

EXPECT MORE MERGERS AND ACQUISITIONS

BankNordik Corporate Finance, an undisputed leader in its field, offers comprehensive advice for foreign investors looking to increase their interests in the Faroe Islands as well as helping Faroese companies expand into overseas markets.

SINCE ITS inception in 2006, BankNordik's dedicated Corporate Finance team has been involved in some of the most major corporate deals in the Faroe Islands, including this summer's 1.1 billion DKK (148m EUR) acquisition of fishmeal and feed factory Havsbrún by aquaculture company Bakkafrost.

The listing of Bakkafrost on the Oslo Stock Exchange little more than a year ago, co-managed by BankNordik Corporate Finance and Nordea Corporate Finance as joint lead managers, marked a new era for the Faroese aquaculture and seafood industries and proved a resounding success. Shortly before the initial public offering, another aquaculture company, Vestlax — restructured and sold by BankNordik — had been merged into Bakkafrost to create a sizable player even by international standards.

While these three Bakkafrost transactions doubtlessly rank among the most notable events to date, the Corporate Finance team of BankNordik had a challenging initial assignment: the purchase of Statoil's fuel distribution channel in the Faroe Islands.

"We represented a group of about a dozen Faroese investors who together wanted to acquire Statoil Føroyar and its fuel retail business," says John Rajani, BankNordik deputy CEO and former

head of Corporate Finance. "What we did was negotiate a deal with the Norwegians in which they'd spin off their downstream subsidiary in the Faroe Islands to this new company, now named

Effo. It worked out to everyone's satisfaction."

Mr. Rajani joined BankNordik in 2006 for the job of setting up the bank's Corporate Finance team. An economist



JENS KRISTIAN VANG

Deputy CEO John Rajani; detail view of exterior (opposite).

with an MBA, he'd worked in the Prime Ministers Office partly as a privatization adviser, the PM's secretary and serving three years as the Faroes' diplomatic representative in London. In the mid nineties he held a management post at Faroe Seafood.

According to Mr. Rajani, BankNordik's Corporate Finance unit was established not only to help Faroese clients negotiate corporate deals but also to accommodate foreign investors and businesses seeking to expand their interests in the Faroes.

"For foreigners who consider corporate investments in the Faroe Islands, Bank Nordik Corporate Finance is the adviser of choice for a number of reasons," Mr. Rajani says. "First, we know the market better than anyone — this bank has been around for more than a hundred years, retaining a strong focus on business and corporate clients from the beginning. If you're looking for Faroese acquisition targets or otherwise looking to make investments in the Faroe Islands, we'd be at your service as a local partner able to take care of all your business and financial needs."

'COMPREHENSIVE ADVICE': As the number of mergers and acquisitions in the Faroe Islands has increased dramatically over recent years, some observers attribute the trend to a change of attitude among business owners who seem more eager to reap financial gains along with the personal or social rewards associated with owning a business.

For example, prominent family businesses have been sold to investors

outside the family while companies traditionally centered on one particular line of business have been diversified through acquisitions.

"Signs are that this trend will continue," Mr. Rajani says, adding that while foreign investments are on the rise in the Faroe Islands, the reverse is happening with Faroese investors looking overseas.

But selling or buying a company often has wide implications in itself — and that's why it's important to be able to consult experienced corporate finance advisers, Mr. Rajani says.

"There are a great many factors to consider for both buyer and seller. A lot of questions need to be addressed, including issues that are difficult and sensitive for owners and management. Because of the complex nature of such deals, there is a need for comprehensive advice on both buying and selling corporate entities, on company structure, on issuing of new shares whether in the context of public offering or private placement, and so on and so forth."

The services offered by BankNordik Corporate Finance include financial advice and analysis in connection with capital transactions to provide clients with the basis for informed decision making, Mr. Rajani adds.

"In short we manage the transaction process from beginning to finalization, making sure it's well planned and well executed. It's about securing the best results on behalf of our clients through working closely with them while providing sound and professional advice."

The assignment categories taken on

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BankNordik was founded in the Faroes more than 100 years ago, in 1906. The group has banking operations in Denmark, Greenland and the Faroes, and insurance operations in Iceland and the Faroes.

Number of employees: 430.

The bank is regulated by the Danish Financial Inspection and participates in the Danish Savings Guarantee Fund.

BankNordik is listed on the NASDAQ OMX securities exchanges in Iceland and Copenhagen.

On the NASDAQ OMX in Copenhagen BankNordik ranks among the 10 largest banks measured by market capitalization and among the six largest measured by total assets.

2010 key figures —

Total assets: 14.3 billion DKK

Profit before tax: 416 million DKK

Net profit: 339 million DKK

Solvency ratio: 17%

by BankNordik Corporate Finance are mainly advice in connection with purchase, sale, mergers and acquisition of companies; advice in connection with capital raising; and other financial advice.

"We work for companies and business owners from all sectors," Mr. Rajani says, "essentially regardless of size or geographical location."

