

TERMS AND CONDITIONS

Dated 14 June 2010



DKK 2,000,000,000
Floating Rate Notes due 28 June 2013

Senior capital

ISIN code: DK0030251954



Arranger: Danske Bank A/S

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Obligations and Declarations

These term and conditions comprises a detailed description for investors relating to the issue of the offered Notes described herein. As the Notes are covered by Section 23(4)(6) of the Danish Securities Trading Act, Eik Banki P/F is not obliged to publish a prospectus. These terms and conditions replaces a proper prospectus. The Notes will be admitted for trading and official listing on NASDAQ OMX Copenhagen A/S.

Issuer declaration We hereby declare that to the best of our knowledge the information contained in this information material is correct and not subject to omissions which may misrepresent the overall picture to be purveyed by this material.

We have conducted prudent inquiries to ensure that the above declaration is correct.

Tórshavn, June 2010

Eik Banki P/F

**Arranger
declaration**

As Arranger we hereby confirm that the Issuer and its auditor have presented to us all information requested and which we consider to be relevant. We have not checked the submitted data, nor have we checked data used as the basis of accounting data, information on market conditions, etc., but we have reviewed the information and compared it with the information contained in the information material and have not noted any irregularities or lack of coherence.

The Arranger is not liable for Eik Banki P/F's fulfilment of its obligations vis-à-vis owners of rights, and any dispute between Eik Banki P/F and the owners of rights or between the owners of rights is of no consequence to the Arranger.

In this information material, the term "owners of rights" means owners of rights to the principal, registered in VP Securities A/S, with respect to the issued Notes.

Copenhagen, 14 June 2010

Danske Bank A/S

Risk Factors

An investment in the Notes issued involves certain risks. Prospective purchasers of the Notes should ensure that they understand the nature of the relevant Notes and the extent of their exposure to risks and that they consider the suitability of the relevant Notes as an investment in the light of their own circumstances and financial condition.

It is the responsibility of prospective purchasers of the Notes to ensure that they have sufficient knowledge, experience and professional advice to make their own legal, financial, tax, accounting and other business evaluation of the merits and risks of investing in the relevant Notes and are not relying on the advice of the Issuer or any Dealer in that regard.

Description of the Notes

Issuer	Eik Banki P/F Yviri vid Strond 2 P.O. Box 34 FO-110 Tórshavn The Faroe Islands
Arranger	Danske Bank A/S Holmens Kanal 2-12 DK-1092 Copenhagen K Denmark Attn.: 3775 Danske Markets Debt Capital Markets
Calculation Agent	Danske Bank A/S Holmens Kanal 2-12 DK-1092 Copenhagen K Denmark Attn.: 3886 Corporate Actions, Denmark
Brief description of the issue	<p>The Notes are issued on 28 June 2010 at an issue price of 100.00 pct., and shall pay a floating rate of interest over the life of the Notes.</p> <p>The Notes shall be subject to quarterly Interest Periods and Interest Payment Dates.</p> <p>The Notes are denominated in Danish Kroner (“DKK”).</p> <p>The Interest Rate shall be determined on a quarterly basis as 3-month CIBOR (the “Reference Rate”) plus an annual margin of 0.22 per cent.</p> <p>The Notes shall be redeemed at par on the Maturity Date.</p> <p>Danske Bank A/S, acting as Arranger on behalf of the Issuer, has arranged for the Notes to be purchased by one or more qualified investors.</p>
Principal	The total aggregate principal amount of the Notes to be issued is DKK 2,000,000,000.
Issue Date	28 June 2010.
Maturity Date	The Notes mature for full redemption on the Interest Payment Date falling on, or nearest to 28 June 2013, unless the Notes have been subject to early redemption as described in the section “Events of Default” below.
Listing	Application has been filed with NASDAQ OMX Copenhagen A/S for trading and official listing on NASDAQ OMX Copenhagen A/S, the first trading day being 28 June 2010. Acceptance of the Notes for trading and official listing on NASDAQ OMX Copenhagen A/S is expected to have effect from 28 June 2010.
Currency	The Notes are denominated in Danish Kroner (“DKK”).
Denomination and Registration	<p>The Notes are registered with VP Securities A/S’s account-based system (“VP”), each in the denomination of DKK 500,000.</p> <p>The Notes are issued and registered in dematerialised, book-entry form with VP in accordance with legislation in force from time to time.</p>

Additional Issues No additional tranches of the Notes shall be issued under the same ISIN code.

**Issuer
Representation and
Warranties**

The following representations and warranties are made by the Issuer on the date hereof and shall be deemed to be repeated on the Issue Date with reference to the facts and circumstances then subsisting:

- a) the Issuer is duly established and validly existing under the laws of Denmark and the Faroe Islands, with full power, capacity and authority to own its properties and to conduct its business, and is lawfully qualified to do business in those jurisdictions in which business is conducted by it;
- b) the Issuer has full power and capacity to issue and sell the Notes and the creation, issue and sale of the Notes have been duly approved and authorised by all necessary corporate or other action;
- c) these Terms and Conditions and the VP Systems Agency Agreement have been duly authorised, executed and delivered by the Issuer and constitute, legal, valid, binding and enforceable obligations of the Issuer, subject, in each case, to all limitations arising from bankruptcy, insolvency, liquidation, reorganisation, moratorium or similar schemes affecting the rights of creditors generally under the laws of Denmark and the Faroe Islands;
- d) in respect of each Tranche of Notes to be issued and purchased or, as the case may be, subscribed, the Notes have been duly authorised by the Issuer and, when issued and registered in accordance with the VP Systems Agency Agreement will constitute legal, valid, binding and enforceable obligations of the Issuer subject to all limitations arising from bankruptcy, insolvency, liquidation, reorganisation, moratorium or similar schemes affecting the rights of creditors generally under the laws of Denmark and the Faroe Islands;
- e) all authorisations, consents, approvals, filings, notifications and registrations required by the Issuer for or in connection with the execution and delivery of these Terms and Conditions and the VP Systems Agency Agreement, the issuance, registration and sale of the Notes and the performance by the Issuer of the obligations expressed to be undertaken by it herein and under the Notes have been obtained and are in full force and effect, or, as the case may be, have been effected;
- f) the execution and delivery of these Terms and Conditions and the VP Systems Agency Agreement and the issue and sale of the Notes and the consummation of the transactions contemplated herein and compliance with the terms hereof do not and will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, the constitutive documents of the Issuer, the laws of Denmark and the Faroe Islands or any indenture, trust deed, mortgage or other agreement or instrument to which the Issuer or any of its subsidiaries is a party or by which any of them or any of their respective assets or properties is bound, or infringe any existing applicable law, rule, regulation, judgment, order or decree of any government, governmental body or court, domestic or foreign, having jurisdiction over the Issuer or any such subsidiary or any of their respective assets or properties;

- g) these Terms and Conditions are true, accurate and complete in all material respects and are not misleading; any opinions and intentions expressed herein are honestly held, are based on reasonable assumptions and are not misleading; there are no other facts in relation to the information contained or incorporated by reference in these Terms and Conditions the omission of which would, in the context of the Issue, make any statement herein or opinions or intentions expressed herein misleading in any material respect; and all reasonable enquiries have been made by the Issuer to verify the foregoing;
- h) the audited financial statements (including, for the avoidance of doubt, the notes thereto) contained in the last annual report and any interim financial statements (audited or unaudited) published subsequently thereto give a true and fair view of the financial position of the Issuer and the consolidated financial position of the Issuer's group (the "Consolidated Group") as of the respective dates of such statements and the results of operations of the Issuer and the consolidated results of the Consolidated Group for the periods they cover or to which they relate, and such financial statements have been prepared in accordance with the relevant laws of Denmark and the Faroe Islands and, where applicable, with the International Financial Reporting Standards as adapted by the European Union ("IFRS") (in the case of any financial statements of the Consolidated Group) or with generally accepted accounting principles in Denmark and the Faroe Islands (in the case of any financial statements of the Issuer) applied on a consistent basis throughout the periods involved (unless and to the extent otherwise stated therein); the auditors who reported upon the audited financial statements included in the annual report of the Issuer are appropriately qualified in Denmark and the Faroe Islands and are independent of the Issuer;
- i) save as may be disclosed herein neither the Issuer nor any of its subsidiaries has been involved in any governmental legal, arbitration or administrative proceedings during the previous twelve months, nor are any such proceedings pending or threatened against the Issuer or any of its subsidiaries which either individually or in the aggregate have had, or may have, significant effects on the profitability or the financial position of the Issuer or of the Consolidated Group;
- j) since the last day of the period in respect of which the latest annual report has been prepared, there has, save as disclosed herein, been no significant change in the financial or trading position nor any change (nor any development or event involving a prospective change of which the Issuer is, or might reasonably be expected to be, aware) which is materially adverse to the condition (financial or other), prospects, results of operations or general affairs of the Issuer or of the Consolidated Group, respectively;
- k) all amounts payable by the Issuer in respect of the Notes and the VP Systems Agency Agreement may be made free and clear of and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Denmark or the Faroe Islands or any political sub-division

thereof or authority or agency therein or thereof having power to tax; and

- l) there exists no event or circumstance which is or may (with the passing of time, the giving of notice, the making of any determination, or any combination thereof) constitute an Event of Default (as defined in these Terms and Conditions) in relation to any outstanding debt securities of the Issuer;

Issue Price	The Notes are being offered at an issue price of 100.00 pct.
Interest Rate	<p>Interest accrues on the Notes commencing from and including the Issue Date to, but excluding, the Maturity Date at a floating interest rate, (the "Interest Rate").</p> <p>The Interest Rate shall be determined on the Interest Determination Dates as the Reference Rate plus an annual margin of 0.22 per cent.</p> <p>Interest shall be paid in arrears on each respective Interest Payment Date and shall be calculated on the basis of the number of actual calendar days in each Interest Period and a year of 360 days (Day Count Fraction Actual/360, adjusted).</p> <p>Noteholders shall be notified of the Interest Rate for each Interest Period by VP and/or NASDAQ OMX Copenhagen A/S.</p>
Reference Rate	<p>The Reference Rate is 3-month CIBOR (Copenhagen Interbank Offered Rate), being the rate of interest which appears on the Reuters Screen DKNA13 Page published by Danmarks Nationalbank and the Danish Bankers Association as of 11.00 a.m. Copenhagen time, two (2) Business Days prior to the start of each Interest Period.</p> <p>If the Reuters Screen DKNA13 Page – for whatever reason – does not appear on 11.00 a.m. Copenhagen time, the Calculation Agent shall, on the relevant Interest Determination Date, determine an alternative reference rate, as an arithmetic average of the interest rates, selected by the Calculation Agent, offered by larger Danish banks for liquidity with a maturity of three months in the Danish inter-bank market on a uncollateralised basis. The alternative reference rate shall be calculated by the Calculation Agent to four decimals places.</p>
Interest Determination Date	<p>The Interest Rate shall be determined by the Calculation Agent two (2) Business Days before the beginning of each Interest Period, the first Interest Determination Date being two (2) Business Days before 28 June 2010, and the last Interest Determination Date being two (2) Business Days before 28 March 2013.</p> <p>If the Interest Payment Date is not a Business Day, payment shall be postponed to the following Business Day, unless the following Business Day falls within the following calendar month. In the latter case, the Interest Payment Date shall be deemed to be the last Business Day preceding the date which originally should have been the Interest Payment Date.</p>
Interest Period	The period from and including 28 June 2010 to, but excluding, 28 September 2010, being the First Interest Period, and subsequently, each period of approximately three months from and including an Interest Payment Date to, but excluding the subsequent Interest Payment Date.
Interest Payment Dates	Interest shall be payable quarterly in arrears over the life of the Notes every 28 March, 28 June, 28 September and 28 December, the first Interest Payment Date being 28 September 2010 and the last Interest Payment Date being the Maturity Date.

If an Interest Payment Date is not a Business Day, payment shall be postponed to the following Business Day, unless the following Business Day falls within the following calendar month. In the latter case, the Interest Payment Date shall be deemed to be the last Business Day preceding the date which originally should have been the Interest Payment Date.

If the last Interest Payment Date and/or the Maturity Date is not a Business Day, the Issuer shall, as soon as possible after becoming aware that the last Interest Payment Date and/or the Maturity Date is not a Business Day, serve notice to the Noteholders through NASDAQ OMX Copenhagen A/S and/or VP, informing them that the last Interest Payment Date and/or the Maturity Date will be amended to be the first Business Day preceding the date which originally should have been the last Interest Payment Date and/or the Maturity Date, as applicable, and interest will be adjusted accordingly. The amendment will be made in the interests of the Noteholders due to the limitation of the individual government guarantee and therefore no prior consultation with the Noteholders will take place.

Payments	Payments of principal and interest in respect of the Notes will be made to the holders of the Notes shown in the relevant records of the VP and will be effected through and in accordance with and subject to the rules and regulations from time to time governing the VP. Payments will be made by transfer to an account denominated in Danish Kroner ("DKK") maintained by such Noteholder with a bank in Denmark.
Accrued Interest	<p>The Notes shall be traded with accrued interest. Over the life of the Note, accrued interest shall be the Interest Rate applicable from time to time.</p> <p>When traded, accrued interest shall be calculated on the basis of actual number of days and a year of 360 days (Actual/360).</p>
Redemption	The Notes mature for full redemption on the Interest Payment Date falling on, or nearest to 28 June 2013, subject to adjustment as provided for in the section Interest Payment Dates above.
Business Day	A day in Denmark (other than a Saturday, Sunday or public holiday) (i) on which commercial banks and domestic capital markets are open for business in Copenhagen.

General Terms and Conditions

Ranking of the Notes

The Notes and interest in respect of the Notes constitute direct and unsubordinated obligations of the Issuer. The Issuer warrants that its obligations under the Notes at all times rank *pari passu* with other direct, unsecured, unsubordinated obligations of the Issuer.

The Notes rank *pari passu* among themselves. All holders of the Notes will have the same protection vis-à-vis the Issuer.

Investor Representation; Modification

The Notes have been sold to only a limited number of Noteholders and, therefore, no provisions regarding investor representation or convening of any meetings of Noteholders shall apply to these Notes.

The Issuer may amend these Terms and Conditions without the consent of the Noteholders of any Series to correct a manifest error with respect to the Notes of the relevant Series. Subject as aforesaid, no other modifications may be made to these Terms and Conditions.

According to the Agreement with Finansiel Stabilitet A/S on behalf of the Danish government, any change in the Issuer's obligations under the Notes are conditional upon requiring prior written approval by the Danish government.

Termination

From and including 28 December 2010 (6 months after payment and settlement) the Issuer may on each Interest Payment Date, subject to 30 calendar days' prior notice, redeem the Notes – in full or in part – at par plus accrued, but not yet paid interest until the date for repayment. Any early redemption in part shall be performed in accordance with VP's rules and procedures at the time of such early redemption. See Schedule 1 for information about termination dates and notice dates from the Issuer to the Noteholders.

The Notes shall be irredeemable by the Noteholders except in situations where the Issuer fails to perform its obligations; see section "Events of Default" below.

The Issuer or any of its subsidiaries may at any time purchase Notes in the open market or otherwise and at any price. Such Notes may be held, reissued, resold or surrendered to the VP for cancellation.

Events of Default

Any Noteholder shall be entitled to declare the Notes due for immediate repayment at par plus any interest accrued to the date of payment, if:

- a) the Issuer fails to pay any amount of principal or interest in respect of the Notes or any of them on the due date for payment thereof and such default continues for a period of more than five days on which banks are open for business in Copenhagen; or
- b) the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes (except for the representations and warranties mentioned in the section "Issuer Representation and Warranties" and in any case where a default is incapable of remedy when no such continuation or notice, as is hereinafter mentioned, will be required) such default remains unremedied for thirty days after written notice requiring such default to be remedied has been received by the Issuer from the Noteholders; or

- c) a distress, execution, seizure before judgment or other legal process is levied or enforced or sued out upon or against any part of the property, assets or revenues of the Issuer which is material in its effect upon the operation of the Issuer and is not discharged or stayed within sixty days of having been so levied, enforced or sued out; or
- d) (i) an application for the commencement of bankruptcy proceedings against the Issuer is filed and the application has been filed by or on behalf of the Issuer, or (ii) a third party has filed an application for the commencement of bankruptcy proceedings against the Issuer and (the earlier of) either (1) the Danish Financial Supervisory Authority (the “DFSA”) advises the competent court to open up bankruptcy proceedings, or (2) the competent court opens bankruptcy proceedings against the assets of the Issuer, or (iii) under Section 233 of the Danish Financial Business Act, the DFSA permits liquidators of the Issuer appointed pursuant to Sections 227 or 228 of the Danish Financial Business Act to file an application for commencement of bankruptcy proceedings under and pursuant to Section 17 of the Bankruptcy Act against the Issuer, or (iv) under Sections 233 or 234 of the Danish Financial Business Act, the DFSA files an application for the commencement of bankruptcy proceedings against the Issuer under and pursuant to Section 17 of the Bankruptcy Act in relation to the Issuer.

Negotiability

The Notes are negotiable instruments in the name of the bearer and no restrictions shall apply to the negotiability of the Notes.

However, with respect to investors under other jurisdictions than Denmark, reservations are made for statutory restrictions pursuant to the legislation of such jurisdictions.

Limitation

Under the provisions of Danish law in force as at the date of these Terms and Conditions, the period of limitation for the principal of the Notes is ten years, and for interest three years from the relevant due date.

Tax definition of the Notes

On the Date of Issue, the Notes shall be treated for tax purposes as claims denominated in Danish Kroner (“DKK”). The tax treatment depends on the individual investor.

Individual government guarantee

The Danish Government established a state guarantee scheme by Act no. 1003 of 10 October 2008. The Danish Ministry of Economic and Business Affairs has as part of the state guarantee scheme established the company Finansiel Stabilitet A/S which is a public limited company fully owned by the Kingdom of Denmark.

By Act no. 68 of 3 February 2009 (consolidated into Consolidated Act no. 875 of 15 September 2009), the Danish parliament amended the state guarantee scheme to include an individual state guarantee scheme under which Danish banks, subsidiaries of foreign banks operating in Denmark and Danish Mortgage Credit Institutions can apply for an individual state guarantee in relation to issues of unsubordinated and unsecured debt – and issues of junior covered bonds by an issuer of covered bonds – issued no later than 31 December 2010, with a maturity of up to three years. Any issue of state guaranteed notes by a financial institution eligible to apply for the individual state guarantee is conditioned upon the financial institution having entered into an agreement with the Kingdom of Denmark acting through Finansiel Stabilitet A/S (the Guarantor) setting forth the overall terms and procedures relevant to the individual state guarantee.

As at 16 March 2010, the Issuer and the Guarantor have entered into an agreement on the terms and conditions for provision of a government guarantee (the Agreement), which sets out the terms and conditions for issuing a government guarantee for the Notes. The issue of the Notes shall be conditional upon the provision of a government guarantee for the Issuer's payment obligations under the Notes.

As remuneration for the issue of the guarantee, the Issuer shall pay a guarantee commission to the Danish government.

According to the Agreement with Finansiel Stabilitet A/S on behalf of the Danish government, any change in the Issuer's obligations under the Notes are conditional upon requiring prior written approval by the Danish government.

Liability to pay compensation of Issuer, Arranger and Calculation Agent

The Issuer and/or the Arranger and/or the Calculation Agent (the relevant party hereinafter defined as the Party) shall be liable to pay compensation in the event that the Party due to error or omission fulfils its agreed obligations too late or insufficiently.

Even in areas where a stricter liability applies, the Party shall not be liable for losses due to:

- breakdown of/lack of access to IT systems or damage to data in these systems that can be attributed to the following events regardless of whether the Party itself or an external supplier is responsible for the operation of the systems
- failure in the Party's power supply or a breakdown of the Party's telecommunications, legislative or administrative intervention, acts of God, war, revolution, civil unrest, sabotage, terrorism or vandalism (including computer virus attacks or hacking)
- strikes, lockouts, boycotts or picketing, regardless of whether the conflict is directed against or initiated by the Party itself or its organisation and regardless of its cause. This shall also apply where the conflict affects only parts of the Party
- other circumstances beyond the control of the Party.

The Party's exemption from liability shall not apply in the event:

- that the Party should have anticipated the circumstances causing the loss at the time of entering into the agreement or should have avoided or overcome the cause of the loss
- that, under current legislation, the Party is in any case responsible for the circumstance causing the loss.

Notifications

All notifications relating to the Notes shall be submitted to NASDAQ OMX Copenhagen A/S and/or VP.

Governing law and venue

The Notes are governed by Danish law and any legal proceedings in relation to the terms and conditions of the Notes shall be brought before a Danish court of law. The City Court of Copenhagen shall be the court of first instance.

Additional Information

Resolution	The Notes are issued in accordance with the Executive Management resolution dated 4 June 2010.
Use of proceeds	The proceeds from the issuance of the notes will be used for funding the general business of the Issuer.
Date of payment and settlement	Settlement of sale and purchase transactions in respect of the Notes in VP will take place three Copenhagen business days after the relevant transaction. However, the initial issue of the Notes will settle with value on the Issue Date.
Paying Agent	Danske Bank A/S Holmens Kanal 2-12 DK-1092 Copenhagen K Denmark
ISIN code	DK0030251954
Issue costs	The costs of issue and registration with VP and the costs of admission to listing on NASDAQ OMX Copenhagen A/S etc., amount to a total of about DKK 167.950.
Sales restrictions	The Notes are subject to the rules in force from time to time on offering, marketing and trading in securities contained in each country's national legislation. The Issuer and the Arranger assume no responsibility in this respect.

Information about Eik Banki P/F

Address	Eik Banki P/F Yviri vid Strond 2 P.O. Box 34 FO-110 Tórshavn The Faroe Islands
Financial reports and articles of association	Financial reports and articles of association may be obtained from the Issuer on request. These will also be available online at: www.eik.fo .
Danish Act on Financial Stability	The Issuer is a member of the Private Contingency Association and covered by the government guarantee scheme in pursuance of Act no. 1003 of 10 October 2008, as amended by Act no. 68 of 3 February 2009 on Financial Stability (consolidated into Consolidation Act no. 875 of 15 September 2009). The Notes are covered by an individual government guarantee, which is described further under General Terms and Conditions in the section on Individual Government Guarantee.
Rating	Neither Eik Bank P/F nor the Notes are rated.
Registration	Reg. No. 3293
Board of Directors and Executive Management	Board of Directors: Frithleif Olsen, Chairman Odd Arild Bjellevåg, Deputy Chairman Hanna Fridbjørg Thorleifsson Rólant Vidtfeldt Jákup Egil Jensen Petur Don West Hammer Tórmund Andrias Joensen Rakul Dam Gert Langgaard Executive Management: Petur Marner Aage Jacobsen, Chief Managing Director, CEO Bjarni Olsen, Managing Director

Schedule 1 – Termination dates

Below are the dates on which the Issuer can redeem the Notes including the dates on which the Issuer is obliged to give notice to the Noteholders concerning early redemption of the Notes.

Termination dates	Notice date from Issuer to the Noteholders
28 December 2010	28 November 2010
28 March 2011	28 February 2011
28 June 2011	28 May 2011
28 September 2011	28 August 2011
28 December 2011	28 November 2011
28 March 2012	28 February 2012
28 June 2012	28 May 2012
28 September 2012	28 August 2012
28 December 2012	28 November 2012
28 March 2013	28 February 2013