



Eik

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# Half-Year Report

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2009

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# Half-Year Report

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2009

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**Eik Banki P/F**

Yviri við Strond 2  
P. O. Box 34  
FO-110 Tórshavn  
Faroe Islands

Tel : +298 348000  
Fax : +298 348800  
eik@eik.fo  
www.eikbank.com

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

**Management**

Marnar Jacobsen, CEO  
Chief Managing Director  
marnar.jacobsen@eik.fo

Bjarni Olsen  
Managing Director  
bjarni.olsen@eik.fo

**Board of Directors**

Frithleif Olsen  
Chairman

Odd Arild Bjellvåg  
Deputy Chairman

Finnbogi Niclasen  
Rólfant 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  
Rólfant Vidtfeldt

**Vågoy**

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  
Oddvǽ 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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# Management Review

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First Half 2009

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## Management Review

### Eik Banki Expects Loss for the Year

**Lower core operation and high impairments, especially on the Danish market, mark Eik Banki Group's first half-year result. However, impairments are considerably lower than in the 4 quarter of 2008. The result for the year is expected to be in the range of minus DKK 25 – 75 million.**

The half year result before taxes is a loss of DKK 87.1 million. After taxes, the result is a DKK 69.2 million loss. Same period last year, the result was a loss of DKK 9.1 million before taxes and DKK 9.8 million after taxes.

Fundamentally, the loss is a result of the global economic crisis, and even though it is not over yet, there are some positive signs indicating that the trend is changing.

### Basic Operations

The result of the basic operations reveals a decrease of DKK 106.9 million compared to the same period last year.

Net interest income is lower than one year ago DKK 245.6 million in the first-half 2009 against DKK 279.4 million last year.

Fees and commissions income has decreased from DKK 85.3 million to DKK 67.0 million in first-half 2009.

Second quarter shows a decline in net interest and fee income compared to first quarter by DKK 31.8 million from DKK 172.2 million to DKK 140.4 million. DKK 14.4 million of the decrease can be allocated to Eik Banki and DKK 17.4 million to Eik Bank Danmark. The main reasons for the decrease in net interest and fee income are the increase in non-performing loans as well as the lower interest rate level.

Staff and administrative expenses are DKK 174.2 million against DKK 196.5 million in the same period 2008; a reduction of DKK 22.3 million which derives from a reduction in payments to incentive schemes, reduction in the number of fulltime employees by 24 and DKK 11 million, as well as in lower administrative expenses.

### Credit Package I

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. Impairments in the second quarter 2009 are DKK 127.1 million against DKK 76.0 million first quarter 2009. In fourth quarter 2008, the impairments were DKK 452.7 million.

In total, first half 2009, the impairments were DKK 203.1 million, compared to DKK 98,6 in first half 2008.

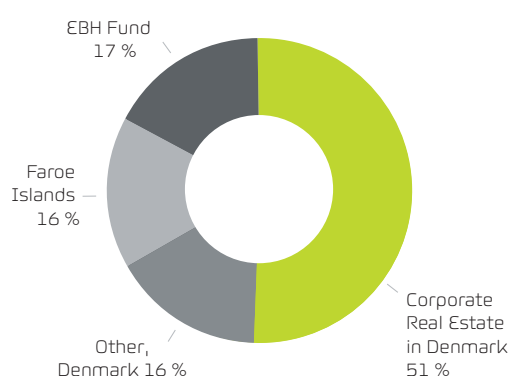
As shown in figure 1, the majority of the impairments first half is due to activities in Denmark, mainly related to corporate real estate financing. The other major contributor to the impairments in second quarter 2009 is related to the EBH Fund, where the dividend now is expected to amount to no more than 22.8 per cent. Only 16 per cent of the impairments are related to our Faroese activities.

### Solvency and Liquidity

Group solvency by 30 June 2009 is 11.6 per cent compared to 13.1 at the same time last year. The solvency for the parent company Eik Banki P/F is 16.9 per cent compared to 22.0 per cent last year. At year-

## Management Review

Figure 1  
Impairments 1H 2009



end 2008, the solvency rate was 10.6 per cent for the Group and 18.3 per cent for Eik Banki P/F.

The statutory minimum requirement is 8 per cent.

Core capital by end of June 2009 is 8.6 per cent and 12.6 per cent for the Group and Eik Banki P/F, respectively.

At the end of April 2009, Eik Banki Group applied for hybrid core capital of DKK 550 million under Credit Package II from the Danish Government. In June 2009, Eik Bank Denmark received DKK 295 million in hybrid core capital. The application from Eik Banki P/F will probably be processed in third quarter 2009. A positive outcome is expected to strengthen the Group's solvency by 1.9 per centage points, which at end of first half year would imply a solvency ratio of 13.5 per cent for the Group.

It is still difficult to predict the development and implications of the financial crisis and 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 5.5 billion, which is an excess cover of 150.8 per cent over the required minimum.

### Holdings in Associated Companies

In the second quarter, Eik Banki's holding in nianet A/S has increased from 18.4 per cent to 24.0 per cent, which means that the holding has to be booked at intrinsic value in stead of market value, resulting in a negative value adjustment of DKK 19.7 million.

### Balance

The group balance sheet stands at DKK 22.2 billion compared to 21.4 billion first half 2008. This is a DKK 0.8 billion increase corresponding to 3.9 per cent.

Loans have decreased by DKK 383.1 million from DKK 16.1 billion to DKK 15.7 billion. From year begin, the loans have decreased by DKK 22,2 million.

Simultaneously, there has been an increase in deposits from DKK 13.1 billion to DKK 14.3 billion. At the beginning of 2009, deposits amounted to DKK 14.1 billion.

### Events After the End of the Interim Period

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

## Management Review

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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 half-year report 2009 have occurred after 30 June 2009.

### Outlook 2009

For the year 2009, Eik Banki Group expects a result after taxes in the range minus DKK 25 – 75 million.

The main factors contributing to this negative estimate are:

- Lower income from core operations, due to the lower interest rate levels and lower fee income
- Additional cost to hybrid core capital in the second half
- Additional impairments in second half 2009, however on a lower level than in the first half

The estimated staff and administration expenses are expected to remain unchanged.

### Auditing

The first half-year report has been reviewed by the internal auditor and the external auditor, 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 effects 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.

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### Financial Calender 2009 1)

30 October 2009      Nine Month Report

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

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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	1H 2009	1H 2008	Change in per cent	1H 2007	1H 2006	1H 2005
Income Statement						
Interest income	599	663	-10	352	208	165
Interest expenses	353	384	-8	189	83	49
<b>Net interest income</b>	<b>246</b>	<b>279</b>	<b>-12</b>	<b>163</b>	<b>125</b>	<b>116</b>
Fees, commissions and dividend	59	108	-45	134	59	30
Market value adjustments	39	-94	142	40	29	25
Other operating income	5	6	-14	4	6	5
<b>Profit on financial operations</b>	<b>349</b>	<b>299</b>	<b>17</b>	<b>341</b>	<b>219</b>	<b>176</b>
Staff costs, administrative expenses and other operating expenses	199	196	2	136	107	86
Depreciations and write-down of intangible and tangible assets	7	13	-45	12	12	7
Impairment of loans and other claims	203	99	106	-10	-24	12
Income from associated and subsidiary undertakings	-27	0	-	34	24	0
<b>Profit before taxes</b>	<b>-87</b>	<b>-9</b>	<b>862</b>	<b>237</b>	<b>148</b>	<b>71</b>
Taxes	-18	1	-	31	26	15
<b>Net profit for the period</b>	<b>-69</b>	<b>-10</b>	<b>607</b>	<b>206</b>	<b>122</b>	<b>56</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	1H 2009	1H 2008	Change in per cent	2008	1H 2007	1H 2006	1H 2005
<b>Balance Sheet</b>							
<b>Assets</b>							
Cash in hand, claims on central banks and credit institutions	2,631	2,194	20	2,795	2,817	806	263
Loans and other advances	15,694	16,077	-2	15,672	9,328	7,488	5,308
Securities	2,900	2,007	44	2,201	1,671	1,064	888
Tangible assets	156	136	14	157	132	130	125
Other assets	826	964	-14	889	390	470	252
<b>Total assets</b>	<b>22,207</b>	<b>21,379</b>	<b>4</b>	<b>21,714</b>	<b>14,338</b>	<b>9,958</b>	<b>6,836</b>
<b>Liabilities</b>							
Debt to credit institutions	3,214	5,302	-39	5,081	5,752	3,335	1,451
Deposits and other liabilities	14,293	13,141	9	14,135	6,386	5,116	4,328
Issued bonds at fair value	1,954	1	-	1	0	0	0
Other liabilities	398	511	-22	373	338	241	173
Subordinated debt	742	449	65	448	448	150	0
Equity	1,606	1,975	-19	1,676	1,414	1,116	884
<b>Total liabilities</b>	<b>22,207</b>	<b>21,379</b>	<b>4</b>	<b>21,714</b>	<b>14,338</b>	<b>9,958</b>	<b>6,836</b>
<b>Off-balance-sheet items</b>							
Total guarantees, etc.	1,879	1,207	56	1,890	1,012	758	149
Other commitments	191	115	66	170	205	2	2
<b>Total off-balance-sheet items</b>	<b>2,070</b>	<b>1,322</b>	<b>57</b>	<b>2,060</b>	<b>1,217</b>	<b>760</b>	<b>151</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		1H 2009	1H 2008	1H 2007	1H 2006	1H 2005
<b>Ratios</b>						
<b>Solvency and capital ratios</b>						
Solvency ratio 1)		11.6%	13.1%	12.2%	11.2%	14.4%
Core capital ratio 1)		8.6%	10.5%	9.2%	9.9%	14.4%
<b>Earning ratios</b>						
Return on equity before tax 1)	ROE	-5.3%	-0.4%	18.1%	14.5%	8.3%
Return on equity after tax 1)	ROE	-4.2%	-0.5%	15.7%	12.0%	6.6%
Return on assets after tax	ROA	-0.3%	-0.0%	1.4%	1.2%	0.8%
Return on risk weighted assets after tax	RORWA	-0.4%	-0.1%	1.9%	1.5%	1.1%
Income/cost ratio 1)		0.79	0.97	2.72	2.55	1.68
<b>Shares</b>						
Average number of shares (1,000)		8,129	8,129	7,113	6,953	6,793
Number of shares end period (1,000)		8,129	8,129	7,113	7,113	6,793
Share price end period		80.00	268.00	690.00	285.00	154.10
Share price high		110.00	320.00	729.95	296.50	154.00
Share price low		76.50	252.00	634.00	283.75	154.00
Average share price		93.25	286.00	681.98	290.13	154.00
Earnings after tax per share 1)	EPS	-8.51	-1.20	28.95	17.53	8.25
Book value per share	BVPS	197.59	242.90	198.56	156.93	130.14
<b>Market risk ratios</b>						
Interest rate risk 1) & 2)		4.5%	4.8%	3.7%	0.5%	3.5%
Foreign currencies risk 1) & 3)		3.0%	16.5%	18.0%	20.3%	4.9%
Risk weighted assets / Total assets		71.3%	74.8%	74.7%	79.9%	76.4%
<b>Liquidity ratios</b>						
Loans, advances and impairments in proportion to deposits 1)		115.0%	124.6%	149.1%	151.2%	131.2%
Excess liquidity cover relative to statutory requirement 1)		150.8%	99.0%	112.9%	87.3%	81.8%
<b>Credit risk ratios</b>						
Large loans as percentage of capital base 1) & 4)		194.6%	156.6%	182.0%	113.9%	43.6%
Part of outstanding loans at reduced interest 1)	NPL	2.9%	0.3%	0.8%	1.9%	3.0%
Impairments percentage 1)	LLR	4.1%	1.7%	1.8%	2.9%	6.4%
Loan loss reserve / Non-performing loan ratio	LLR/NPL	142%	504%	223%	154%	213%
Write-offs and impairments during the period 1)		1.1%	0.6%	-0.1%	-0.3%	0.2%
Total loans in proportion to equity 1)		9.8	8.1	6.6	6.7	6.0
Increase in loans 1)		0.1%	2.9%	12.8%	14.3%	5.2%
<b>Other ratios</b>						
Increase in deposits 1)		1.1%	-0.9%	4.4%	14.1%	3.2%
Increase in balance 1)		2.3%	-0.9%	21.2%	15.5%	5.3%

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		1H 2009	1H 2008	1H 2007	1H 2006	1H 2005
<b>Ratios</b>						
<b>Solvency and capital</b>						
Solvency ratio 1)		16.9%	22.0%	16.0%	14.8%	18.0%
Core capital ratio 1)		12.6%	18.0%	12.0%	13.1%	18.0%
<b>Earnings ratios</b>						
Return on equity before tax 1)		-3.8%	-1.2%	16.8%	13.1%	7.8%
Return on equity after tax 1)		-4.2%	-0.5%	15.7%	12.0%	6.6%
Income / cost ratio 1)		0.70	0.88	3.35	3.41	1.85
<b>Market risk</b>						
Interest rate risk 1) & 2)		3.2%	1.7%	2.8%	1.5%	3.0%
Foreign currencies risk 1) & 3)		2.7%	9.0%	9.8%	12.9%	4.8%
<b>Liquidity ratios</b>						
Loans, advances and impairments in proportion to deposits 1)		143.2%	140.6%	106.9%	110.7%	110.3%
Excess liquidity cover relative to statutory requirement 1)		145.3%	80.3%	80.3%	62.7%	54.8%
<b>Credit risk</b>						
Large loans as percentage of capital base 1) & 4)		163.9%	112.1%	138.3%	79.9%	47.8%
Part of outstanding loans at reduced interest 1)	NPL	1.2%	0.4%	1.2%	2.7%	3.7%
Impairments percentage 1)	LLR	4.3%	2.6%	2.4%	3.8%	7.6%
Write-offs and impairments during the period 1)		0.9%	0.8%	-0.2%	-0.4%	0.2%
Total loans in proportion to equity 1)		5.2	4.1	4.3	4.4	4.6
Increase in loans 1)		1.8%	3.0%	16.7%	10.9%	4.4%
<b>Other ratios</b>						
Increase in deposits 1)		-2.5%	-2.7%	3.0%	12.1%	3.5%
Increase in balance 1)		-2.6%	-5.3%	22.5%	15.0%	19.8%

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.

## 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 - 30 June 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 30 June 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 - 30 June 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 24 July 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

Rólfant Vidtfeldt

Mathea Hilduberg

Jákup Egil Jensen

Petur Hammer

Tórmund A. Joensen

Rakul Dam

Gert Langgaard

Fía Selma Nielsen

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## Half-Year Accounts

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2009

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## Half-Year Accounts Income Statement

Eik Banki P/F				Group				
1H 2009	1H 2008	Note	DKK 1,000	1H 2009	1H 2008	2Q 2009	2Q 2008	2008
Income Statement								
374,184	411,711	2	Interest income	599,290	663,398	262,174	318,475	1,381,411
226,713	247,967	3	Interest expense	353,685	383,998	149,539	198,748	869,276
<b>147,471</b>	<b>163,744</b>		<b>Net interest income</b>	<b>245,605</b>	<b>279,400</b>	<b>112,635</b>	<b>119,727</b>	<b>512,135</b>
1,450	24,548		Dividends on shares, etc.	1,796	26,822	1,506	21,847	26,932
48,129	51,387	4	Fee and commission income	67,047	85,251	27,802	40,492	251,519
7,914	1,060		Fee and commission expense	9,974	4,372	4,779	51	12,462
<b>189,136</b>	<b>238,619</b>		<b>Net interest and fee income</b>	<b>304,474</b>	<b>387,101</b>	<b>137,164</b>	<b>182,015</b>	<b>778,124</b>
52,368	-117,265	5	Market value adjustments	39,377	-93,962	51,712	-35,233	-245,994
3,599	4,248		Other operating income	4,778	5,539	2,643	2,750	25,692
<b>245,103</b>	<b>125,602</b>		<b>Profit on financial operations</b>	<b>348,629</b>	<b>298,678</b>	<b>191,519</b>	<b>149,532</b>	<b>557,822</b>
100,619	115,651	6	Staff costs and adm. expenses	174,195	196,467	85,165	105,141	370,625
6,070	11,366		Depreciation and write-down of intangible and tangible assets	6,952	12,615	3,367	6,393	21,637
9,229	0		Other operating expenses	24,520	132	5,740	127	19,458
91,938	73,670	7	Impairment of loans and claims	203,132	98,594	127,142	85,581	553,677
-99,996	50,357		Income from associated and subsidiary undertakings	-26,965	70	-20,718	70	-7,975
<b>-62,749</b>	<b>-24,728</b>		<b>Profit before taxes</b>	<b>-87,135</b>	<b>-9,060</b>	<b>-50,613</b>	<b>-47,640</b>	<b>-415,550</b>
6,454	-14,942		Taxes	-17,932	726	-5,330	-8,972	-101,475
<b>-69,203</b>	<b>-9,786</b>		<b>Net profit for the period</b>	<b>-69,203</b>	<b>-9,786</b>	<b>-45,283</b>	<b>-38,668</b>	<b>-314,075</b>



# Half-Year Accounts

## Balance Sheet

Eik Banki P/F				Group		
1H 2009	1H 2008	Note	DKK 1,000	1H 2009	1H 2008	2008
<b>Balance Sheet</b>						
<b>Assets</b>						
148,693	531,723		Cash-in-hand and demand deposits with central banks	851,506	1,020,077	643,322
743,477	1,942,798	8	Claims on credit institutions and central banks	1,779,296	1,173,578	2,151,623
112,790	34,104	7, 9	Loans and other claims at current value	205,165	140,861	218,986
8,255,593	8,132,860	7, 9	Loans and other claims at amortised cost	15,488,560	15,935,955	15,452,540
2,294,995	1,019,537		Bonds at current value	2,373,016	1,405,686	1,840,231
126,735	0		Bonds at amortised cost	126,735	0	0
260,178	387,924		Shares	330,951	519,298	287,739
68,649	73,786		Holdings in associated undertakings 1)	69,018	73,786	64,228
760,835	1,071,619		Holdings in subsidiary undertakings	596	8,526	8,522
176,842	200,485		Intangible assets	393,879	413,794	388,540
141,196	115,203		Land and buildings	141,721	115,878	141,815
141,196	115,203		-Domicile properties	141,721	115,878	141,815
11,907	14,077		Other tangible assets	13,952	20,219	15,552
0	0		Current tax assets	10,393	0	6,000
32,525	3,586		Deferred tax assets	126,091	3,586	111,675
15,071	3,586		Assets in temporary possession	60,009	5,665	3,515
148,907	161,675		Other assets	226,152	534,458	359,366
9,177	7,237		Prepayments	9,877	7,952	20,440
<b>13,307,570</b>	<b>13,700,200</b>		<b>Total assets</b>	<b>22,206,917</b>	<b>21,379,319</b>	<b>21,714,094</b>
<b>Liabilities</b>						
2,907,283	5,148,976	10	Debt to credit institutions and central banks	3,214,130	5,301,587	5,081,483
6,158,354	5,976,751	11	Deposits and other debt	14,292,590	13,141,258	14,135,430
1,953,748	0		Issued bonds at fair value	1,954,350	602	602
231,706	148,023		Other liabilities	371,789	496,514	346,004
0	0		Prepayments	327	151	826
<b>11,251,091</b>	<b>11,273,750</b>		<b>Total liabilities</b>	<b>19,833,186</b>	<b>18,940,112</b>	<b>19,564,345</b>
1,764	2,300		Provisions for pensions	1,764	2,300	1,590
0	0		Provisions for deferred tax	15,084	11,305	18,673
545	545		Provisions for loan on collaterals	8,561	930	930
0	0		Other provisions	153	1,067	5,006
<b>2,309</b>	<b>2,845</b>		<b>Provisions for liabilities and charges</b>	<b>25,562</b>	<b>15,602</b>	<b>26,199</b>
<b>447,880</b>	<b>449,041</b>	<b>12</b>	<b>Subordinated debt</b>	<b>741,879</b>	<b>449,041</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
169,410	561,209		Retained profit	169,410	561,209	238,646
<b>1,606,290</b>	<b>1,974,564</b>		<b>Total equity</b>	<b>1,606,290</b>	<b>1,974,564</b>	<b>1,675,526</b>
<b>13,307,570</b>	<b>13,700,200</b>		<b>Total liabilities</b>	<b>22,206,917</b>	<b>21,379,319</b>	<b>21,714,094</b>
<b>13 Off-balance sheet items</b>						
1,658,087	1,015,309		Guarantees, etc.	1,878,915	1,206,837	1,890,496
183,916	102,178		Other commitments	190,531	114,871	169,923
<b>1,842,003</b>	<b>1,117,487</b>		<b>Total off-balance sheet items</b>	<b>2,069,446</b>	<b>1,321,708</b>	<b>2,060,419</b>

1) Holdings in associated undertakings will be estimated to intrinsic value, but the holding in EBH Zweitmarkt is recorded at acquisition value due to lack of information.

## Half-Year Accounts

### Cash Flow Statement

Eik Banki P/F			Group		
1H 2009	1H 2008	DKK 1,000	1H 2009	1H 2008	2008
<b>Cash Flow Statement</b>					
<b>Cash flows from operating activities</b>					
-69,203	-9,786	Net profit in the period	-69,203	-9,786	-314,075
6,070	11,366	Depreciations and write-downs	6,952	12,615	21,637
91,938	73,670	Impairments for losses on bad debts	203,132	98,594	553,677
65,342	66,908	Market value adjustments of securities	5,301	93,892	253,968
<b>94,147</b>	<b>142,158</b>	<b>Cash flows from operating activities</b>	<b>146,182</b>	<b>195,315</b>	<b>515,207</b>
<b>Cash flows from selected financial assets and liabilities</b>					
626,385	99,408	Changes in net position to credit institutions and central banks	129,883	-185,873	-745,157
-394,406	-476,309	Net changes in loan and deposit	157,160	-681,379	482,631
-5,172	289,238	Net changes in securities	-158,261	482,530	389,445
100,407	-82,766	Net changes in other assets and liabilities	93,123	-229,306	-234,092
<b>327,214</b>	<b>-170,429</b>	<b>Cash flows from selected financial assets and liabilities</b>	<b>221,905</b>	<b>-614,028</b>	<b>-107,173</b>
<b>Cash flows from investment activities</b>					
-4,374	151,396	Changes in intangible and tangible assets	-10,597	153,485	125,482
0	0	Investments in associated companies and subsidiaries	0	0	0
<b>-4,374</b>	<b>151,396</b>	<b>Cash flows from investment activities</b>	<b>-10,597</b>	<b>153,485</b>	<b>125,482</b>
<b>Cash flows from financing activities</b>					
-33	-119,631	Inflow to equity	-33	-119,632	-110,166
-818	649	Subordinated debt	293,873	649	-366
<b>-851</b>	<b>-118,982</b>	<b>Cash flows from financing activities</b>	<b>293,840</b>	<b>-118,983</b>	<b>-110,532</b>
<b>416,136</b>	<b>4,143</b>	<b>Total changes in cash flows</b>	<b>651,330</b>	<b>-384,211</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>3,186,839</b>	<b>2,216,669</b>	<b>Cash and cash equivalents end period</b>	<b>5,470,691</b>	<b>4,012,166</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>					
148,693	531,723	Cash-in-hand and demand deposits with central banks, etc.	851,506	1,020,078	643,322
593,348	365,662	Claims on demands on credit institutions	819,664	1,020,717	804,883
149,959	299,747	Claims at notice with central banks	1,409,745	449,675	1,548,641
2,294,839	1,019,537	Bonds etc.	2,389,776	1,521,696	1,822,515
<b>3,186,839</b>	<b>2,216,669</b>	<b>Cash and cash equivalents end period</b>	<b>5,470,691</b>	<b>4,012,166</b>	<b>4,819,361</b>

# Half-Year Accounts Equity

	Share capital	Share premium account	Other reserves / Revaluation reserves	Retained profit	Total
DKK 1,000					
Equity					
<b>Eik Banki P/F</b>					
<b>1 January 2009</b>	812,927	600,428	23,525	238,646	1,675,526
Increase from buying own shares				-292	-292
Decrease from selling own shares				259	259
Net profit				-69,203	-69,203
<b>30 June 2009</b>	<b>812,927</b>	<b>600,428</b>	<b>23,525</b>	<b>169,410</b>	<b>1,606,290</b>
<b>1 January 2008</b>	812,927	600,428	0	686,412	2,099,767
Own shares year begin				85,508	85,508
Own shares end period				-124,302	-124,302
Change of accounting principles				4,670	4,670
Dividend (paid out)				-81,293	-81,293
Net profit				-9,786	-9,786
<b>30 June 2008</b>	<b>812,927</b>	<b>600,428</b>	<b>0</b>	<b>561,209</b>	<b>1,974,564</b>
<b>Group</b>					
<b>1 January 2009</b>	812,927	600,428	23,525	238,646	1,675,526
Increase from buying own shares				-292	-292
Decrease from selling own shares				259	259
Net profit				-69,203	-69,203
<b>30 June 2009</b>	<b>812,927</b>	<b>600,428</b>	<b>23,525</b>	<b>169,410</b>	<b>1,606,290</b>
<b>1 January 2008</b>	812,927	600,428	0	686,412	2,099,767
Own shares year begin				86,012	86,012
Own shares end period				-124,302	-124,302
Change of accounting principles				4,166	4,166
Dividend (paid out)				-81,293	-81,293
Net profit				-9,786	-9,786
<b>30 June 2008</b>	<b>812,927</b>	<b>600,428</b>	<b>0</b>	<b>561,209</b>	<b>1,974,564</b>

## Half-Year Accounts

### Solvency and Capital Demand

Eik Banki P/F					Group	
1H 2009	1H 2008	DKK 1,000		1H 2009	1H 2008	2008
Solvency and Capital Demand						
Solvency						
1,377,666	1,885,909	Core capital after deductions, incl. hybrid core capital		1,362,291	1,673,896	1,162,806
1,844,836	2,303,091	Capital base		1,829,461	2,091,078	1,630,245
Weighted assets not included in trading portfolio including off-balance-sheet items						
10,177,665	9,532,363			14,973,218	14,657,743	14,391,231
729,829	936,880	Weighted items with market risk		849,713	1,332,510	1,010,750
10,907,494	10,469,243	Total risk weighted assets		15,822,931	15,990,253	15,401,981
Solvency ratio purs. to FIL § 124, 2 no. 1						
16.9%	22.0%			11.6%	13.1%	10.6%
12.6%	18.0%	Core capital ratio		8.6%	10.5%	7.5%
Capital demand						
872,600	837,539	Capital demand purs. to FIL § 124, 2 no. 1		1,265,835	1,279,220	1,232,158
1,656,236	2,099,766	Core Capital before statutory deductions		1,656,236	2,099,766	1,656,236
176,842	200,485	Intangible assets		392,650	412,498	387,278
32,525	3,586	Tax assets		126,091	3,586	106,152
69,203	9,786	Loss for the period		69,203	9,786	0
1,377,666	1,885,909	Core capital after deductions		1,068,292	1,673,896	1,162,806
Hybrid core capital (Credit package II)						
0	0			293,999	0	0
1,377,666	1,885,909	Core capital after deductions, incl. hybrid core capital		1,362,291	1,673,896	1,162,806
Supplementary capital						
447,880	449,041	Subordinated debt		447,880	449,041	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
1,844,836	2,303,091	Capital base		1,829,461	2,091,078	1,630,245

Half-Year 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 Loans and other claims

10 Debt to credit institutions and central banks

11 Deposits and other debt

12 Subordinated debt

**Other Notes**

13 Off-balance-sheet items

14 Contingent assets

15 Derivative financial instruments

16 Shareholders holding more than 5 per cent in the Company Act

17 Business segment reporting

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

## Half-Year Accounts Notes

### 1 Accounting Principles

#### In General

The interim financial report for the Group and the Parent Company for first half 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 half 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 half 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 half 2008, these are adjusted to the new accounting principles to make the numbers comparable. The implications of the altered accounting principles in the first half 2008 is made up and booked over equity as of 30 June 2008. The collective effects of total adjustments is a devaluation of equity of DKK 113.3 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 half 2009, is an income increase of DKK 12.3 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.

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.



# Half-Year Accounts Notes

Eik Banki P/F				Group		
1H 2009	1H 2008	Note	DKK 1,000	1H 2009	1H 2008	2008
<b>2 Interest income</b>						
43,534	75,916		Credit institutions and central banks	58,538	60,416	162,678
293,378	289,164		Loans and other claims	484,677	549,438	1,138,774
46,446	25,700		Bonds	68,055	33,700	68,620
-9,174	20,931		Derivative financial instruments	-14,224	19,844	10,993
			Of this:			
-9,174	20,931		Currency contracts	-9,174	20,931	15,132
0	0		Interest contracts	-5,050	-1,087	-4,139
0	0		Other	2,244	0	346
<b>374,184</b>	<b>411,711</b>		<b>Total interest income</b>	<b>599,290</b>	<b>663,398</b>	<b>1,381,411</b>
<b>3 Interest expense</b>						
108,081	131,254		Credit institutions and central banks	111,507	128,490	330,343
84,494	103,155		Deposits and other debt	208,015	241,925	510,668
23,010	0		Issued bonds	23,028	0	36
11,128	13,558		Subordinated debt	11,128	13,558	28,204
0	0		Other interest expenses	7	25	25
<b>226,713</b>	<b>247,967</b>		<b>Total interest expense</b>	<b>353,685</b>	<b>383,998</b>	<b>869,276</b>
<b>4 Fee and commission income</b>						
1,733	728		Security trading and custody	7,581	9,298	44,261
15,188	10,415		Transfer of payments	19,371	13,387	44,414
1,530	4,051		Loan fees	2,897	7,144	10,952
12,941	10,069		Guarantee commission	13,985	11,602	21,082
16,737	26,124		Other fees and commissions	23,213	43,820	130,810
<b>48,129</b>	<b>51,387</b>		<b>Total fee and commission income</b>	<b>67,047</b>	<b>85,251</b>	<b>251,519</b>
<b>5 Market value adjustments</b>						
25,404	0		Loans and other claims at current value	26,289	0	2,181
32,607	-118,025		Bonds	39,841	-122,547	-140,055
-21,081	9,343		Shares	-45,195	20,441	-86,744
22,842	-8,583		Currencies	20,606	-10,339	-24,679
-25,118	0		Derivative financial instruments	-19,878	18,327	3,315
0	0		Other assets	0	156	-12
17,714	0		Other liabilities	17,714	0	0
<b>52,368</b>	<b>-117,265</b>		<b>Total market value adjustments</b>	<b>39,377</b>	<b>-93,962</b>	<b>-245,994</b>

## Half-Year Accounts Notes

Eik Banki P/F						Group
1H 2009	1H 2008	Note	DKK 1,000	1H 2009	1H 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>			
2,223	1,912		Managing Directors 1)	2,398	2,087	4,820
1,050	817		Board of Directors 2)	1,050	817	1,867
0	0		Board of Representatives	0	0	165
<b>3,273</b>	<b>2,729</b>		<b>Total</b>	<b>3,448</b>	<b>2,904</b>	<b>6,852</b>
			<b>Staff costs</b>			
45,109	49,344		Wages and salaries	75,913	87,848	161,408
5,685	5,182		Pensions 3)	8,354	7,763	13,774
4,184	4,950		Social security costs	7,147	7,093	13,988
<b>54,978</b>	<b>59,476</b>		<b>Total</b>	<b>91,414</b>	<b>102,704</b>	<b>189,170</b>
<b>42,368</b>	<b>53,446</b>		<b>Other administrative expenses</b>	<b>79,333</b>	<b>90,859</b>	<b>174,603</b>
<b>100,619</b>	<b>115,651</b>		<b>Total staff costs and administrative expenses</b>	<b>174,195</b>	<b>196,467</b>	<b>370,625</b>
<b>232</b>	<b>250</b>		<b>Employee end period, full time equivalent</b>	<b>333</b>	<b>357</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.

# Half-Year Accounts Notes

Eik Banki P/F						
1H 2009	1H 2008	Note	DKK 1,000	1H 2009	1H 2008	Group 2008
<b>7 Impairments of loans and other claims</b>						
<b>Individual impairments on loans</b>						
336,200	0		Individual impairments year begin	614,078	26,731	189,768
102,307	196,924		New individual impairments	247,905	224,764	540,773
0	0		Reversed individual impairments	50,194	14,174	45,581
6,670	0		Previous impairments now confirmed loss	139,623	2,852	86,874
0	0		Other additions and disposals	9,586	79	5,092
12,013	0		Revenue from interests on impairments on loans	12,013	-1,195	15,465
<b>443,850</b>	<b>196,924</b>		<b>Individual impairments end period</b>	<b>693,765</b>	<b>233,353</b>	<b>618,643</b>
1,024,471	844,879		Loans and other claims before impairment	1,714,006	946,944	1,279,887
580,621	647,955		Loans and other claims after impairment	1,020,241	713,591	661,244
<b>Collective impairments on loans</b>						
18,117	0		Collective impairments year begin	46,541	9,768	9,768
-11,070	39,721		New collective impairments	-874	54,268	39,913
0	0		Reversed collective impairments	3,800	50	3,140
<b>7,047</b>	<b>39,721</b>		<b>Collective impairments end period</b>	<b>41,866</b>	<b>63,986</b>	<b>46,541</b>
7,343,912	7,322,085		Loans and other claims before impairment	14,577,781	15,463,174	14,391,639
7,336,865	7,282,364		Loans and other claims after impairment	14,535,915	15,399,188	14,345,098
<b>Impairments included in the income statement</b>						
91,238	73,670		New impairments	250,482	114,941	976,399
0	0		Reversed impairments	58,994	14,224	418,283
0	0		Value adjustment of acquired assets	9,586	0	3,528
764	0		Losses without prior impairment	2,710	423	23,197
64	0		Paid into previous depreciated claims	652	2,546	36,409
<b>91,938</b>	<b>73,670</b>		<b>Included in the income statement</b>	<b>203,132</b>	<b>98,594</b>	<b>548,432</b>
0	0		Impairments, other credit risks	0	0	5,000
<b>Provisions for losses on guarantees</b>						
545	545		Provisions for losses on guarantees year begin	5,110	930	1,230
0	0		New impairments	3,451	0	0
0	0		Reversed provisions for losses	0	0	300
<b>545</b>	<b>545</b>		<b>Provisions for losses on guarantees end period</b>	<b>8,561</b>	<b>930</b>	<b>930</b>
<b>Provisions for losses included in the income statement</b>						
0	0		New provisions for losses for the year	0	0	545
0	0		Reversed provisions for losses	0	0	300
<b>0</b>	<b>0</b>		<b>Included in the income statement</b>	<b>0</b>	<b>0</b>	<b>245</b>

# Half-Year Accounts Notes

Eik Banki P/F						Group
1H 2009	1H 2008	Note	DKK 1,000	1H 2009	1H 2008	2008
		<b>8</b>	<b>Claims on credit institutions and central banks</b>			
149,958	299,747		Claims at notice on central banks	1,409,744	787,503	1,548,641
593,519	1,643,051		Claims on credit institutions	369,552	386,075	602,982
<b>743,477</b>	<b>1,942,798</b>		<b>Total claims on credit institutions and central banks</b>	<b>1,779,296</b>	<b>1,173,578</b>	<b>2,151,623</b>
			<b>Claims on credit institutions and central banks</b>			
343,519	365,662		Claims at call	369,552	436,931	804,883
149,958	1,477,136		Up to 3 months	1,409,744	635,461	1,250,823
0	0		Over 3 months and up to 1 year	0	101,186	95,917
100,000	0		Over 1 year and up to 5 years	0	0	0
150,000	100,000		Over 5 years	0	0	0
<b>743,477</b>	<b>1,942,798</b>		<b>Total claims on credit institutions and central banks</b>	<b>1,779,296</b>	<b>1,173,578</b>	<b>2,151,623</b>
<b>250,000</b>	<b>1,268,133</b>		<b>Thereof from Eik Bank Danmark A/S</b>			
		<b>9</b>	<b>Loans and other claims</b>			
112,790	34,104		Loans and other claims at current value	205,165	140,861	218,986
8,255,593	8,132,860		Loans and other claims at amortised cost	15,488,560	15,935,955	15,452,540
<b>8,368,383</b>	<b>8,166,964</b>		<b>Total loans and other claims</b>	<b>15,693,725</b>	<b>16,076,816</b>	<b>15,671,526</b>
			<b>Loans and other claims</b>			
451,384	106,547		At call	1,079,389	210,829	198,814
447,071	259,591		Up to 3 months	1,208,277	1,325,042	2,249,796
723,781	849,799		Over 3 months and up to 1 year	2,120,220	2,481,027	1,669,665
2,198,665	2,186,985		Over 1 year and up to 5 years	3,138,958	3,535,784	3,883,675
4,547,482	4,764,042		Over 5 years	8,146,881	8,524,134	7,669,576
<b>8,368,383</b>	<b>8,166,964</b>		<b>Total loans and other claims</b>	<b>15,693,725</b>	<b>16,076,816</b>	<b>15,671,526</b>
4.3%	2.6%		Accumulated provisions on loans, advances, and guarantees in per cent of loans, advances, and guarantees, at the end of the period	4.1%	1.7%	3.6%
121,337	39,150		Non-accrual loans, advances, and guarantees	523,335	59,073	657,105
1.2%	0.4%		Non-accrual loans, advances, and guarantees in per cent of total loans and guarantees	2.9%	0.3%	3.6%
		<b>10</b>	<b>Debt to credit institutions and central banks</b>			
0	0		Debt to central banks	0	0	0
2,907,283	5,148,976		Debt to credit institutions	3,214,130	5,301,587	5,081,483
<b>2,907,283</b>	<b>5,148,976</b>		<b>Total debt to credit institutions and central banks</b>	<b>3,214,130</b>	<b>5,301,587</b>	<b>5,081,483</b>
			<b>Debt to credit institutions and central banks</b>			
67,396	379,921		Debt payable on demand	274,990	372,460	793,991
264,433	1,941,201		Up to 3 months	363,687	2,103,306	127,043
1,734,074	778,769		Over 3 months and up to 1 year	1,734,074	778,769	1,721,047
841,380	2,049,085		Over 1 year and up to 5 years	841,379	2,047,052	2,439,402
0	0		Over 5 years	0	0	0
<b>2,907,283</b>	<b>5,148,976</b>		<b>Total debt to credit institutions and central banks</b>	<b>3,214,130</b>	<b>5,301,587</b>	<b>5,081,483</b>
<b>285</b>	<b>288,047</b>		<b>Thereof to Eik Bank Danmark A/S</b>			

# Half-Year Accounts Notes

Eik Banki P/F						
1H 2009	1H 2008	Note	DKK 1,000	1H 2009	1H 2008	Group 2008
<b>11 Deposits and other debt</b>						
2,083,330	2,395,470		Deposits on demand	6,643,116	7,577,067	6,633,210
1,847,831	2,073,789		Deposits at notice	2,985,426	2,847,077	2,880,246
1,745,662	1,091,095		Time deposits	2,916,334	1,139,865	2,892,599
481,531	416,397		Special categories of deposits	1,747,714	1,577,249	1,729,375
<b>6,158,354</b>	<b>5,976,751</b>		<b>Total deposits and other debt</b>	<b>14,292,590</b>	<b>13,141,258</b>	<b>14,135,430</b>
<b>Deposits and other debt</b>						
2,083,330	2,395,470		On demand	7,509,650	7,577,067	6,867,943
2,713,201	2,248,766		Up to 3 months	3,078,583	2,837,700	3,193,119
975,399	985,024		Over 3 months and up to 1 year	1,745,569	1,267,311	1,675,455
154,796	115,476		Over 1 year and up to 5 years	1,363,821	428,672	1,442,990
231,628	232,015		Over 5 years	594,967	1,030,508	955,923
<b>6,158,354</b>	<b>5,976,751</b>		<b>Total deposits and other debt</b>	<b>14,292,590</b>	<b>13,141,258</b>	<b>14,135,430</b>
<b>12 Subordinated debt</b>						
<b>Supplementary capital contribution</b>						
150,000	150,000		Bond issue in DKK, 5.385 per cent fixed 1)	150,000	150,000	150,000
297,880	299,041		Loan, Euribor 3 months + 1.18 per cent 2)	297,880	299,041	298,024
<b>447,880</b>	<b>449,041</b>		<b>Total supplementary capital contribution</b>	<b>447,880</b>	<b>449,041</b>	<b>448,024</b>
1) Due 30 June 2014 2) Due 28 March 2015						
<b>Hybrid core capital</b>						
0	0		Bond issue in DKK, 11.15 per cent fixed	293,999	0	0
<b>0</b>	<b>0</b>		<b>Total hybrid core capital</b>	<b>293,999</b>	<b>0</b>	<b>0</b>
<b>447,880</b>	<b>449,041</b>		<b>Total subordinated debt</b>	<b>741,879</b>	<b>449,041</b>	<b>448,024</b>
11,128	13,558		Interest expense	11,128	13,558	28,204
<b>447,880</b>	<b>449,041</b>		<b>Included in capital base</b>	<b>741,879</b>	<b>449,041</b>	<b>448,024</b>
<b>13 Off-balance-sheet items</b>						
<b>Guarantees and other liabilities</b>						
567,544	374,552		Financial guarantees	604,726	548,624	643,024
492,640	80,557		Loss guarantees for mortgage loans	492,640	155,002	448,620
505,403	467,700		Other liabilities	781,549	503,211	798,852
<b>1,565,587</b>	<b>922,809</b>		<b>Total guarantees and other liabilities</b>	<b>1,878,915</b>	<b>1,206,837</b>	<b>1,890,496</b>
<b>Other commitments</b>						
78,542	102,178		Irrevocable credit commitments	78,542	102,178	56,542
105,374	0		Other commitments	111,989	12,693	113,381
<b>183,916</b>	<b>102,178</b>		<b>Total other commitments</b>	<b>190,531</b>	<b>114,871</b>	<b>169,923</b>
<b>Subsidiary liabilities</b>						
92,500	92,500		Eik Bank Danmark A/S	0	0	0
<b>92,500</b>	<b>92,500</b>		<b>Total subsidiary liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>1,842,003</b>	<b>1,117,487</b>		<b>Total off-balance-sheet items</b>	<b>2,069,446</b>	<b>1,321,708</b>	<b>2,060,419</b>

## 14 Contingent assets

Eik Banki / Group has no contingent assets

# Half-Year Accounts Notes

DKK 1,000  
2009

## 15 Derivative financial instruments

	Nominal value	1H 2009 Net market value	Nominal value	1H 2008 Net market value
<b>Eik Banki P/F</b>				
<b>Currency, interest and share contracts</b>				
<b>Up to 3 months</b>				
Forwards and futures, bought	670,738	-12,595	398,653	2,457
Forwards and futures, sold	201,216	13,488	273,709	-1,094
<b>Over 3 months and up to 1 year</b>				
Forwards and futures, bought	184,930	-16,079	131,598	3,434
Forwards and futures, sold	184,719	17,938	131,598	-1,697
<b>Over 1 year and up to 5 year</b>				
Forwards and futures, bought	1,748	0	55,872	111
Forwards and futures, sold	1,748	0	55,872	-27
<b>Total</b>				
Forwards and futures, bought	857,416	-28,674	586,123	6,002
Forwards and futures, sold	387,683	31,426	461,179	-2,818
<b>Net market value</b>		<b>2,752</b>		<b>3,184</b>
	<b>Positive</b>	<b>Negative</b>	<b>Positive</b>	<b>Negative</b>
Forwards and futures, bought	0	28,674	7,014	1,011
Forwards and futures, sold	31,426	0	1,903	4,722
<b>Net market value 1)</b>	<b>31,426</b>	<b>28,674</b>	<b>8,917</b>	<b>5,733</b>
1) There of market value of non-guaranteed contracts	31,426	28,674	8,917	5,733
<b>Market value, average</b>				
Forwards and futures, bought	3,507	14,843	6,699	529
Forwards and futures, sold	16,664	2,361	2,981	4,589
<b>Net market value</b>	<b>20,171</b>	<b>17,204</b>	<b>9,680</b>	<b>5,118</b>

# Half-Year Accounts Notes

DKK 1,000  
2009

## 15 Derivative financial instruments

Group	1H 2009		1H 2008	
	Nominal value	Net Market value	Nominal value	Net Market value
<b>Currency, interest and share contracts</b>				
<b>Up to 3 months</b>				
Forwards and futures, bought	802,419	-12,910	398,653	2,457
Forwards and futures, sold	2,222,977	16,201	276,117	-1,092
<b>Over 3 months and up to 1 year</b>				
Forwards and futures, bought	184,930	-16,079	131,598	3,434
Forwards and futures, sold	184,719	17,938	131,598	-1,697
<b>Over 1 year and up to 5 year</b>				
Forwards and futures, bought	1,748	0	55,872	111
Forwards and futures, sold	1,748	0	55,872	-27
<b>Total</b>				
Forwards and futures, bought	989,097	-28,989	586,123	6,002
Forwards and futures, sold	2,409,444	34,139	463,587	-2,817
<b>Net market value</b>		<b>5,150</b>		<b>3,185</b>
	<b>Positive</b>	<b>Negative</b>	<b>Positive</b>	<b>Negative</b>
Forwards and futures, bought	2,331	31,321	7,014	1,011
Forwards and futures, sold	41,082	6,942	1,904	4,722
<b>Net market value 1)</b>	<b>43,413</b>	<b>38,263</b>	<b>8,918</b>	<b>5,733</b>
1) There of market value of non-guaranteed contracts	43,413	38,263	8,918	5,733
<b>Market value, average</b>				
Forwards and futures, bought	6,979	20,928	6,699	529
Forwards and futures, sold	40,757	10,192	2,983	4,589
<b>Net market value</b>	<b>47,736</b>	<b>31,120</b>	<b>9,682</b>	<b>5,118</b>

# Half-Year Accounts Notes

Eik Banki P/F						Group
1H 2009	1H 2008	Note	DKK 1,000	1H 2009	1H 2008	2008
52%	52%	16	Shareholders holding more than 5 per cent according to § 28a in the Company Act The Eik Fund (Eik Grunnurin)	52%	52%	52%
		17	Business segment reporting 1)			
152,316	83,931		Retail Banking	202,202	137,513	377,936
183,225	161,517		Corporate Banking	239,462	224,428	370,636
			Capital Markets, Investment Banking and Asset Management			
-15,266	-6,523		Treasury	-5,171	9,006	70,464
-78,771	-117,571			-92,642	-77,808	-286,906
241,504	121,354		Total business segment reporting	343,851	293,139	532,130

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

Equity according to the financial report	2,087,879
Own shares to equity	-72,115
Transfer of value adjustment of own shares from operations	-52,187
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	16,103
Result according to IFRS	-9,786
<b>Total change</b>	<b>-113,315</b>
<b>Equity 1H 2008 according to IFRS</b>	<b>1,974,564</b>

### Change in result

Result according to financial report	-16,103
Transferred value adjustment of own shares from operations	52,187
Reversed change in provisions according to previously applied accounting principles	28,674
Change in impairments according to IFRS	-73,852
Amortisation of provisions	-692
<b>Total change</b>	<b>6,317</b>
<b>Result 1H 2008 according to IFRS</b>	<b>-9,786</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 30 June 2009, and the related condensed consolidated Interim Statement of Income, Cash Flows and Notes for the period ending 30 June 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 30 June 2009, and of the results of its operations and its cash flows for the period ending 30 June 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 24 July 2009

#### Internal Audit

Sigmund Frederiksen, Chief Auditor

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## Auditor's Statement External Review

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### Auditor's Review Report

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

According to agreement with the Board of Directors of Eik Banki P/F we have reviewed the accompanying condensed consolidated Interim Balance Sheet of Eik Banki P/F as of 30 June 2009, and the related condensed consolidated Statements of Income and Cash Flow and Notes for the six months period ended 30 June 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 the generally accepted review standard 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 30 June 2009, and of the result of its operations and its cash flow for the six months period ending 30 June 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 Exchange.

Tórshavn 24 July 2009

**Rasmussen & Weihe**

State Authorised Auditing Firm

Hans Laksá

State Authorized Public Accountant

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