

NASDAQ OMX Nordic Iceland and NASDAQ OMX Nordic Copenhagen

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Stock Exchange Announcement 21/2010

- **The Danish Financial Services Authority determines solvency requirements for Eik Banki P/F and Eik Bank Danmark A/S and sets a deadline for fulfillment**
- **Decision regarding write downs**
- **Significantly lower earnings forecast for 2010 due to write downs**
- **Extension of Danish government guarantee scheme**

1. **Solvency Requirements for Eik Banki P/F and Eik Bank Danmark A/S**

As of 27 September 2010, the Danish Financial Services Authority (FSA) has imposed upon **Eik Banki P/F** a solvency requirement of 25.1 per cent corresponding to a sufficient capital base of DKK 2,285 million. Such capital base is determined under the assumption that a solution will be reached in respect of the subsidiary Eik Bank Danmark A/S, entailing that Eik Banki P/F's risk in relation to Eik Bank Danmark A/S does not exceed DKK 911 million, which corresponds to the equity of Eik Bank Danmark A/S pursuant to the First-Half 2010 report. If Eik Banki P/F's risk in relation to Eik Bank Danmark exceeds the above mentioned, the solvency requirement will be increased correspondingly.

As of 30 June 2010, Eik Banki P/F has assessed its solvency requirement at 10.93 per cent corresponding to a sufficient capital base of DKK 997 million. Thus, the solvency requirement determined by the FSA entails an increase of the sufficient capital base of Eik Banki P/F in the amount of DKK 1,288 million.

Eik Banki P/F's actual solvency as of 30 June 2010 was 22.75 per cent corresponding to a capital base of DKK 2,075 million.

Similarly, as of 27 September 2010 the FSA has imposed on **Eik Bank Danmark A/S** a solvency requirement of 35.4 per cent corresponding to sufficient capital base of DKK 2,003 million.

As of 30 June 2010, Eik Bank Danmark A/S assessed its solvency requirement at 11.6 per cent corresponding to a sufficient capital base of DKK 659 million. The increased solvency requirement determined imposed on Eik Bank Danmark by FSA entails an increase of the sufficient capital base of Eik Bank Danmark A/S in the amount of DKK 1,347 million.

The actual solvency of Eik Bank Danmark A/S as of 30 June 2010 was 14.7 per cent corresponding to a capital base of DKK 831 million.

Based on the above, the FSA has given Eik Banki P/F and Eik Bank Danmark A/S a deadline of 6 pm on 30 September 2010 for meeting the solvency requirements determined by the FSA.

The FSA has informed that the FSA will consider an extension of the deadline if so requested.

2. Decision regarding write downs

On 27 September 2010, the Danish Securities Council (the Council) made a ruling concluding that the First-Half Report 2010 for Eik Banki P/F in the view of the Council contained errors. According to the Council's ruling, additional write downs are to be made on four engagements for a total of DKK 852 million (of which DKK 339 million are related to Eik Banki P/F and DKK 513 million are related to Eik Bank Danmark A/S), which has a negative impact on the result for the period as well as on equity.

According to the ruling correcting/supplementary information regarding the First-Half Report 2010 of Eik Banki P/F must be furnished.

3. Significantly lower earnings forecast for 2010

As a consequence of the write downs determined by the Council on selected engagements and as a consequence of the conclusions of the FSA regarding other engagements particularly in Eik Bank Danmark A/S the group's forecast for 2010 is lowered by DKK 1.3 billion. The 2010 loss is expected to be in the range of DKK 1.3 billion compared to the bank forecasting a low positive result.

As a consequence of the continued global uncertainty (financial crisis) a derived uncertainty exists on the financial markets on which the bank is operating, which may influence the 2010 result.

4. Necessary Capital Injection

For Eik Banki P/F independently the solvency requirement adjusted for write downs and assuming write down of the entire value of Eik Bank Danmark A/S amounts to DKK 1,374 million, which in the view of the board necessitates a capital injection in the range of DKK 1.000 million – 1.200 million.

For Eik Bank Danmark A/S the solvency requirement adjusted for write downs and assuming write down of the entire value of Eik Bank Danmark A/S amounts to DKK 1,282 million, which in the view of the board necessitates a capital injection in the range of DKK 1.200 million – 1.400 million.

5. Danish Government Guarantee Scheme

Depositors and ordinary creditors will continue to be covered by the general government guarantee scheme as further described in the Bank's company announcement no. 19/2010.

Sincerely

Odd Bjellvåg
Chairman

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Director, CFO

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