
Helsinki/Oslo/Stockholm, 20 September 1999

MeritaNordbanken to form the leading Nordic and Baltic financial group

- **Cash offer to shareholders of Christiania Bank og Kreditkasse ASA**
- **Group structure simplified: one share – one bank**

To meet increasing customer needs for competitive financial solutions in the Nordic and Baltic region, the MeritaNordbanken Group (MeritaNordbanken) today takes two structural initiatives:

- **MeritaNordbanken Plc offers NOK 44 per Christiania Bank og Kreditkasse ASA (Christiania Bank) share in cash. Total value of bid NOK 24.3 bn (see section 1 below)**
- **Legal structure to be simplified. For 100 shares in Merita Plc 102 shares in Nordbanken Holding AB (publ) are offered, listed on the stock exchanges in Helsinki, Oslo and Stockholm (see section 2 below)**

MeritaNordbanken was created as a first step in building a leading financial institution in the Nordic and Baltic region and as a regional initiative in the global restructuring of the financial services industry. It has kept an open door to other leading banks in the Nordic countries to become partners in this process and committed to simplify its legal structure.

With the offers completed the group will be the leading financial partner in the Nordic and Baltic region:

- The leading financial services group with total assets of EUR 123 billion (as of 30 June, 1999)
- 7 million individual customers, more than 800,000 Internet customers, and 470,000 corporate and institutional customers with access to the group through 900 branch offices in seven countries in the region
- Increased competitiveness through transfer of skills, cross selling of products and increased investment capacity throughout the area
- Significant market shares; approximately 10 per cent in Norway, 40 per cent in Finland and 20 per cent in Sweden

Press conference in Oslo, Helsinki and Stockholm at 10.00 a.m. Norwegian and Swedish time and 11.00 a.m. Finnish time.
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1 The offer to the shareholders of Christiania Bank

The Board of MeritaNordbanken Plc has decided to make the following offer to the shareholders of Christiania Bank (the Offer):

- **Christiania Bank's shareholders will receive NOK 44 per Christiania Bank share in cash. Upon completion of the Offer, MeritaNordbanken Plc will pay interest at a rate of 6 per cent per annum from the expiry of the Offer period to the last business day before the day of settlement.**

Christiania Bank's shareholders who accept the Offer will, as a group, receive priority allocation of shares in Nordbanken Holding AB (publ) up to 25 per cent of the next placing of shares made by the Swedish government, provided that the Offer is completed. This has been committed by the Swedish government.

The shares of the Nordic holding company (now Nordbanken Holding AB (publ)), will be listed on the Helsinki, Oslo and Stockholm stock exchanges under a new name as will be further described in Section 2 of this press release.

The Offer represents a premium of 29.0 per cent to the closing market price of NOK 34.1 per Christiania Bank share on 17 September 1999, the last trading day prior to the announcement of the Offer. The Offer values Christiania Bank at NOK 24.3 billion.

The Offer is made subject to certain conditions of which the most important are that MeritaNordbanken Plc receives acceptances from shareholders in Christiania Bank representing more than 90 per cent of the share capital and receives approval for the transaction from the Norwegian Ministry of Finance.

MeritaNordbanken Plc plans to send the Offer document to Christiania Bank's shareholders on or around 27 September 1999. The Offer period is expected to begin on 28 September 1999 and end at 5.00 p.m. Oslo time on 29 October 1999, unless extended.

The planned integration process

- Christiania Bank will continue to operate as one bank under its current name and will as such fully participate in the integration of the new group.
- The composition of the Board of Directors and the Executive Management of MeritaNordbanken Plc will be adjusted to reflect the inclusion of Christiania Bank in the new group.
- Christiania Bank's nation-wide distribution network and customer relationships are vital for the group's retail strategy and the services and product portfolio will be enhanced by the integration.
- Central group functions will continue to be located based on management skills, competence and efficiency.
- The centre of competence for Shipping, Oil and Gas and Offshore as well as Fisheries operations

in the new group will be based in Norway.

- MeritaNordbanken will combine efforts with Christiania Bank to increase revenues through an enhanced product range and cross-selling.
- The integration of Christiania Bank's operations with those of MeritaNordbanken will enable elimination of overlapping functions and release operational synergies.
- The employees of the new group will benefit through cross-border exchange of skills and enhanced career opportunities.
- The tradition of structural changes without layoffs will continue.

Synergies from identified cost savings and earnings growth

Identified revenue and cost synergies have been estimated based on publicly available information on Christiania Bank and the cross-border merger experience of MeritaNordbanken. Such pre-tax revenue synergies and cost savings for the new group are estimated to reach EUR 80 million per annum within a three-year period. Of this sum about EUR 50 million relates to cost savings, and EUR 30 million relates to revenue synergies. The new group is expected to incur restructuring costs of about EUR 75 million in relation to the transaction.

Initial estimates of cost savings in all countries concerned will come from elimination of overlapping functions within such areas as:

- international branch network
- central business units
- product and IT development
- central support units.

The new group's enlarged customer base will make product development and marketing more cost effective.

Additional cost savings are expected from the application of best practice and exchange of know-how across the new group, for example in:

- credit assessment
- loan administration
- electronic payments
- Internet
- telephone and self-service concepts.

These cost savings come in addition to existing plans for productivity improvements.

Revenue synergies are expected in the following areas:

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- The group's enlarged capital base will strengthen Christiania Bank's capacity to serve larger corporate clients.
 - MeritaNordbanken's expertise in Internet and electronic banking will enhance Christiania Bank's distribution capacity and access to existing and potential customers.
 - Christiania Bank's expertise in specialised fields such as Shipping, Offshore, Cruise, Ferries, Other Transportation, Oil and Gas and Fisheries will broaden MeritaNordbanken's product offering.
 - Christiania Bank's customers will get access to a broader international network.
 - MeritaNordbanken's customer concepts and strategic pricing policy will be extended to Christiania Bank's customers.
 - The new group will benefit from cross-selling of products to the enlarged client base, for example the distribution of MeritaNordbanken's savings products, including mutual funds and insurances, to Christiania Bank's retail customers.
 - The new group will be able to develop products, particularly within cross-border cash management and payment services, that will have significant benefits for corporate clients with activities across the Nordic region.
 - MeritaNordbanken's credit rating and the integration of treasury functions will reduce overall funding costs.

Synergies from further integration and market position

MeritaNordbanken's merger experience is that substantial further value will be created in the merger process. In addition to the above identified and quantified synergies, these additional synergies will in the long term arise, inter alia, in the following areas:

- Further integration by simplified administration and sharing of processes and systems platforms in information technology.
 - Benefits from the group's market leader position in the Nordic and Baltic region such as increasing flows of business, increased capability to attract top competence, economies of scale in areas such as asset management and improvements in capital utilisation.
 - The new group is better equipped than the two groups separately to benefit from new opportunities in product and development areas such as network services to a larger customer base.
 - The new group will have an increased investment capacity.
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The new group

With Christiania Bank as new partner, a Nordic financial group with focus on regional business is created.

The new group will be managed through decentralised profit responsibility and decision making based on shared central policies, values, objectives and control. This will allow for marketing and business development in close proximity to customers to meet specific needs in individual businesses or cultures in combination with centralised systems and production to achieve economies of scale. MeritaNordbanken's retail banking concepts as well as the financial strength and know-how in corporate banking are expected to enhance the competitiveness of the new group to the benefit of both customers and shareholders.

The new group will be the largest banking group in the Nordic and Baltic region in terms of total assets. These would have amounted to approximately EUR 123 billion as at 30 June 1999. Retail customers will have access to the new group in the Nordic and Baltic region through approximately 900 branch offices. The new group will serve more than 7 million individual customers, more than 800,000 Internet customers and 470,000 corporate and institutional customers. The combined group would have had total lending of EUR 84 billion, total deposits of EUR 50 billion and assets under management amounting to EUR 28 billion as at 30 June 1999.

The new group will have significant market shares within its main markets; in Norway approximately 10 per cent, in Finland approximately 40 per cent and in Sweden approximately 20 per cent.

The formation of the new group is expected to enhance earnings per share before goodwill amortisation in the first full year following completion. The Tier 1 capital ratio will decrease to about 5 per cent on completion of the Offer. The Management of MeritaNordbanken is confident that this will rise to the stated group target of at least 6.5 per cent within a relatively short period of time mainly due to the new group's strong recurring earnings power. Measures will also be taken to ensure a sufficient total capital ratio. The combined risk weighted assets, as of 30 June 1999, would have amounted to EUR 87 billion.

2 **Unification of Merita Plc and Nordbanken Holding AB (publ) through an exchange offer which will result in a single share**

Simultaneously with the Offer to Christiania Bank's shareholders, Merita Plc and Nordbanken Holding AB (publ) have entered into a merger agreement, the purpose of which is to simplify the legal structure of MeritaNordbanken. The exchange ratio reflects the earlier agreed 40-60 economic relationship within MeritaNordbanken. Following this agreement, the Board of Nordbanken Holding AB (publ) has decided to make the following exchange offer to the shareholders and holders of convertible debentures in Merita Plc (the Exchange Offer):

- **Each shareholder in Merita Plc is entitled to receive 102 newly issued shares in Nordbanken Holding AB (publ) for 100 shares in Merita Plc.**
- **Each holder of convertible debentures in Merita Plc is entitled to exchange its convertible debentures against new convertible debentures in Nordbanken Holding AB (publ) on corresponding terms and conditions.**

The Exchange Offer is made subject to certain conditions of which the most important are that the general meetings of Merita Plc and Nordbanken Holding AB (publ) respectively, give the relevant approvals and that the Exchange Offer is accepted by shareholders representing more than 90 per cent of the outstanding shares and votes in Merita Plc, and that relevant permits are obtained (including necessary public approvals).

The Exchange Offer is in accordance with the objectives stated in the merger agreement of 1997 between Merita Plc and Nordbanken Holding AB (publ). The initial legal structure was a provisional solution and a more simple structure would be aimed for.

Currently MeritaNordbanken comprises MeritaNordbanken Plc, domiciled in Finland, and the two holding companies Merita Plc, domiciled in Finland, and Nordbanken Holding AB (publ), domiciled in Sweden, and the two banks Merita Bank Plc, domiciled in Finland, and Nordbanken AB (publ), domiciled in Sweden. MeritaNordbanken Plc is the parent of the two banks.

The current structure creates a number of practical difficulties and a single share and the simplified legal structure are necessary further steps to create a pan-Nordic financial group.

The objectives of forming a Nordic one share – one bank structure are to improve efficiency and to reduce legal risks. The modification creates a growth oriented and balanced pan-Nordic group. The tax risks will be reduced. The possibilities for the market to fairly evaluate the share will be enhanced. The changes are in accordance with the principles laid down in the original merger agreement.

The new group structure will comprise a Nordic holding company and a Nordic banking group. The holding company will be legally domiciled in Sweden and the parent in the banking group legally domiciled in Finland. The shares in the new Nordic holding company will be listed on the Helsinki, Oslo and Stockholm stock exchanges. An interim name for the new group holding company is being

planned. Group Board of Directors and Executive Management will include members from the three countries.

The Board of Merita Plc notes that under the current Finnish tax legislation, ownership of shares in companies domiciled outside Finland does not qualify for tax credit under the Finnish imputation system. However, dividend flows and capital structuring will be vastly simplified as cash will pass through the new structure more directly. Furthermore, the pricing difference between the two shares in the dual holding company structure is expected to be removed, and the new group will be able to issue shares more easily. A single share will be more transparent for the financial markets, and the concentration of trading in a single share should improve liquidity. A single share may lead to inclusion of the share in additional indices. Finally, a single share better matches the group's stated aim of creating an integrated Nordic financial group.

The Exchange Offer period is planned to commence on 24 November 1999 and expire on 15 December 1999, unless extended. The Exchange Offer and Listing prospectus is intended to be available for Merita Plc shareholders and holders of convertible debentures prior to the commencement of the Exchange Offer period during the second half of November 1999.

The Board of Merita Plc recommends that shareholders accept the Exchange Offer.

This announcement is not an offer of securities in the United States, Canada, Australia, Japan or any other jurisdiction. Securities may not be offered or sold in the United States absent registration or an exemption from registration. Copies of this announcement are not being and should not be distributed or sent in or into the United States, Canada, Australia or Japan.

The making of the offers to residents or citizens of certain jurisdictions (Foreign Shareholders) may be restricted by the laws of the relevant jurisdictions. Foreign Shareholders should inform themselves about and observe any such applicable legal requirements in their respective jurisdictions.

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Video press conference

A press conference will be held at Rica Sjølyst, Drammensveien 154 at 10 a.m. (Oslo time) on 20 September 1999 and will be video linked to Aleksanterinkatu 36B in Helsinki at 11 a.m. (Helsinki time) and to Smålandsgatan 24 in Stockholm at 10 a.m. (Stockholm time). Mr. Jacob Palmstierna, Mr. Vesa Vainio and Mr. Hans Dalborg from MeritaNordbanken will be present at the press conference in Oslo. In addition Mr. Harald Arnkvaern and Mr. Tom Ruud have been invited to attend the press conference and will be available for comments on behalf of Christiania Bank.

The press conferences will be video linked at Sirius 5° East, Downlink frequency 12,5995 GHz, symbol rate 6,111 MS/s, FEC ¾ and distributed live over the Internet at www.meritanordbanken.com. Please log on 20 minutes early to download necessary software available at the press conference icon.

Press briefings

Additional press briefings will be held in Helsinki, Aleksanterinkatu 36B at 4 p.m. (Helsinki time) with Mr. Vesa Vainio and in Stockholm, Smålandsgatan 24 at 3 p.m. (Stockholm time) with Mr. Jacob Palmstierna.

Telephone conference

An international telephone conference for media and analysts will take place today at 5 p.m. (Oslo time) with Mr. Hans Dalborg, CEO of MeritaNordbanken. To participate, please call +46 8 598 005 74, at 4.50 p.m. (Oslo time). A recording will be available on the replay number + 46 8 598 09 000, press the meeting number 598 00 574 and then press pin-code 990920. The recording is available until 27 September, 1999.

Information opportunities in summary

Press conference in Oslo, Rica Sjølyst at 10 a.m. (Oslo time).
Press conference (video linked) to Helsinki, Aleksanterinkatu 36B at 11 a.m. (Helsinki time).
Press conference (video linked) to Stockholm, Smålandsgatan 24 at 10 a.m. (Stockholm time).
Press briefing Aleksanterinkatu 36B at 4 p.m. (Helsinki time).
Press briefing Smålandsgatan 24 at 3 p.m. (Stockholm time).
Media and analysts telephone conference at 5 p.m. (Oslo time).

Financial advisor to MeritaNordbanken Plc:
Lazard Brothers & Co., Limited and Lazard AB

Receiving Agent in respect of the Offer:
Pareto Fonds AS

Appendix 1

Background to and reasons for the Offers

Private customer demand for financial services and products is changing due to demographic factors such as ageing, higher household income, increased wealth and changed life styles. Customers increasingly demand convenient access to their banks through Internet banking as well as professional financial advice given by personal bankers. For corporate customers, the increased internationalisation and growth drives the demand for more sophisticated and specialised financial solutions and broader client relationships.

The financial services sector in Europe has greatly benefited from global deregulation and rapid development of information technology, which has accompanied European integration over the last two decades. This increase of scale, driven by the need for low cost structures, has been mirrored in the domestic and regional integration of financial services companies across Europe. With removal of exchange controls and the recent introduction of the Euro, capital flows have forced the pace of internationalisation of securities markets and financial services in Europe. Whereas the banking and insurance industries have historically been separated by regulation, the convergence of savings products and the removal of legal barriers have resulted in the formation of bancassurance groups in Europe and North America.

The Nordic countries have traditionally had a strong international orientation, which is reflected in the early international expansion of their industries. Now, with Denmark, Finland and Sweden as full members of the European Union and Norway a member of the European Economic Area, the pace of cross-border mergers and co-operations has accelerated. Financial institutions in the Nordic countries are combining, to reach the critical mass necessary to meet the challenges of the new European and global financial environment.

In this environment of increased customer demands and enhanced competition, the combination with Christiania Bank and the simplification of the legal structure are important steps for MeritaNordbanken to realise its vision:

- To be the leading financial group in the Nordic and Baltic region
- To be a leading financial partner delivering individual financial solutions
- To be the leading provider of Internet based financial services in Europe
- To have a competitive edge based on employee competence.

Appendix 2**Background information on MeritaNordbanken**

- MeritaNordbanken is a leading Nordic financial institution offering a broad range of financial products and services to retail and corporate customers.
- MeritaNordbanken manages one of the leading European retail operations with a current return on equity of above 25 per cent, accounting for around 60 per cent of aggregate profits.
- The customer base comprises over 6.5 million individuals, 400,000 small and medium sized companies and institutions, and 400 large companies.
- MeritaNordbanken is leading in Internet banking in Europe with 770,000 Internet customers as of August 1999.
- MeritaNordbanken is one of the leading asset managers in the Nordic region with assets under management amounting to EUR 25.5 billion as at the end of June 1999.
- MeritaNordbanken has a combined market capitalisation as at 17 September 1999 of EUR 11.2 billion. At the end of the first half of 1999, total assets were EUR 99 billion and the number of employees was approximately 18,000.
- At the year-end 1998 the Tier 1 ratio for MeritaNordbanken amounted to 7.3 per cent and it had increased to 7.9 per cent at the end of the first half of 1999. The corresponding figures for the total capital ratio were 9.9 per cent and 10.9 per cent.
- MeritaNordbanken had an operating profit of EUR 1.4 billion in 1998. The operating profit for the first half of 1999 was EUR 769 million.
- The two holding companies; Merita Plc, listed in Helsinki and Nordbanken Holding AB (publ), listed in Stockholm, have a total of approximately 400,000 shareholders. As at 30 June, 1999, Nordic institutional investors held 25 per cent, and Nordic private individuals held 14 per cent of the group. Shareholders outside Finland and Sweden owned 32 per cent. The Swedish and Finnish states owned 26 per cent and 3 per cent, respectively.

Appendix 3**Background information on Christiania Bank *)**

- Christiania Bank is Norway's second largest banking group and commands a central position in the Norwegian banking industry and business community with a nation-wide network of 160 offices in Norway. Christiania Bank also serves its customers by means of telephone banking, an Internet bank and a substantial number of automated teller machines (ATMs) and payment terminals.
- About 70,000 corporate customers and about 570,000 retail customers are being served through the distribution network.
- Christiania Bank's regional Business Units are made up of 60 regional banks with a total of 160 sales outlets.
- In addition to the regional Business Units, corporate customers of Christiania Bank in the Oslo region are served by a separate business unit - the Business Unit Corporate Customers Oslo.
- The leading Internet bank in Norway.
- Christiania Bank has a separate Business Unit for shipping/offshore responsible for Christiania Bank's overall activities in shipping, offshore, cruise, ferries, other transportation, oil and gas, and responsibility for Christiania Bank's branch in Singapore. The shipping portfolio represents approximately 13 per cent of risk-weighted assets in the group and is evenly distributed among Norwegian and international customers.
- Major Norwegian companies and large multinational corporations with subsidiaries in Norway are served by the Business Unit Capital Market Customers with specific knowledge about industries such as forestry, heavy engineering, commerce and construction.
- The Business Unit Commercial Real Estate/Norgeskreditt AS comprises the business carried out by the parent bank and the subsidiary Norgeskreditt AS with regard to financing of large clients within the commercial real estate segment.
- The branch in London is responsible for Christiania Bank's customer relations in the United Kingdom and in the Republic of Ireland, while the branch in New York is responsible for Christiania Bank's customer relations in America. In addition, Christiania Bank has branches in Stockholm and Singapore and representative offices in Hamburg and Copenhagen.
- The area Banking Products has the responsibility for all products produced by Christiania Bank. Other products are produced by Christiania Markets, K-Fondene AS, K-Finans AS, and Christiania Forsikring AS.

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- Christiania Bank had a market capitalisation of NOK 18.8 billion on 17 September 1999, total assets as at 30 June 1999 of NOK 195 billion and a total of approximately 4,000 employees.
 - Christiania Bank's market shares in the Norwegian financial market are: lending 8 per cent, deposits 11 per cent, payment services 12 per cent, fund management 8 per cent, and life insurance 7 per cent.
 - Christiania Bank made a net profit in 1998 of NOK 1,961 million, corresponding to NOK 3.55 per share, restated for the effects of the new Norwegian Accounting Act. The corresponding figures were, for the first half of 1999, NOK 1,167 million and NOK 2.12.
 - The Tier 1 ratio was 7.2 per cent in 1998 and 7.0 per cent after the first half of 1999. The total capital ratio was 10.7 per cent at year-end 1998, and 10.4 per cent at the end of the first half of 1999.

*) Source: Christiania Bank's annual report for 1998, report for the first half of 1999 and web pages.