end period				-110,596	-110,596
Change of accounting principles				4,670	4,670
Net profit				28,880	28,880
<b>31 March 2008</b>	<b>812,927</b>	<b>600,428</b>	<b>0</b>	<b>694,874</b>	<b>2,108,229</b>
<b>Group</b>					
1 January 2009	812,927	600,428	23,525	238,646	1,675,526
Increase from buying own shares				-89	-89
Decrease from selling own shares				55	55
Net profit				-23,920	-23,920
<b>31 March 2009</b>	<b>812,927</b>	<b>600,428</b>	<b>23,525</b>	<b>214,692</b>	<b>1,651,572</b>
<b>1 January 2008</b>					
Own shares year begin	812,927	600,428	0	686,412	2,099,767
Own shares end period				86,012	86,012
Own shares end period				-110,596	-110,596
Change of accounting principles				4,166	4,166
Net profit				28,880	28,880
<b>31 March 2008</b>	<b>812,927</b>	<b>600,428</b>	<b>0</b>	<b>694,874</b>	<b>2,108,229</b>

## First Quarter Accounts Solvency and Capital Demand

Eik Banki P/F			Group		
1Q 2009	1Q 2008	DKK 1,000	1Q 2009	1Q 2008	2008
<b>Solvency and Capital Demand</b>					
<b>Solvency</b>					
1,418,531	1,864,744	Core capital less statutory deductions	1,120,197	1,657,613	1,162,806
1,885,749	2,281,583	Capital base	1,587,415	2,074,452	1,630,245
10,147,278	9,583,023	Weighted assets not included in trading portfolio including off-balance-sheet items	14,944,692	14,248,407	14,391,231
715,785	802,126	Weighted items with market risk	983,245	1,154,767	1,010,750
<b>10,863,063</b>	<b>10,385,149</b>	<b>Total risk weighted assets</b>	<b>15,927,937</b>	<b>15,403,174</b>	<b>15,401,981</b>
17.4%	22.0%	Solvency ratio purs. to FIL § 124, 2 no. 1	10.0%	13.5%	10.6%
13.1%	18.0%	Core capital ratio	7.0%	10.8%	7.5%
<b>Capital demand</b>					
869,045	830,812	Capital demand purs. to FIL § 124, 2 no. 1	1,274,235	1,232,254	1,232,158
1,656,236	2,070,616	Core Capital before statutory deductions	1,656,236	2,070,616	1,656,236
177,095	202,083	Intangible assets	390,874	409,214	387,278
36,690	3,789	Tax assets	121,245	3,789	106,152
23,920	0	Loss for the period	23,920	0	0
<b>1,418,531</b>	<b>1,864,744</b>	<b>Core capital less statutory deductions</b>	<b>1,120,197</b>	<b>1,657,613</b>	<b>1,162,806</b>
<b>Supplementary capital</b>					
447,928	448,698	Subordinated debt	447,928	448,698	448,024
19,290	0	Revaluation reserves	19,290	0	19,415
0	31,859	Deductions for holdings purs. to FIL § 139,1 no. 2	0	31,859	0
<b>1,885,749</b>	<b>2,281,583</b>	<b>Capital base</b>	<b>1,587,415</b>	<b>2,074,452</b>	<b>1,630,245</b>

First Quarter Accounts  
Notes**Note**

1 Accounting Principles

**Income Statement**

2 Interest income

3 Interest expense

4 Fee and commission income

5 Market value adjustments

6 Staff costs and administrative expenses

7 Impairments of loans and claims

**Balance Sheet**

8 Claims on credit institutions and central banks

9 Loan and other claims

10 Debt to credit institutions and central banks

11 Deposits and other liabilities

12 Subordinated debt

**Other Notes**

13 Off-balance-sheet items

14 Contingent assets

15 Derivative financial tools

16 Shareholders holding more than 5 per cent in the Company

17 Business segment report

18 The effects of the changes in accounting principles for Eik Banki Group

## First Quarter Accounts Notes

### 1 Accounting Principles

#### In General

The interim financial report for the Group and the Parent Company for first quarter 2009 is made according to IAS 34 "Interim Financial Reporting" as announced in notice no. 1120 of 24 November 2008 concerning the application of IFRS on the Faroe Islands, and in accordance with the executive order and guidelines of the Danish Financial Supervisory Authority on presentations of consolidated financial statements and in accordance with the guidelines for companies listed on Nasdaq OMX Nordic Exchange.

The application of the IAS 34 entails that this report is limited compared to a fully detailed annual report, simultaneously as the main stipulations on value estimations according to IFRS are applied. As this also is the Group's first report according to IFRS, the report is made according to IFRS 1 "First-time adoption of IFRS."

Since the Interim Report for first quarter 2008, the Group has changed accounting principles twice. The interim financials reports in 2008 were made according to the old national rules, while the Annual Report 2008 was made according to the new national notice no. 390 of 21 May 2008 which is comparable, but not identical, to IFRS. From 1 January 2009 reports are made according to IFRS.

#### New Accounting Principles

As a consequence of the above, the method of making up and evaluate particular financial accounts is altered compared to the financial report of first quarter 2008.

The Annual Report 2008 explains the effects which the new accounting principles have on equity as of 01 January 2008. As regards the numbers of comparison for first quarter 2008, these are adjusted to the new accounting principles to make the numbers comparable. The implications of the altered accounting principles in the first quarter 2008 is made up and booked over equity as of 31 March 2008. The collective effects of total adjustments is a devaluation of equity of DKK 3.6 million, which is explained in note 18.

As a result of the new applied accounting principles, the value estimation of the financial derivatives has changed compared to the former accounting

principles. Principally this means that derivatives that have been acquired without a loan agreement with a customer, will affect Eik Banki's operation. When derivatives have been acquired as a part of covering the risk of a certain loan or deposit, it does not affect the basic operation, but is adjusted directly over loan/deposits. The effects on operation for first quarter 2009, is an income increase of DKK 1.4 million. By the authorisation of IFRS 1, the figures of comparison for 2008 of the above have not been adjusted accordingly.

According to IAS 27 capital holdings in subsidiaries can be estimated at cost value or intrinsic value (equity) in parent companies and the Annual Report of the Group. Eik Banki has decided to estimate capital holdings of subsidiaries according to the method of intrinsic value.

Other capital holdings will be estimated to intrinsic value or present value where this can be made meticulously according to the valid method of calculation. In the financial report for the Group, the accounting principle relating to the estimation of a financial investment, impaired to 0 in the financial report for Eik Banki Danmark A/S, has not been taken into account.

Apart from the above mentioned there have been no changes in accounting principles compared to the Annual Report 2008.

#### Recognition and Measurement – General

The measurement of certain assets and liabilities requires Management to estimate the implications of future events on the value of such assets and liabilities. Estimates of significance to the financial reporting are made in connection with determining the impairment of loans and advances, the fair value of unlisted financial instruments, provisions, etc. Estimates are based on assumptions that Management consider appropriate but which are uncertain by their nature.

The most significant estimates that Management makes in applying the Group's accounting policies and the most important uncertainty affecting estimates made when preparing the condensed Interim Report are unchanged from those uncertainties and estimates made when preparing the Annual Report at 31 December 2008.

## First Quarter Accounts Notes

Eik Banki P/F				Group		
1Q 2009	1Q 2008	Note	DKK 1,000	1Q 2009	1Q 2008	2008
<b>2 Interest income</b>						
27,404	42,618		Credit institutions and central banks	36,044	34,030	162,678
152,827	146,121		Loans and other claims	267,754	271,796	1,138,774
22,452	12,059		Bonds	33,272	14,695	68,620
3,210	25,035		Derivative financial instruments	-1,142	24,401	10,993
Of this:						
3,210	25,035		Currency contracts	3,210	25,035	15,132
0	0		Interest contracts	-4,352	-634	-4,139
0	0		Other	1,188	0	346
<b>205,893</b>	<b>225,833</b>		<b>Total interest income</b>	<b>337,116</b>	<b>344,922</b>	<b>1,381,411</b>
<b>3 Interest expense</b>						
69,608	69,260		Credit institutions and central banks	68,791	67,547	330,343
47,462	45,999		Deposits and other debt	121,360	112,907	510,668
6,575	0		Issued bonds	6,584	0	36
7,407	4,788		Subordinated debt	7,407	4,788	28,204
0	0		Other interest expenses	5	7	25
<b>131,052</b>	<b>120,047</b>		<b>Total interest expense</b>	<b>204,147</b>	<b>185,249</b>	<b>869,276</b>
<b>4 Fee and commission income</b>						
814	529		Security trading and custody	3,508	5,171	44,261
12,029	4,230		Transfer of payments	14,106	5,463	44,414
895	1,592		Loan fees	1,153	2,750	10,952
5,951	4,213		Guarantee commission	6,527	5,142	21,082
10,472	11,637		Other fees and commissions	13,951	26,233	130,810
<b>30,161</b>	<b>22,201</b>		<b>Total fee and commission income</b>	<b>39,245</b>	<b>44,759</b>	<b>251,519</b>
<b>5 Market value adjustments</b>						
0	0		Loans and other claims at current value	810	0	2,181
15,862	-75,079		Bonds	23,036	-75,847	-140,055
-31,159	21,357		Shares 1)	-57,754	31,959	-86,744
3,085	-14,317		Currencies	-9,357	-14,317	-24,679
0	0		Derivative financial instruments	12,930	-524	3,315
0	0		Other assets	0	0	-12
18,000	0		Other liabilities	18,000	0	0
<b>5,788</b>	<b>-68,039</b>		<b>Total market value adjustments</b>	<b>-12,335</b>	<b>-58,729</b>	<b>-245,994</b>

- 1) Shares will be estimated to intrinsic value or present value where this can be made meticulously according to the valid method of calculation. In the financial report for the Group, the accounting principle relating to the estimation of a financial investment, impaired from DKK 20 million to 0 in the financial report for Eik Bank Danmark A/S, has not been taken into account.

## First Quarter Accounts Notes

Eik Banki P/F							Group
1Q 2009	1Q 2008	Note	DKK 1,000		1Q 2009	1Q 2008	2008
		<b>6</b>	<b>Staff costs and administrative expenses</b>				
			<b>Salaries and remuneration of Board of Directors, Managing Directors and Board of Representatives</b>				
1,111	956		Managing Directors 1)		1,199	1,044	4,820
526	345		Board of Directors 2)		526	345	1,867
0	0		Board of Representatives		0	0	165
<b>1,637</b>	<b>1,301</b>		<b>Total</b>		<b>1,725</b>	<b>1,389</b>	<b>6,852</b>
			<b>Staff costs</b>				
26,383	25,932		Wages and salaries		41,200	47,060	161,408
808	2,655		Pensions 3)		2,103	3,962	13,774
2,125	2,126		Social security costs		3,563	2,756	13,988
<b>29,316</b>	<b>30,713</b>		<b>Total</b>		<b>46,866</b>	<b>53,778</b>	<b>189,170</b>
<b>21,036</b>	<b>19,446</b>		<b>Other administrative expenses</b>		<b>40,439</b>	<b>36,159</b>	<b>174,603</b>
<b>51,989</b>	<b>51,460</b>		<b>Total staff costs and administrative expenses</b>		<b>89,030</b>	<b>91,326</b>	<b>370,625</b>
<b>230</b>	<b>251</b>		<b>Employee end period, full time equivalent</b>		<b>330</b>	<b>359</b>	<b>330</b>

- 1) Managing Directors' notice of termination is 12 months from Eik Banki, and 3 months from Managing Director. Managing Directors are entitled to 18 months remuneration after termination of employment.
- 2) Members of Board of Directors and Board of Representatives are not entitled to any benefits upon termination of employment.
- 3) The Management as well as the staff is included in a defined contribution plan.



## First Quarter Accounts Notes

Eik Banki P/F				Group		
1Q 2009	1Q 2008	Note	DKK 1,000	1Q 2009	1Q 2008	2008
		<b>8</b>	<b>Claims on credit institutions and central banks</b>			
899,607	299,805		Claims at notice on central banks	899,607	999,475	1,548,641
558,313	1,800,904		Claims on credit institutions	849,978	573,664	602,982
<b>1,457,920</b>	<b>2,100,709</b>		<b>Total claims on credit institutions and central banks</b>	<b>1,749,585</b>	<b>1,573,139</b>	<b>2,151,623</b>
			<b>Claims on credit institutions and central banks</b>			
358,313	508,830		Claims at call	410,096	81,260	804,883
899,607	1,491,879		Up to 3 months	1,339,489	1,491,879	1,250,823
0	0		Over 3 months and up to one year	0	0	95,917
100,000	0		Over one year and up to 5 years	0	0	0
100,000	100,000		Over 5 years	0	0	0
<b>1,457,920</b>	<b>2,100,709</b>		<b>Total claims on credit institutions and central banks</b>	<b>1,749,585</b>	<b>1,573,139</b>	<b>2,151,623</b>
<b>200,162</b>	<b>1,533,026</b>		<b>There of from Eik Bank Danmark A/S</b>			
		<b>9</b>	<b>Loans and other claims</b>			
112,790	0		Loans and other claims at current value	198,796	106,740	218,986
8,104,688	8,166,853		Loans and other claims at amortised cost	15,313,794	15,795,240	15,452,540
<b>8,217,478</b>	<b>8,166,853</b>		<b>Total loans and other claims</b>	<b>15,512,590</b>	<b>15,901,980</b>	<b>15,671,526</b>
			<b>Loans and other claims</b>			
319,825	429,778		At call	1,680,842	496,211	198,814
342,549	385,146		Up to 3 months	1,004,135	1,201,244	2,249,796
949,047	750,734		Over 3 months and up to 1 year	2,108,752	2,629,741	1,669,665
2,127,985	1,882,165		Over 1 year and up to 5 years	3,044,048	2,989,143	3,883,675
4,478,072	4,719,030		Over 5 years	7,674,813	8,585,641	7,669,576
<b>8,217,478</b>	<b>8,166,853</b>		<b>Total loans and other claims</b>	<b>15,512,590</b>	<b>15,901,980</b>	<b>15,671,526</b>
3.6%	1.9%		Accumulated provisions on loans, advances, and guarantees in per cent of loans, advances, and guarantees, at the end of the period	3.9%	1.2%	3.6%
332,489	94,340		Non-accrual loans, advances, and guarantees	649,465	94,340	657,105
3.2%	0.4%		Non-accrual loans, advances, and guarantees in per cent of total loans and guarantees	3.6%	0.7%	3.6%
		<b>10</b>	<b>Debt to credit institutions and central banks</b>			
0	0		Debt to central banks	0	0	0
3,838,770	4,396,467		Debt to credit institutions	4,075,084	4,475,769	5,081,483
<b>3,838,770</b>	<b>4,396,467</b>		<b>Total debt to credit institutions and central banks</b>	<b>4,075,084</b>	<b>4,475,769</b>	<b>5,081,483</b>
			<b>Debt to credit institutions and central banks</b>			
1,004,461	356,835		Debt payable on demand	1,122,017	1,140,432	793,991
256,062	2,176,867		Up to 3 months	374,820	1,472,572	127,043
693,008	521,605		Over 3 months and up to 1 year	693,008	521,605	1,721,047
1,885,239	1,341,160		Over 1 year and up to 5 years	1,885,239	1,341,160	2,439,402
0	0		Over 5 years	0	0	0
<b>3,838,770</b>	<b>4,396,467</b>		<b>Total debt to credit institutions and central banks</b>	<b>4,075,084</b>	<b>4,475,769</b>	<b>5,081,483</b>
<b>71,746</b>	<b>323,939</b>		<b>There of to Eik Bank Danmark A/S</b>			

## First Quarter Accounts Notes

Eik Banki P/F							Group
1Q 2009	1Q 2008	Note	DKK 1,000		1Q 2009	1Q 2008	2008
<b>11 Deposits and other debt</b>							
2,085,522	2,549,545		Deposits on demand		6,341,820	7,962,135	6,633,210
1,871,296	2,036,218		Deposits at notice		3,093,780	2,267,461	2,880,246
1,633,861	1,327,951		Time deposits		3,010,532	1,327,951	2,892,599
472,815	395,726		Special categories of deposits		1,726,199	1,537,685	1,729,375
<b>6,063,494</b>	<b>6,309,440</b>		<b>Total deposits and other debt</b>		<b>14,172,330</b>	<b>13,095,232</b>	<b>14,135,430</b>
<b>Deposits and other debt</b>							
2,085,522	2,549,545		On demand		6,571,410	7,962,135	6,867,943
2,639,387	2,410,372		Up to 3 months		3,401,129	2,703,003	3,193,119
954,929	1,023,459		Over 3 months and up to 1 year		1,819,684	1,232,364	1,675,455
136,601	114,174		Over one year and up to 5 years		1,435,077	358,211	1,442,990
246,400	211,890		Over 5 years		945,031	839,519	955,923
<b>6,062,839</b>	<b>6,309,440</b>		<b>Total deposits and other debt</b>		<b>14,172,330</b>	<b>13,095,232</b>	<b>14,135,430</b>
<b>12 Subordinated debt</b>							
150,000	150,000		Bond issue in DKK, 5.385 percent fixed 1)		150,000	150,000	150,000
297,928	298,698		Loan, Euribor 3 months + 1.18 percent 2)		297,928	298,698	298,024
<b>447,928</b>	<b>448,698</b>		<b>Total subordinated debt</b>		<b>447,928</b>	<b>448,698</b>	<b>448,024</b>
1) Due 30 June 2014 2) Due 28 March 2015							
7,407	6,774		Interest expense		7,407	6,774	28,204
<b>447,928</b>	<b>448,698</b>		<b>Included in capital base</b>		<b>447,928</b>	<b>448,698</b>	<b>448,024</b>
<b>13 Off-balance-sheet items</b>							
<b>Guarantees and other liabilities</b>							
585,530	386,993		Financial guarantees		654,123	520,145	643,024
475,509	130,027		Loss guarantees for mortgage loans		475,509	202,673	448,620
578,096	566,547		Other liabilities		835,009	610,552	798,852
<b>1,639,135</b>	<b>1,083,567</b>		<b>Total guarantees and other liabilities</b>		<b>1,964,641</b>	<b>1,333,370</b>	<b>1,890,496</b>
<b>Other commitments</b>							
31,488	97,392		Irrevocable credit commitments		31,488	97,392	56,542
105,374	0		Other commitments		113,381	3,631	113,381
<b>136,862</b>	<b>97,392</b>		<b>Total other commitments</b>		<b>144,869</b>	<b>101,023</b>	<b>169,923</b>
<b>Subsidiary liabilities</b>							
92,500	0		Eik Bank Danmark A/S		0	0	0
<b>92,500</b>	<b>0</b>		<b>Total subsidiary liabilities</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>1,868,497</b>	<b>1,180,959</b>		<b>Total off-balance items</b>		<b>2,109,510</b>	<b>1,434,393</b>	<b>2,060,419</b>

**14 Contingent assets**

Eik Banki / Group has no contingent assets

## First Quarter Accounts Notes

DKK 1,000  
2008

### 15 Derivative financial instruments

	1Q 2009		1Q 2008	
	Nominal value	Net market value	Nominal value	Net market value
<b>Eik Banki P/F</b>				
Currency, interest and share contracts				
<b>Up to 3 months</b>				
Forwards and futures, bought	990,110	-602	141,336	2,046
Forwards and futures, sold	369,846	8,160	263,259	23,819
<b>Over 3 months and up to 1 year</b>				
Forwards and futures, bought	206,263	-13,948	170,564	1,931
Forwards and futures, sold	206,263	14,856	170,564	-1,446
<b>Over 1 year and up to 5 year</b>				
Forwards and futures, bought	1,600	0	55,572	-503
Forwards and futures, sold	1,600	0	55,572	587
<b>Total</b>				
Forwards and futures, bought	1,197,973	-14,552	367,472	3,474
Forwards and futures, sold	577,709	23,016	489,395	22,960
<b>Net market value</b>		<b>8,464</b>		<b>26,434</b>
	<b>Positive</b>	<b>Negative</b>	<b>Positive</b>	<b>Negative</b>
Forwards and futures, bought	11,340	25,892	4,182	708
Forwards and futures, sold	32,900	9,884	25,330	2,370
<b>Net market value 1)</b>	<b>44,240</b>	<b>35,776</b>	<b>29,512</b>	<b>3,078</b>
1) There of market value of non-guaranteed contracts	44,240	35,776		
<b>Market value, average</b>				
Forwards and futures, bought	7,761	13,300	2,802	481
Forwards and futures, sold	29,115	6,127	29	1,986
<b>Net market value</b>	<b>36,877</b>	<b>19,427</b>	<b>2,831</b>	<b>2,467</b>

# First Quarter Accounts Notes

DKK 1,000  
2008

## 15 Derivative financial instruments

Group	1Q 2009		1Q 2008	
	Nominal value	Net Market value	Nominal value	Net Market value
<b>Group</b>				
Currency, interest and share contracts				
<b>Up to 3 months</b>				
Forwards and futures, bought	990,110	-602	548,022	20,955
Forwards and futures, sold	369,846	8,160	263,259	23,819
<b>Over 3 months and up to 1 year</b>				
Forwards and futures, bought	206,263	-13,948	170,564	1,931
Forwards and futures, sold	206,263	14,856	170,564	-1,446
<b>Over 1 year and up to 5 year</b>				
Forwards and futures, bought	1,600	0	55,572	-503
Forwards and futures, sold	1,600	0	55,572	587
<b>Total</b>				
Forwards and futures, bought	1,197,973	-14,552	774,158	22,383
Forwards and futures, sold	577,709	23,016	489,395	22,960
<b>Net market value</b>		<b>8,464</b>		<b>45,343</b>
	<b>Positive</b>	<b>Negative</b>	<b>Positive</b>	<b>Negative</b>
Forwards and futures, bought	11,340	25,892	23,091	708
Forwards and futures, sold	32,900	9,884	25,330	2,370
<b>Net market value 1)</b>	<b>44,240</b>	<b>35,776</b>	<b>48,421</b>	<b>3,078</b>
1) There of market value of non-guaranteed contracts	44,240	35,776		
<b>Market value, average</b>				
Forwards and futures, bought	7,761	13,300	12,256	481
Forwards and futures, sold	29,115	6,127	14,650	1,986
<b>Net market value</b>	<b>36,877</b>	<b>19,427</b>	<b>26,906</b>	<b>2,467</b>

## First Quarter Accounts Notes

Eik Banki P/F				Group		
1Q 2009	1Q 2008	Note	DKK 1,000	1Q 2009	1Q 2008	2008
		<b>16</b>	<b>Shareholders holding more than 5 per cent according to § 28a in the Company Act</b>			
52%	52%		The Eik Fund (Eik Grunnurin)	52%	52%	52%
		<b>17</b>	<b>Business segment reporting 1)</b>			
51,615	52,753		Retail Banking	79,401	80,478	377,936
98,091	75,801		Corporate Banking	138,169	105,187	370,636
			Capital Markets, Investment Banking and Asset Management			
-17,996	-15,185		Treasury	-19,199	-9,678	70,464
-24,821	-49,541			-43,398	-29,632	-286,906
<b>106,889</b>	<b>63,828</b>		<b>Total business segment reporting</b>	<b>154,973</b>	<b>146,355</b>	<b>532,130</b>

1) Net interest and fee income and market value adjustment distributed on business segments

### 18 The effects of the changes in accounting principles for Eik Banki Group

#### Change in equity 1Q 2008

<b>Equity according to the financial report for 1Q 2008</b>	<b>2,111,875</b>
Transfer of dividend from other liabilities	81,293
Own shares to equity	-81,444
Transfer of value adjustment of own shares from operations	-29,152
Reversed provisions according to previously applied accounting principles	214,369
Individual and collective impairments according to IFRS	-163,338
Amortisation of provisions	-46,361
Result according to previously applied accounting principles	-7,893
Result according to IFRS	28,880
<b>Total change</b>	<b>-3,646</b>
<b>Equity 1Q 2008 according to IFRS</b>	<b>2,108,229</b>

#### Change in result for 1Q 2008

<b>Result according to financial report for 1Q 2008</b>	<b>7,893</b>
Transferred value adjustment of own shares from operations	29,152
Reversed change in provisions according to previously applied accounting principles	-1,364
Change in impairments according to IFRS	-7,402
Amortisation of provisions	601
<b>Total change</b>	<b>20,987</b>
<b>Result 1Q 2008 according to IFRS</b>	<b>28,880</b>

Further information about changes in accounting principles is available in note 1 "Accounting Principles" and in the Annual Report 2008

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## Auditor's Statement

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## Auditor's Statement Internal Audit

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### Internal Auditor's Review Report

#### **To the Shareholders of Eik Banki P/F**

According to agreement with the Company's Board of Directors, we have reviewed the condensed consolidated accompanying Interim Balance Sheet of Eik Banki P/F as of 31 March 2009, and the related condensed consolidated Interim Statement of Income, Cash Flows and Notes for the period ending 31 March 2009. This condensed consolidated Interim Financial Statement has been prepared in accordance with IAS 34 "Interim Financial Reporting" as announced in notice no. 1120 of 24 November 2008 and with the executive order and guidelines of the Danish Financial Supervisory Authority on presentation of financial statements by banks as applied on the Faroe Islands and in accordance with the financial reporting requirements of the Nasdaq OMX Nordic Exchange.

The condensed consolidated Interim Financial Statement is the responsibility of the Company's Management. Our responsibility is to issue a report on the condensed consolidated Interim Financial Statement based on our review.

#### **Basis of Opinion**

We conducted our review in accordance with generally accepted review standards as applied on

the Faroe Islands. This standard requires that we plan and perform the review to obtain limited assurance as to whether the preliminary financial information is free of material misstatements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

#### **Opinion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated accompanying Interim Financial Statements do not give a true and fair view of the financial position of the Bank as of 31 March 2009, and of the results of its operations and its cash flows for the period ending 31 March 2009 in accordance with IAS 34 "Interim Financial Reporting" as announced in notice no. 1120 of 24 November 2008 and with the executive order and guidelines of the Danish Financial Supervisory Authority on presentation of financial statements by banks as applied on the Faroe Islands and in accordance with the financial reporting requirements of the Nasdaq OMX Nordic Exchanges.

**Eik Banki P/F**  
Tórshavn 5 May 2009

#### **Internal Audit**

Sigmund Frederiksen, Chief Auditor

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