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MeritaNordbanken Group sells shopping mall holdings to Citycon

Merita Real Estate Ltd is selling its holdings in nine shopping mall properties in Finland to the real estate investment company Citycon for a total price of somewhat over FIM 800 million, of which a good FIM 100 million is payable in Citycon shares (10.2 million shares offered for subscription at a price of FIM 10.70 per share). The transaction will be signed on June 28, 1999 provided all preconditions are fulfilled.

Citycon is acquiring holdings in shopping mall properties also from Kesko, Pohjola and Sampo for a total price of over FIM 1.8 billion. This will double its assets and boost its equity capital by approximately FIM 200 million in the form of new share capital and FIM 400 million in the form of preferred capital notes.

"The sale of our shopping mall holdings to Citycon is a good solution as we will receive payment partly in cash and partly in listed shares which can be sold as and when we so wish", says Sven-Åke Johansson, Executive Vice President, MeritaNordbanken Group. "The sale is in our interest also as a shareholder in Citycon (42%). I am convinced that it will contribute to the company's development in a way which I hope will be appreciated by the stock market."

Real estate divestment programme proceeding on schedule

In late 1998, the MeritaNordbanken Group reorganized its real estate holdings and established a new real estate company, Aleksia. At the same time the Group decided on a divestment programme for the gradual disposal of most of its real estate portfolio. The present transaction is part of this programme.

Merita Real Estate intends to divest most of its holdings in real estate companies within the next three years and properties not in the Group's own use within five years. The Group's real estate operations will thereafter provide real estate services for the Group's own needs.

MeritaNordbanken, one of the leading bank groups in the Nordic region, provides a broad spectrum of financial products and services to more than 6.5 million private individuals and 400,000 companies and institutions. Its service network comprises 800 branch offices in Finland and Sweden, some 1,000 Swedish post offices and a wide range of effective telephone and Internet banking facilities. More than a million customers use MeritaNordbanken's network banking services. Customer savings under management total almost EUR 45 billion. Outside the Nordic region, the Group has a presence in 19 countries. The Group's two holding companies, Merita and Nordbanken Holding, are listed in Helsinki and Stockholm, respectively.

Preparations are being made for the listing of the newly established real estate company Aleksia and an initial public offering during the current year. In addition, Merita Real Estate has conducted over 365 transactions in commercial and residential properties during the first half-year, with a combined value of FIM 319 million and with a positive impact of FIM 9 million on its result.

The present transaction comprises Merita Real Estate's holdings in the following shopping mall properties in Finland: Myyrmanni in Vantaa, Isomyyri in Vantaa, Lippulaiva in Espoo, Espoontori in Espoo, Tikkuri in Vantaa, Jyväskeskus in Jyväskylä, Iso-Kristiina in Lappeenranta, Iso-Karhu in Pori and Trio in Lahti.

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