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## Nordea acquires Postgirot Bank - strengthens competitiveness and increases customer base

- Nordea acquires Postgirot Bank in Sweden and strengthens its competitiveness in important growth areas, such as payments and cash management
- Nordea expands its customer base in Sweden through Postgirot Bank's 1.3 million customers, who will be offered Nordea's full range of financial services
- Nordea's and Postgirot Bank's products and services complement each other, thereby strengthening Nordea's position in the Nordic region
- The customers of Nordea and Postgirot Bank will get improved payment services and a very broad range of qualified banking services
- The purchase price amounts to SEK 4.1 billion (EUR 440 million)

### Expanding in a growth area

The market for payments is rapidly growing and changing by means of the introduction of new techniques and payment systems. Efficient cash management solutions are becoming increasingly important to Nordea's customers. Postgirot Bank holds a significant position in the Swedish payment market and through the acquisition Nordea will improve its position. The acquisition has three main attractions:

- **Strengthened competitiveness in domestic payments.** Postgirot Bank is an important supplier of high-quality paper-based and electronic payment services in Sweden (see enclosed facts). Postgirot Bank has successfully developed a number of electronic services, the quality of which is very high, even in an international context. The company's systems and customer relations with a large number of Swedish companies are important for creating an efficient payment system. Combining the competencies of Nordea's e-services in Solo and Postgirot Bank will create better, faster and more efficient payment services for the customers, especially in the cash management area.
- **Increased business volumes.** The acquisition provides excellent opportunities for cross-selling to Postgirot Bank's 1.3 million customers, of whom approximately 70% is not Nordea customers today. The customers will be offered a broad range of high-quality financial products and services, and this is expected to generate additional business volume, for instance through increased loans and deposits. During the year 2000 Postgirot Bank's average deposits totalled EUR 3.8 billion and average customer loans totalled EUR 1.2 billion. Postgirot Bank's total assets amounted to EUR 7.7 billion at the end of 2000.
- **Strengthened competitiveness in international payments.** Postgirot Bank has a well-developed system for international payment transfers, for instance through its cooperation with the postal giro systems in other European countries. Together, Nordea and Postgirot Bank can offer their customers additional channels for payments. As a result of the acquisition, payments from Nordea's customers in the other Nordic countries to all major companies in Sweden can be effected faster.

*Nordea is the leading financial services group in the Nordic and Baltic Sea region and operates through six business areas: Retail Banking, Corporate and Institutional Banking, Asset Management, Investment Banking, Life Insurance and Pensions and General Insurance. The Nordea Group has nearly 10 million customers, 1,260 bank branches and 125 insurance service centres in 22 countries. The Nordea Group is a world leader in Internet banking, with more than 2.4 million e-customers. The Nordea share is listed in Stockholm, Helsinki and Copenhagen.*

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“The acquisition of Postgirot Bank is an excellent growth opportunity that will further strengthen our position as the leading financial services group in the Nordic and Baltic Sea area. Customers will get better and faster service on payments. Furthermore, we ensure that Swedish customers will continue to benefit from alternative solutions for their payments”, says Thorleif Krarup, Group CEO of Nordea.

Postgirot Bank will form part of the largest Nordic financial institution with significant resources for further development of products and services.

“Postgirot Bank, Nordea and all our customers are all winners. I am very pleased that it is Nordea that has chosen to acquire Postgirot Bank. We complement each other well, and this will mean benefits for Postgirot Bank’s and Nordea’s customers”, says Postgirot Bank’s CEO Per-Eric Skothag.

#### **Financial effects**

The acquisition is made at a cash price of SEK 4.1 billion (EUR 440 million) plus the net profit generated from 1 January 2001 up until completion of the transaction. The goodwill arising as a result of the acquisition is estimated at approximately EUR 215 million, including restructuring costs of some EUR 20 million, to be amortised over ten years.

The annual net synergies from the acquisition are estimated at EUR 20 million after three years. The cost synergies have been calculated at EUR 30 million. The revenue synergies, including both cross-selling gains and potential revenue losses, are calculated to be negative based on a conservative estimate. Already in the first year, the acquisition is expected to have a positive impact on earnings per share, after goodwill amortisation. The effect of the transaction on Nordea’s Tier 1 capital ratio is marginal, some 0.2 percentage points.

The acquisition, which will formally be made by Nordbanken AB, is subject to approval by the Swedish Financial Supervisory Authority and the EU Commission. Closing is expected in 2-6 months, depending on necessary approvals.

#### **Press conference and presentations**

A copy of the presentation from the press conference on Tuesday 31 July (see separate invitation) can be downloaded from [www.nordea.com](http://www.nordea.com) on Tuesday 31 July at 12.00. Information on Postgirot Bank is available at [www.postgirot.se](http://www.postgirot.se).

#### Further information

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## Facts about Postgirot Bank

Postgirot Bank has conducted payment activities since 1925. Its banking business started on 1 March 1994 in connection with the conversion of Posten into a public limited company.

Services offered include domestic inpayment (collection) and domestic outpayment products (invoice), cash pools for corporate cash management, electronic invoicing and international payments. Postgirot Bank also offers other products, such as card-based payments products, and has developed several e-services such as ePostgiro, eFaktura and eKöp.

Postgirot Bank provides basic banking services, including deposits and overdrafts and short-term money market loans. Postgirot Bank has no branches for teller services, but is offering this service through the Swedish Post.

Postgirot Bank's primary business is based in Stockholm. Furthermore, production takes place in Tierp, Norrköping and Malmö. Customer service and call centre functions are in Eskilstuna. The sales staff are located in around 20 cities in Sweden.

Postgirot Bank has 450,000 corporate customers and 850,000 personal customers.

	<u>2000</u>
Operating income, EURm	431
Operating costs, EURm	360
Operating profit, EURm	72
Net profit, EURm	53
Return on equity, %	21,1
Total assets, EURbn	7,7
Deposits, average, EURbn	3,8
Lending, average, EURbn	1,2
Risk-weighted assets, EURbn	2,4
Equity, EURm	252
Tier 1 capital ratio, %	10,4
Payment volumes, EURbn	541
Average no. of employees	2 187

SEK amounts have been converted to EUR at the rate of 9.29.

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## Press conference on Nordea's acquisition of Postgirot Bank

Welcome to Nordea's and Posten's press conference on the occasion of Nordea's acquisition of Postgirot Bank. Nordea hosts the conference, which will take place in Nordea's conference rooms in Stockholm.

**Time:** Tuesday 31 July 2001, at 11 am CET

**Venue:** Hörsalen, Smålandsgatan 24, Stockholm

Participants at the press conference:

Thorleif Krarup, Group CEO

Lars G Nordström, Head of Retail Banking

Magnus Falk, Head of Retail Banking Sweden

Lennart Grabe, CEO of Posten

Per-Eric Skotthag, CEO of Postgirot Bank

Nordea's presentation material from the press conference will be available on [www.nordea.com](http://www.nordea.com) at 12.00 GMT.