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Nordbanken Holding and Merita shareholders to consider proposed new group structure - holding company to be temporarily named Nordic Baltic Holding

The two holding companies of the MeritaNordbanken Group - Merita and Nordbanken Holding - are convening their shareholders to Extraordinary General Meetings on November 19, 1999 and November 23, 1999, respectively, to consider and vote on a proposal for the simplification of the Group's legal structure.

In connection with MeritaNordbanken Plc's cash offer to Christiania Bank shareholders, it was proposed that the legal structure of MeritaNordbanken Group ("MeritaNordbanken") be simplified so that it would comprise one Nordic holding company and one Nordic banking group. The following procedure is being proposed in order to implement the new group structure envisaged.

- It is proposed that Extraordinary General Meetings of Nordbanken Holding AB (publ) and Merita Plc approve the Merger Agreement dated September 20, 1999 to form one Nordic holding company legally domiciled in Sweden which will own a Nordic parent bank legally domiciled in Finland.**
- Pending the introduction of a permanent Group name, it is proposed that the name of Nordbanken Holding, which is to become the Group holding company, be changed to Nordic Baltic Holding (NBH) AB. The intention is to have the company's shares listed in Helsinki and Stockholm and potentially on other Nordic stock exchanges.**
- Nordbanken Holding will make a public offer to shareholders of Merita Plc to acquire all shares in Merita Plc. Pursuant to the offer, Merita shares will be exchanged for shares in Nordbanken Holding at the ratio of 1.02 NBH shares for one Merita share. The new group structure will be implemented as soon as Merita shareholders have accepted the offer.**

Benefits to customers and shareholders

MeritaNordbanken aims to be the leading financial services group in the Nordic and Baltic Region with a strong position in all Nordic countries. The simplification of the group's legal structure is a necessary step to continue the building of a Nordic financial group.

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.

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The group's current dual-holding-company structure has involved a number of practical difficulties and has been one of the factors behind a price differential between the holding company shares with the Merita share trading at a discount. When the MeritaNordbanken Group was created, the legal structure chosen at the initial stage was agreed as a provisional solution to be simplified at a later stage. The proposed one share - one holding company structure will improve efficiency and facilitate further growth, thus creating value for shareholders and customers.

By simplifying the structure, dividend flows and capital structuring will be simplified as cash will pass through the new structure more directly and more rapidly. Furthermore, the pricing difference between the two shares in the dual holding company structure will 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.

As part of the unification, the preference shares in MeritaNordbanken Plc currently owned by Nordbanken Holding, which under certain circumstances entitle Nordbanken Holding to a higher dividend, will be converted into ordinary shares.

Main tax consequences for Merita shareholders

Under current tax legislation in Finland, dividend income received from Swedish companies does not qualify for a tax credit under the Finnish law on the imputation system (avoir fiscal). As a general rule, such dividends are subject to withholding tax in Sweden at a rate of 15 per cent pursuant to the Nordic tax convention. This tax will be credited against the tax payable on the dividends in Finland. The Finnish tax rate applicable to capital income for 1999 is 28 per cent.

The offering document will contain more detailed information on the tax consequences.

Corporate governance

The Merger Agreement stipulates that efforts shall be made to ensure that the Board of Directors, in order to carry out its duties, shall command the requisite expertise and experience of the social, business and cultural conditions prevailing within the regions and market areas where the group's principal activities are conducted. Accordingly, efforts shall be made to ensure that the Board of Directors consists of an equal number of members from each of the Nordic countries affected. In addition, the Group Chief Executive Officer will be a member of the Board of Directors, as to date. In addition, it should be possible to appoint one or more members with or without any particular links as described above.

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The General Meetings of the Nordic holding company will be held in Stockholm, with a video link to Helsinki and, if so decided by the Board of Directors, to other cities. The General Meetings will be conducted in Finnish and Swedish and, if so decided by the Board of Directors, also in other languages. The shareholders will thus be able to exercise full shareholders' rights from Helsinki and potentially from other cities.

Extraordinary General Meetings of Nordbanken Holding and Merita to be held in November 1999

An Extraordinary General Meeting of Nordbanken Holding will be held on November 19, 1999 at 10.00 a.m. and an Extraordinary General Meeting of Merita on November 23, 1999 at 2.00 p.m.

It is proposed that the Extraordinary General Meetings, respectively, pass resolutions to adopt the Merger Agreement dated September 20, 1999. A number of related amendments to the Articles of Association will also be submitted to the General Meetings, respectively. In addition, it is proposed that the General Meeting of Nordbanken Holding decide, among other things, on a share issue.

The Board of Directors of Nordbanken Holding proposes that the company adopt an interim name, Nordic Baltic Holding (NBH) AB, which better reflects the pan-Nordic character of the company and the group. The new name is intended as temporary and is expected to be replaced by a permanent name during the first half of 2000.

Pursuant to the Merger Agreement, Nordbanken Holding has launched an Exchange Offer to Merita shareholders and holders of Merita convertible bonds, respectively, as announced on September 20, 1999. For the purpose of implementing these Exchange Offers, it is proposed that the General Meeting of Nordbanken Holding approve a proposal for a share issue and an issue of convertible bonds.

Principal terms and conditions of the Exchange Offer - Shares

Shareholders in Merita are offered 1.02 new Nordbanken Holding shares for each share in Merita. The exchange ratio reflects the 40-60 economic relationship agreed in the original merger agreement providing for the creation of MeritaNordbanken. The shares of the holding company will be listed in Helsinki and Stockholm. In Finland, the shares will be listed and traded in the form of Finnish Depositary Receipts (FDRs), and they will be entitled to dividend as of the financial year 1999. The principal terms and conditions of the Exchange Offer for shares are summarized in Appendix 1 hereto. The complete terms and conditions will be set out in the offering document.

Principal terms and conditions of the Exchange Offer - Convertible bonds

Pursuant to the Exchange Offer, holders of convertible bonds of Merita are entitled to exchange these for new convertible bonds of Nordbanken Holding issued on corresponding terms. The convertible bonds to be issued by Nordbanken Holding will be denominated in euros. The principal terms and conditions of the Exchange Offer for convertible bonds are summarized in Appendix 2 hereto.

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Complete terms of the new convertible bonds of Nordbanken Holding will be set out in the offering document.

The holders of Merita convertible bonds may participate in the Exchange Offer to Merita shareholders by way of converting their bonds into shares in Merita and thereafter complying with the terms of the Exchange Offer for shares. Pursuant to the terms of the convertible bonds of Merita, the annual period of conversion is from January 2 to November 30.

Planned Acceptance Period for Exchange Offers to be from November 24 to December 15, 1999

The Exchange Offers are made subject to certain conditions, of which the most important are:

- That the General Meetings of Nordbanken Holding and Merita, respectively, approve the Merger Agreement and the related amendments to the Articles of Association;
- That the General Meeting of Nordbanken Holding decides on a share issue and an issue of convertible bonds to Merita shareholders and holders of Merita convertible bonds, respectively;
- That the Exchange Offer for shares is accepted to such an extent that Nordbanken Holding becomes the owner of more than 90 per cent of the total number of shares in Merita;
- That the necessary permits and public approvals are obtained.

The Acceptance Period for the Exchange Offers is planned to commence on November 24 and to end on December 15, 1999. The period of acceptance may be extended if necessary. The result of the Exchange Offers is expected to be announced on or around December 27, 1999.

Merita shareholders will receive detailed instructions and acceptance forms in late November prior to the beginning of the Acceptance Period. Acceptance forms will also be available from all Merita Bank branches providing custodial services. The offering document and complete terms and conditions of the Exchange Offers are expected to be published and available on or around November 19, 1999. Holders of convertible bonds will also receive detailed instructions.

Appendices:

1. Summary of the principal terms and conditions of the Exchange Offer for shares
2. Summary of the principal terms and conditions of the Exchange Offer for convertible bonds

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The making of the Exchange 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.

Appendix 1

Exchange Offer for shares in Merita

1. The Exchange Offer

The shareholders of Merita Abp ("Merita") are offered to exchange their shares in Merita to shares in Nordbanken Holding AB (publ) ("Nordbanken Holding") subject to the following terms and conditions.

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1.1. Object of the Exchange Offer

The object of the Exchange Offer is all issued and outstanding shares in Merita.

1.2 Consideration

The offered consideration for the shares in Merita shall be newly issued shares in Nordbanken Holding so that shareholders in Merita will receive in exchange for each share in Merita 1.02 shares in Nordbanken Holding.

The exchange ratio reflects the earlier agreed 40/60 economic relationship in MeritaNordbanken.

The new shares in Nordbanken Holding will be issued in Finland in the form of share depository receipts which will be registered in the Finnish book-entry system and listed at the Helsinki Stock Exchange.

The new shares will carry the right to dividends as from the financial period ending 31 December 1999.

1.3 Conditions precedent to the Exchange Offer

The Exchange Offer shall be subject to the following conditions:

- a. that the General Meetings of Nordbanken Holding and Merita resolve to approve the new Merger Agreement ("samgåendeavtalet") entered into between the companies on 20 September 1999 and pass the necessary resolutions for the implementation of the Exchange Offer, such as the issuance of new shares in Nordbanken Holding to shareholders of Merita and the issuance of convertible bonds in Nordbanken Holding to the holders of convertible bonds in Merita and the amendment of the Articles of Association in both companies,
- b. that the Exchange Offer is accepted to such an extent that Nordbanken Holding becomes the owner of more than 90 per cent of the total number of shares in Merita,
- c. that all necessary authority permits are obtained and that no authority shall intervene in a way that may result in a situation where the Exchange Offer cannot be implemented and that no circumstances occur which would significantly alter the preconditions for the unification between Merita and Nordbanken Holding,
- d. that the Exchange Offer, at the discretion of Nordbanken Holding, is not made impossible or significantly more difficult as a result of legislation, authority rulings or any corresponding circumstances beyond the control of Nordbanken Holding.

Nordbanken Holding reserves the right to complete the Exchange Offer even in case one or more of the above conditions is not fulfilled.

1.4 Period for the acceptance

The period for the acceptance of the Exchange Offer is planned to commence on 24 November and expire on 15 December 1999 ("the Exchange Offer Period").

Nordbanken Holding reserves the right to extend the Exchange Offer Period and therein to provide that the above conditions precedent to the Exchange Offer shall remain even in the event of such extension.

1.5 Procedure for accepting the Exchange Offer

The shareholders of Merita shall be provided the opportunity to accept the Exchange Offer by filling out and returning an acceptance form. The acceptance forms will be sent to the shareholders of Merita before the commencement of the Exchange Offer Period. At the same time the shareholders will receive instructions on the procedure. Acceptance forms will also be available at Merita Bank branches providing custodial services.

1.6 Irrevocable acceptance

After the commencement of the Exchange Offer Period a shareholder of Merita who has accepted the Exchange Offer cannot withdraw his acceptance. Even in the event that the Exchange Offer Period is extended the acceptance may not be withdrawn.

According to the Securities Markets Act chapter 6, Section 5, if a tender offer has been made subject to the acquisition of a certain proportion of ownership or voting rights, the party having accepted the offer may, at the close of the tender period, withdraw from the trade if the offeror does not acquire the portion of ownership or voting rights indicated in the tender offer. The right to withdraw from the trade does, however, not exist if the offeror undertakes to announce to the party that has accepted the offer the higher price which the offeror shall pay or receive from a third party for the security tendered within one year from the end of the tender period as well as to pay the difference between the said price and the price tendered.

In accordance with the above provisions Nordbanken Holding undertakes, in the event it decides to complete the Exchange Offer even if the Exchange Offer is not accepted to such an extent that Nordbanken Holding becomes the owner of shares in Merita representing more than 90 per cent of the total number of shares in Merita, to inform the shareholders who have accepted the offer in case Nordbanken Holding has, within the period of time referred to in the said provisions, paid or received a higher price for the tendered Merita shares and to pay the difference between such higher price and the price tendered to the shareholders having accepted the Exchange Offer.

1.7 Trading with the shares in Merita

The shares in Merita which have not been tendered for exchange will continue to be traded at the Helsinki Stock Exchange during the Exchange Offer Period

The intention is to provide a possibility for temporary trading at the Helsinki Stock Exchange for shares in Merita which have been tendered for exchange during the Exchange Offer Period. The temporary trading shall be subject to

the acceptance by Helsinki Stock Exchange and the Finnish Central Securities Depository.

The intention is that the shares in Merita will be de-listed from the Helsinki Stock Exchange when Nordbanken Holding has acquired all shares in Merita.

1.8 Announcement of the result of the Exchange Offer

The result of the Exchange Offer will be announced after the end of the Exchange Offer Period. This is expected to take place on or about 27 December 1999. At the same time Nordbanken Holding will announce whether the Exchange Offer shall be implemented notwithstanding the fact that all conditions precedent to the implementation of the Exchange Offer have not been fulfilled.

1.9 Settlement and the transfer of title

After the announcement that the conditions precedent to the implementation of the Exchange Offer have been fulfilled or that Nordbanken Holding has otherwise decided to complete the Exchange Offer, the title to the shares in Merita which have been tendered for exchange shall pass to Nordbanken Holding and the settlement will begin. The settlement will be implemented by way of delivering the new shares in Nordbanken Holding in the form of share depository receipts to the book-entry accounts in Finland of shareholders who are entitled to the new shares. The settlement is expected to be completed on or about 10 January 2000.

Nordbanken Holding reserves the right to postpone the time for settlement.

1.10 Fractional entitlements

Nordbanken Holding will issue only whole shares. To the extent the amount of shares which a shareholder of Merita is entitled to receive in Nordbanken Holding against his shares in Merita is not a whole number, such fractional entitlements will be combined to shares with other shareholders fractional entitlements and will subsequently be sold on the Stockholm Stock Exchange on behalf of such shareholders. Shareholders will receive a cash consideration corresponding to the fraction of the share that the shareholder is entitled to.

1.11 Asset transfer tax and other costs

Nordbanken Holding will pay any eventual asset transfer taxes levied on the implementation of the Exchange Offer.

No costs will be charged from the shareholders in Merita for accepting the Exchange Offer.

1.12 Redemption of the shares in Merita

Provided that the Exchange Offer is completed, Nordbanken Holding shall initiate a redemption procedure pursuant to the Finnish Securities Markets Act and a redemption procedure pursuant to the Finnish Companies Act as soon as the preconditions for redemption are fulfilled according to these acts.

1.13 Governing law

The Exchange Offer and its acceptance are subject to Finnish law.

Appendix 2

Exchange Offer for convertible bonds in Merita

1. The Exchange Offer

Holders of convertible bonds issued by Merita Plc ("Merita") are offered to exchange their convertible bonds to new convertible bonds to be issued by Nordbanken Holding AB (publ) ("Nordbanken Holding") subject the following terms and conditions.

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1.1. The object of the Exchange Offer

The object of the Exchange Offer is any and all convertible bonds relating to the convertible bond loan issued by Merita (former Unitas Bank Ltd) on 17 August 1992.

The holders of the convertible bonds may also choose to participate in the Exchange Offer made to the shareholders of Merita by converting their bonds into shares in Merita and thereafter complying with the terms and conditions of the Exchange Offer for shares in Merita by Nordbanken Holding.

1.2 Consideration

The offered consideration for the convertible bonds in Merita shall be new bonds issued by Nordbanken Holding so that in exchange for each Merita convertible bond bearing the nominal value of FIM 10,000 the holder of such bond will receive one new Nordbanken Holding convertible bond bearing the nominal value of 1,681.88 euro.

The issue price for the convertible bonds issued by Nordbanken Holding shall correspond to the nominal value. The convertible bonds in Nordbanken Holding shall mature on 17 August 2042, in so far as the loan has not been repaid or converted into shares prior to that and carry an interest as from 1 September 1999 with the annual interest rate corresponding to Euribor, six months, with the addition of 1.75 percentage points up to 1 September 2002 and thereafter subsequently with an addition of 3.75 percentage points. Nordbanken Holding shall have the right to repay the loan in full or in part as from 17 August 2002.

The new convertible bonds in Nordbanken Holding may be converted into shares in Nordbanken Holding. The conversion may take place during the maturity of the loan. The conversion rate shall correspond to the amount of 5.60 euro. In accordance with this, a new share will be received for each full amount of the conversion rate of the aggregate nominal value of the convertible receivable which the creditor wish to convert at the same time. One bond bearing the nominal value of 1,681.88 euro may thus be converted into 300 shares.

The new convertible bonds issued by Nordbanken Holding shall be subordinated and in the event of liquidation or bankruptcy of the company the bonds shall have the right to receive payment from the assets of the company after the non-subordinated liabilities of the company and equal rights (*pari passu*) with other subordinated liabilities which are not expressly subordinated to this loan.

The intention is that the convertible bonds of Nordbanken Holding shall be listed at the Helsinki Stock Exchanges.

1.3 Conditions precedent to the Exchange Offer

The Exchange Offer shall be subject to the same conditions as the Exchange Offer for shares in Merita by Nordbanken Holding. In addition, this Exchange Offer is subject to the completion of the Exchange Offer for shares in Merita.

1.4 Period of acceptance

The planned period of acceptance shall be the same as for the Exchange Offer for shares in Merita, which is from 24 November to 15 December 1999 ("Exchange Offer Period").

Nordbanken Holding reserves the right to extend the Exchange Offer Period.

1.5 Procedure for accepting the Exchange Offer

Nordbanken Holding will send each holder of a Merita convertible bond, whose address is accessible to Nordbanken Holding, further instructions for the bondholders and a form by which the offer may be accepted. The forms will be sent to the bondholders before the commencement of the Exchange Offer Period.

1.6 Irrevocable acceptances

A bondholder who has accepted the Exchange Offer may not withdraw his acceptance after the commencement of the Exchange Offer Period. Even in case the Exchange Offer Period is extended, the acceptance may not be withdrawn.

1.7 Trading with the Merita convertible bonds

The convertible bonds which have not been tendered for exchange will continue to be traded on the Helsinki Stock Exchange during the Exchange Offer Period.

The intention is that an application will be made to de-list the bonds in Merita from the Helsinki Stock Exchange as soon as Nordbanken Holding has acquired all convertible bonds in Merita.

1.8 Announcement of the result of the Exchange Offer

The result of the Exchange Offer will be made public in connection with the announcement of the result of the Exchange Offer for the shares in Merita by Nordbanken Holding, which is expected to take place on or about 27 December 1999.

1.9 Settlement

After the announcement that the conditions precedent to the implementation of the Exchange Offer have been fulfilled or that Nordbanken Holding has otherwise decided to complete the Exchange Offer, the settlement will begin. The settlement will be implemented by way of delivering the newly issued convertible bonds in Nordbanken Holding to the holders of convertible bonds in Merita who have accepted the Exchange Offer. The settlement is expected to be completed on or about 10 January 2000.

Nordbanken Holding reserves the right to postpone the date of settlement.

1.10 Asset transfer tax and costs

Nordbanken Holding shall pay any eventual asset transfer taxes levied on the implementation of the Exchange Offer.

No costs will be charged from the bondholders in Merita for accepting the Exchange Offer.

1.11 Redemption of the convertible bonds in Merita

Provided that the Exchange Offer for shares in Merita by Nordbanken Holding shall be completed, Nordbanken Holding shall initiate the redemption procedure in accordance with the Finnish Securities Markets Act as soon as the conditions for redemption have been fulfilled according to the said act.

1.12 Governing law

This Exchange Offer and its acceptance are subject to Finnish law.