

Eik Banki Shows Income Growth in Spite of Market Turmoil

In spite of the turmoil on the financial markets, during the first quarter of 2008, leading to decreased dividend and negative market value adjustments on securities, the income growth within the Eik Banki Group is considerable. The core banking operations are favourable and Eik Banki maintains the expectation of a result of DKK 335 million before market value adjustments, provisions for losses and taxes in 2008

The Eik Banki Group's first quarter result 2008 is mainly influenced by two circumstances: there has been a notable income growth, simultaneously as the turmoil on the financial markets has led to a decreased dividend and a negative market value adjustment on securities. Consequently, altogether, the first quarter result is moderate compared to the result for the same period last year.

Income Growth

The figures for first quarter 2008 are showing a total net interest, fee and commission income of DKK 204.5 million against DKK 178.8 million last year. This being a growth of DKK 25.7 million or 14.4 percent.

Net interest, fee and commission income also comprehend dividend, which was DKK 5 million for the first quarter 2008 compared to DKK 65,4 million for the same period last year. With dividend not taken into account, the increase in net interest, fee and commission income is DKK 86,2 million or 76,1 percent.

"It is positive that the income of the Group is growing, and that the core operations are favourable. On the contrary, it cannot be avoided that the instability on the financial markets also will affect the Eik Banki Group. The price on the banks shareholdings in SPRON and Atlantic Petroleum were notably low ultimo March 2008. However, these are considered long-term investments, and usually the stock markets will normalise in time", says Marnar Jacobsen, Chief Managing Director.

Moderate First Quarter Result

The first quarter result before market value adjustment, provision for losses and tax is DKK 109.7 million against DKK 113.4 million for the same period last year. The main reason for the decrease of DKK 3.7 million being that the dividend for the first quarter 2008 was DKK 61,1 million less compared the same period last year.

The instability on the international financial markets followed by declining share prices, resulted in a negative market value adjustment on securities and foreign currencies for the first quarter 2008 of DKK 87,9 million, compared to a positive result of DKK 17.7 million for the same period in 2007.

Altogether, the declining dividend and the market value adjustment have down scaled the accounts of first quarter 2008 by DKK 166.1 million, compared to the same period last year.

The result after tax is DKK 7.9 million compared to DKK 117.5 million for the same period in 2007.

The Group liquidity is good being DKK 3.3 billion compared to DKK 2.3 billion for the same period last year. This exceeds the legal required minimum by 118.7 percent.

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The Group solvency ratio is 13.2 percent compared to 12.0 percent year end 2007. The legal minimum requirement is 8 percent.

Maintaining Initial Expectations For 2008

The Eik Group continues to expect increasing growth, however limited, in the bank's main markets, Denmark and the Faroe Islands.

Based on the first quarter result and the expectations for the remaining year, the Group maintains its expectations before market value adjustments, provision for losses and tax of DKK 335 million for 2008.

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