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**Føroya Banki prepares divestment of associate company Bakkafrost**

The shareholders in the two largest aquaculture companies in the Faroes, Bakkafrost and Vestlax, have signed an agreement to merge the two companies and prepare a listing of the merged company on Oslo Stock Exchange in 2010. The merger is subject to approval from the regulatory authorities.

Bakkafrost is an associate company of Føroya Banki, since the Bank holds 34% of the shares in the company. These shares are booked in the Bank's accounts at the acquisition price of DKK 9 million. The Bank also has a minor share holding in Vestlax and a convertible debt instrument issued by Vestlax, which in total are booked at the nominal value of DKK 42 million in the Bank's accounts. By converting the debt in Vestlax to shares, the Bank will hold 33% of the merged company. In connection with the listing of the merged company, the Bank intends to completely divest its holding in the company.

The production capacity of the merged company is estimated to be 30,000 tonnes, whereof an estimated 14.500 tonnes will be processed to retail products.

Although the stock markets have been volatile this last year with a negative trend for equity prices in general, the aquaculture companies listed on the Oslo Stock Exchange have seen a favourable price development with large hikes in share prices. It is therefore deemed to be a good timing for the listing of the aquaculture company.

The IPO and listing on the stock exchange is being co-arranged by Føroya Banki Corporate Finance and Nordea Corporate Finance in Norway.

"The planned divestment of these assets is a natural consequence of the Bank's strategy to focus on core banking while reducing the exposure to single industries. We also acknowledge the importance of creating an internationally competitive aquaculture company on the Faroes with a strong financial foundation" says Janus Petersen, CEO of Føroya Banki.

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