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MeritaNordbanken Group acquires 49.9 % of Bank Komunalny in Poland

MeritaNordbanken Group will be the strategic partner of Bank Komunalny, a regional bank based in northern Poland with representation in major Polish cities. The acquisition is a bridgehead for creating one of the best banking businesses in Poland serving Nordic customers and an increasing domestic franchise with introduction of internet banking services and other new financial services concepts.

- The Polish market holds major potential and is a strategic part of the Nordic and Baltic regional home market where MeritaNordbanken Group is a leader and has committed to be the leading financial partner. Ownership in a regional Polish bank is a major step to enable the MeritaNordbanken Group to provide a wider range of services to its customers in Poland and to be a partner in developing innovative banking concepts for Polish customers, says Hans Dalborg, MeritaNordbanken Group Chief Executive Officer.

The MeritaNordbanken Group has agreed with Bank Komunalny to become a strategic partner and to acquire an ownership interest in Bank Komunalny in Poland. MeritaNordbanken Group will through Nordbanken AB (publ) subscribe for 2,000,000 new ordinary bearer G series shares of the bank at a price of PLN 17.50 per share which represents a premium of approximately 20 per cent to existing price and a premium of 30 per cent above the average market price during the preceding three months.

The new shares to be subscribed correspond to a 36.13 per cent voting interest in Bank Komunalny. The agreement is to acquire a total voting interest of 49.9 per cent by purchasing further shares from existing shareholders. The agreement between MeritaNordbanken Group and Bank Komunalny is subject to approval by regulatory authorities.

- Our intention is initially to focus on Nordic corporate customers who have business interests in Poland. They will benefit from our enhanced service capabilities. We also intend to improve services to local retail customers and companies. We will complement the existing distribution network with a few branch offices and advanced Internet and telephone banking services, making use of leading-edge technology and know-how of the MeritaNordbanken Group as a provider of electronic banking services, says Thomas Neckmar, Head of the MeritaNordbanken Group Regional Bank for the Baltic States and Poland.

MeritaNordbanken, the leading bank group 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. The Group's service network comprises some 800 branch offices in Finland and Sweden, over 1,000 Swedish post offices and a wide range of effective telephone and Internet banking facilities. More than a million customers use the Group's electronic banking services. Household savings under management total almost EUR 45 billion. Outside the Nordic region, the Group has a presence in 19 countries. The two holding companies, Merita Plc and Nordbanken Holding AB (publ), are listed in Helsinki and Stockholm, respectively.

- I am delighted to have agreed with MeritaNordbanken Group to become a strategic partner and we are confident that MeritaNordbanken Group will provide our bank with capital and know-how to create one of the best corporate and consumer banking businesses in Poland. This is an important day in the history of Bank Komunalny and for the development of banking in the Baltic Sea Region, says Mrs. Gabriela Grybos, Chief Executive Officer of Bank Komunalny.

Bank Komunalny, Gdynia, founded in 1991, is a regional bank with seven branches in Northern Poland. It also owns 35 per cent (28 per cent of the votes) of Warsaw-based Bank Spolem, which likewise has seven branches in cities important for Nordic companies. Bank Komunalny belongs to a cooperation group of independent regional banks, called the G12 Group. The bank has close to 35.000 customers and around 200 employees.

Bank Komunalny is listed on the Warsaw Stock Exchange with a market capitalization of approximately PLN 55 million (FIM 81 million; SEK 119 million). Its operating profit in 1998 was PLN 12.9 million (FIM 19 million; SEK 28 million), and its total assets as of March 31, 1999 were PLN 386.9 million (FIM 567 million; SEK 834 million). Its major shareholders include five Polish municipalities, of which the City of Gdynia is the largest single shareholder with a stake of 19 per cent (23 per cent of the votes). The bank has showed increasing profits since it started operations.

The MeritaNordbanken Group sees the Baltic and Polish markets as strategic growth areas. In early May the Group decided to set up a special regional bank for the development of business in the Baltic states and Poland.

- Our Baltic Polish Regional Bank is an area of strategic importance in fulfilling our mission to build an integrated bank group for the Nordic and Baltic Sea region, says Lars G Nordström, head of Retail Banking and Regional Banks of the MeritaNordbanken Group.

Systematic investments in local presence reflect the Group's commitment to this area defined as part of its home market. The MeritaNordbanken Group already has two branches and a leasing company in Tallinn, Estonia. Its network further comprises a banking subsidiary and a leasing company in Riga, Latvia. One branch and a leasing company are scheduled to start also in Lithuania this summer.

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