

Copenhagen, Helsinki & Stockholm, 23 August 2000 **1(30)**

Interim Report January-June 2000

Strong earnings growth

- Operating profit up 29% to EUR 1,359m (SEK 11.4bn)
- Earnings per share January-June EUR 0.33, up by 14%
- Total income up 16% and expenses up 4% (both excl. acquired business)
- Strong growth in interest and commission income
- Return on equity 18.6%
- Improved ratings

Strong performance in strategic growth areas

- Strong Retail earnings
- E-banking leadership:
 - e-customers more than 1.6m, up 0.6m since year-end
 - strong growth in customers using online equity trading
- Significant growth in Asset Management: EUR 104bn under management

Decisive steps for Nordic leadership

- Merger process: business integration continues according to plan
- Continued expansion in the Baltic Sea region
- The Norwegian parliament decided to sell the state-owned shares in Christiania Bank og Kreditkasse and MeritaNordbanken tendered a new bid at NOK 44 per share
- The leading financial services group in the Nordic and Baltic region: market capitalisation of EUR 24bn (SEK 200bn)

Nordic Baltic Holding (NBH) AB (publ) is the leading financial services group in the Nordic and Baltic Sea Region with total assets of EUR 192bn and a world leader in Internet banking with 1.6 million e-customers. NBH owns MeritaNordbanken Plc and Unidanmark A/S, including: Merita Bank, Nordbanken, Unibank, ArosMaizels, Tryg-Baltica, Vesta, Merita Life and Livia. Six business areas serve 9 million private and 600,000 corporate and institutional customers through 1,100 bank branches, 125 insurance service centres, telephone and e-banking services and own operations in 18 countries outside the home region. NBH is listed in Stockholm, Helsinki and Copenhagen.

Operational Income Statement

EURm	Q2 2000	Pro forma			
		Q1 2000	Jan - June 2000	Jan - June 1999	Full year 1999*
Net interest income	779	723	1,502	1,386	2,755
Net commission income	384	377	761	536	1,164
Operating income from insurance	118	203	321	255	613
Net result from financial operations	91	145	236	140	243
Other income	116	97	212	204	331
Total income	1,488	1,545	3,032	2,521	5,106
Personnel expenses	-464	-449	-913	-812	-1,629
Other expenses	-370	-336	-706	-663	-1,375
Total expenses	-834	-785	-1,619	-1,475	-3,004
Profit before loan losses	654	759	1,413	1,046	2,102
Loan losses, net	-20	-17	-37	-55	-91
Profit from companies accounted for under the equity method	23	9	32	81	117
Operating profit before goodwill depreciation	657	752	1,408	1,072	2,128
Goodwill depreciation	-27	-22	-49	-18	-39
Operating profit	630	729	1,359	1,054	2,089
Loss on disposal of real estate holdings	0	-40	-40	-	-145
Refund of surplus in Pension foundation	9	8	17	-	65
Taxes	-163	-197	-360	-180	-346
Minority interest	0	-2	-2	0	-2
Net profit	476	498	974	874	1,661

Ratios and key figures

Earnings per share, EUR	0.17	0.33	0.29	0.55
Share price **, EUR	5.55	7.90	5.68	5.84
Shareholders' equity per share, EUR	3.45	3.60	3.21	3.43
Shares in issue** (millions)	2,961	2,979	2,987	2,987
Return on equity (%), pro forma	19.2	18.6	19.9	18.0
Return on equity before goodwill depreciation (%)	19.8	19.2	19.9	18.0
Lending**, EURbn	109	109		104
Deposits **, EURbn	66	65		65
Technical provisions (insurance) **, EURbn	18	19		16
Shareholders' equity **, EURbn	10	11		10
Total assets **, EURbn	194	192		186
Assets under management **, EURbn	102	104		89
Cost/income ratio (before loan losses), banking (%)	52	52	57	59
Combined ratio, non-life insurance *** (%)	122.4	111.3	97.2	101.7
Tier 1 capital ratio ** (%)	8.5	9.0		9.0
Total capital ratio ** (%)	10.6	10.8		11.1
Risk-weighted amount (banking) **, EURbn	111	110		105

* The combined pro forma figures for the full year 1999 are stated as in the merger prospectus, except for some minor reclassifications between other income, expenses and profit from companies accounted for under the equity method

** End of period

*** Excluding run-off from hurricane combined ratio was 96.5 in second quarter and 107.0% in the first quarter of 2000, and 101.7 for Jan-June 2000

The Group

Operating profit up 29%

Total operating profit increased 29% to EUR 1,359m, compared to the first half of 1999. Due to very high investment income from the equity and fixed-income markets profit was higher in the first quarter than in the second quarter of 2000. Investment income was down EUR 190m.

Return on equity was 18.6%. Before goodwill depreciation, the return on equity was 19.2%.

The Group's total income for the first six months was EUR 3,032m (EUR 2,521m), up 16% compared to the first half of 1999, excluding income from acquired business, mainly Vesta.

Net interest income amounted to EUR 1,502m, an increase of 8% compared to the first half of 1999. The second quarter was also up 8% compared to the first quarter of 2000. The upward trend in short term market interest rates had a positive impact on deposit margins. The lending volumes are growing and the margins on these also improved slightly.

Net commission income was EUR 761m representing an increase of 42% compared to the first half of 1999. Income from fund management, equity trading and card services continued to rise, as did income from corporate finance. Net commission for the second quarter, showed a slight increase of 2% compared to the strong first quarter.

Net operating income from insurance was EUR 321m, up 9% compared to the first half of 1999, excluding provisions for the December hurricane in Denmark, EUR 63m, and acquired business. Net operating income from insurance fell from EUR 203m in the first quarter 2000 to EUR 118m in the second quarter mainly due to developments in equity markets in the second quarter. Rising market interest rates in the second quarter also affected the valuation of bond holdings negatively.

The net result from financial operations showed a profit of EUR 236m, mainly due to gains on equity holdings during the first quarter. Earnings from equity-related transactions amounted to EUR 127m. Realised and unrealised profit on interest-rate-related securities totalled EUR 40m. Earnings from currency-related transactions were EUR 69m. Compared to the first quarter the result in the second quarter was reduced, mainly due to developments in the equity markets.

Other income totalled EUR 212m. In the second quarter other income amounted to EUR 116m including gains

from the disposal of equity holdings in Svensk Exportkredit representing EUR 60m.

Expenses

Total expenses were EUR 1,619m, up 4 % compared to the first half of 1999 excluding expenses from acquired business, mainly Vesta. In the second quarter total expenses rose to EUR 834m compared to EUR 785m in the first quarter.

Personnel expenses amounted to EUR 913m. The Group had 34,300 employees, including 500 employees in now-consolidated insurance business. Personnel expenses rose to EUR 464m in the second quarter compared to EUR 449m in the first quarter. The main factor explaining this development was provisions for bonus payments and other variable salaries related to the increased earnings. The bonus shares distributed under the 1999 profit share scheme to the employees in Unidanmark in April and the new salary agreement for Swedish employees as from 1 April have also affected personnel expenses in the second quarter.

Other expenses amounted to EUR 706m. In the second quarter other expenses rose to EUR 370m compared to EUR 336m in the first quarter. Coordination costs regarding the merger, which are not defined as restructuring costs, and marketing costs are the main reasons for this increase.

Loan losses

Loan losses were still at a low level, EUR 37m. The net volume of doubtful loans was EUR 698m at the end of June, down EUR 330m compared to 1999. The volume of doubtful loans represented 0.6% of total lending with provisions amounting to 77%.

Shareholders' equity

Shareholders' equity amounted to EUR 10.7bn as recognised in the accounts at the end of June. Overvalues in equity holdings, classified as financial current assets and carried at the lower of cost or market amounted at the same time to EUR 0.1bn before tax. Furthermore, the fair value of the assets of the Group's pension foundations and pension fund exceeded pension commitments by EUR 0.5bn whereas the book value of interest-bearing securities classified as financial fixed assets matched the corresponding market value.

At the end of June, the Tier 1 capital ratio amounted to 9.0% and the total capital ratio to 10.8%. Net profit for the period less estimated dividend is included in the calculation of these ratios.

Merger process according to plan

When the mandatory offer of Nordic Baltic Holding to the shareholders of Unidanmark ended on 30 May 2000, shareholders representing 99.1% of the total number of shares in Unidanmark had accepted the share exchange offer.

Pursuant to the Danish Companies Act, the boards of Nordic Baltic Holding and Unidanmark made a joint decision regarding compulsory acquisition of the Unidanmark shares which had not been transferred to Nordic Baltic Holding. These shares are acquired at a price of DKK 640 per share.

The Unidanmark share was delisted from the Copenhagen Stock Exchange on 28 June 2000.

The merger integration process is progressing according to plan and the previously announced synergies are verified. Synergies were calculated to be EUR 200m annually before tax, with full effect within a three-year period. A further EUR 50m of annual pre-tax synergies are estimated from retail operations, and further synergies are expected in the longer term from more full integration of the business.

The overall structure of the business organisation is in place and, globally, the integration of the foreign units is in progress. Foreign exchange and fixed-income trading activities take place from common trading floors. Product and service concept integration work is going on in all business areas and control principles regarding credit risk, market risk and financial control have been implemented.

The Group plans to adopt a new name that it will use in the legal structure, in wholesale banking and in support of retail banking and insurance brands. Brand values and branding principles have been decided and work preparing the launching of a new name is progressing.

Rating

Merita Bank Plc, Nordbanken AB and Unibank A/S were upgraded on 5 June by Moody's Investor Service. The upgrading to Aa3 concerns long-term deposits and debt ratings and upgrading to B concerns the financial strength rating of the three banks.

Moody's confirmed the Aa3 long-term rating of Nordbanken Hypotek AB and upgraded the rating for the mortgage bonds by Unikredit Realkreditaktieselskab to Aa2 from Aa3.

Fitch IBCA raised the individual rating of Merita Bank from C to B and assigned a positive outlook on the long-term A+ rating of Merita Bank, Nordbanken and Unibank.

Share development

During the period 1 January – 30 June, the Nordic Baltic Holding share price increased from SEK 50.00 to SEK 66.50. The market capitalisation of the Nordic Baltic Holding at 30 June was EUR 23.5bn.

The number of shares outstanding rose from 2,091,067,728 on 1 January 2000 to 2,979,192,717 as of 30 June 2000 due to new share issues on 25 April and 9 June.

Nordic Baltic Holding was listed on the Helsinki Stock Exchange in January and on the Copenhagen Stock Exchange in April and is now listed on three Nordic exchanges. The number of shareholders is currently approximately 550,000.

The Merita share was delisted from the Helsinki Stock Exchange on 12 April 2000.

NOK 24.3bn cash offer to shareholders of Christiania Bank

MeritaNordbanken Plc has made a new offer to acquire all the shares of Christiania Bank og Kreditkasse ASA. The offer price has been increased to NOK 44 per share. The offer period ends on 31 August 2000.

The price of the new offer reflects the potential for integration of Christiania Bank with the new Group comprising MeritaNordbanken and Unidanmark.

The completion of the offer is subject to the acceptance of shareholders representing 90% of the shares, necessary approval by Norwegian and other authorities, a due diligence process and ordinary course of business. The offer is subject to the full terms and conditions set out in the offer document.

The Norwegian parliament has made a decision to sell all shares in Christiania Bank og Kreditkasse owned by the state.

New Swedish giro payment system

In June the Group, in consortium with the three other major Swedish banks, entered into an agreement to acquire the Swedish Postal Giro System for a total consideration of approximately SEK 4bn. The intention is to form a new Swedish giro payment system by merging the postal giro with the banking and the private giro systems. The restructuring of the Swedish giro systems is subject to approval by the competition-monitoring authorities, which is expected at the end of this year.

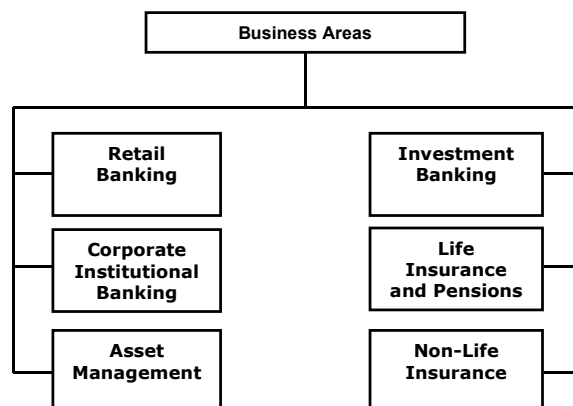
Results by business area

Group operations are organised into six major business areas: **Retail Banking, Corporate and Institutional Banking, Asset Management, Investment Banking, Life Insurance and Pensions, and Non-Life Insurance.**

The business areas are managed with decentralised profit responsibility. Customer-responsible units assume overall responsibility for the whole Group's business relations with its customers regarding financial results, utilisation of equity capital and risk.

In addition to customer responsibility there are product units which are responsible for ensuring competitive and profitable products for the customer-responsible units. Product units are monitored through the evaluation of product results, which include all revenues and expenses within the Group related to the respective products.

Financial reporting for the merged operations will be further developed, especially regarding allocation of equity



capital to business units. For the time being equity capital related to banking business is allocated according to existing BIS rules, corresponding to a Tier 1 ratio of 6.5%. For life insurance activities, capital is allocated corresponding to 5% of reserves and for non-life insurance the capital allocated corresponds to 45% of premium income.

Profit by business area

EUR million	Retail Banking	Corporate & Institutional Banking	Asset Management	Investment Banking 1)	Life Insurance and Pensions 2)	Non-Life Insurance 2)	Treasury	Other	Total
Customer responsible units:									
Income	1,798	432	133	111	1,163	767	216	-1,588	3,032
of which: Investment income, insurance					44	54			98
Claims	-	-	-	-	-1,076	-560	-	1,636	-
Expenses	-1,017	-218	-61	-68	-34	-176	-17	-77	-1,668
Loan Losses	-35	12	-	-	-	-	-	-14	-37
Equity method	-	-	-	-	-	-	-	32	32
Operating profit	746	226	72	43	53	31	199	-11	1,359
Cost/Income ratio	57%	50%	46%	61%			8%		
Return on equity	26%	15%			14%	11%			
Product responsible units:									
Income			290	144	2,598				
of which: Investment income, insurance					49				
Claims			-	-	-2,483				
Expenses			-127	-69	-54				
Product result:			163	75	61				

1) Product result within Investment Banking refers to Equity Trading

2) Net income insurance EUR 321m in the Group income statement includes income from product earnings in Life Insurance & Pension (EUR 115m) and net income from customer responsible units in Non-Life Insurance (EUR 207m).

A model providing more accurate estimates of actual capital requirements for the business units is being developed. This model will consider credit risk, market risk as well as operational risks.

Operating profit by business area and relating to customer responsibility is shown in the accompanying table. For business areas carrying product responsibility and where a substantial part of product earnings is allocated to other customer-responsible business areas, product results are also reported.

Asset Management has customer responsibility within its private banking units and within portfolio management services. In addition, the business area commands product responsibility for mutual funds products. The operating profit shown in the accompanying table includes the customer-responsible units, while the product result also includes the Group's total earnings on mutual funds products, including sales and distribution costs within the retail branch network.

Investment Banking commands customer responsibility for all corporate finance activities and for large institutional clients regarding equity trading, while it carries product responsibility for equity trading throughout the whole Group. Operating profit for the business area includes the customer-responsible units, while the product

result for Investment Banking refers exclusively to the Group's overall revenues and expenses related to equity trading. Corporate finance activities are not included in this product result.

Life Insurance & Pensions commands customer responsibility for its activities in Denmark and Norway, while it has global product responsibility for life insurance products. The operating profit for the business area thus includes operations only in Denmark and Norway, while the product result reflects the total earnings on life insurance and pension products throughout the whole Group.

In addition to the six business areas, Treasury, with responsibility for managing the Group's own positions in securities portfolios and internal bank activities, is also presented in the accompanying table.

In the column "Other", the insurance activities, which are reported gross, are netted to conform with the format used for the Group's income statement. This column also includes income and expenses not allocated to business areas, i.e. results from real estate holdings and certain long-term equity holdings, expenses for Group staffs, goodwill depreciation, central provisioning for loan losses and profits from companies accounted for under the equity method.

Retail Banking

- Improved cost/income ratio
- Continued high sales of e-banking products
- Net interest income showed positive trend
- Continued strong growth in net commission
- Return on equity 26%

Retail Banking includes all activities related to private customers and small and medium-sized corporations. Retail Banking is organised into three operations – Retail Banking Denmark, Retail Banking Finland and Retail Banking Sweden – and a regional organisation for Poland and the Baltic countries.

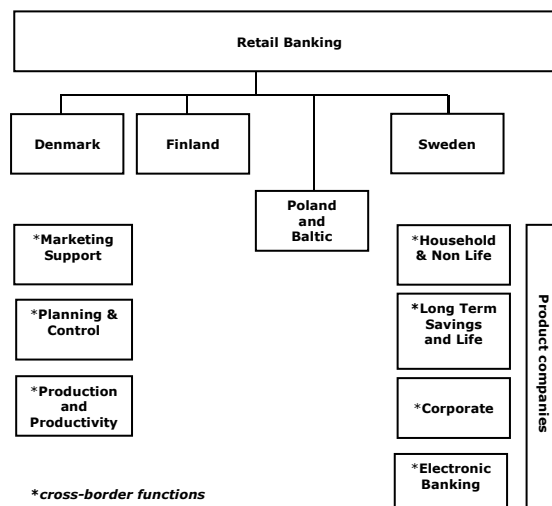
The market for Retail Banking has been favourable in the first half of the year. The demand for several financial services has been at a high level, and especially, demand for e-banking products and services is growing at a rapid pace.

The result for the first half of 2000 shows a positive development, with strong growth in both net interest income and net commission income. Margins have generally increased for deposits, while lending margins have shown a moderate increase. Volumes show a healthy development.

Net commission income has been impacted by a continued high customer demand for mutual funds, equity trading and private banking products in general.

Expenses are under stringent control and loan losses are still at a very low level.

The return on allocated equity amounted to 26% and the



cost/income ratio before loan losses was 57%.

Savings

Retail Banking's total deposits from the public increased to EUR 52bn, with marginally lower market shares.

The net inflow of savings into the Group's mutual funds in Denmark in the first half-year was EUR 1,610m. In Finland and Sweden, the net inflow of capital into the Group's mutual funds during the first half-year were EUR 828m and EUR 708m, respectively.

Life insurance premium income showed healthy growth, especially in Finland, where sales efforts were supported by changing savings patterns and new rules on the taxation of interest on bank deposits.

Retail Banking	J an - Jun e
EURm	2000
Operating profit	746
Return on equity (%)	26
Cost/income ratio (%)	57
Customer base	8.3 million private customers 560,000 corporate customers
Market shares:	
Private customers	23% Denmark 35% Finland 20% Sweden
Corporate customers	25% Denmark 46% Finland 16% Sweden
Distribution network	1,100 branch offices comprehensive telephone services net banking services with 1.6m customers
Number of employees (full-time positions) at end of June	19,200

Lending

Retail Banking's lending to the public at the end of June totalled EUR 74bn, an increase since year-end of EUR 5bn. Over the last twelve months Retail Banking's lending increased by EUR 8bn or 11%.

The mortgage market share in Sweden, Finland and Denmark was 16%, 36% and 8% respectively at the end of the first half-year. This represented an increase in Sweden and Denmark of 0.9 and 0.3 percentage points and a decrease in Finland of 1.8 percentage points, compared to the end of June 1999.

Net banking

At 30 June, almost 1.6 million customers had signed up as users of the Group's net banking services, and the targeted number at the beginning of 2001 is 2 million. At the end of June the Group had more than 140,000 customers who traded equities on the Internet. Monthly log-ons now total 4.3 million and the number of payments exceeds 4.4 million (May 2000).

New services introduced during the first half of 2000:

- Asset management services;
 - the third version of Online investment in Denmark,
 - equity trading with WAP mobile phone and investment funds contracts via the Internet in Finland and,
 - equity trading on the Internet in Sweden
- Mortgage loan applications in Finland
- E-salary in Finland (pilot completed)
- Internet services for Baltic countries;
 - payments, account information and e-mail in Estonia
- Internet banking services for corporate customers in Sweden (pilot essentially completed)
- Mobile banking services;
 - GSM/SMS services (account balance and transactions as SMS service) and WAP services (account information, transfers and e-billing) in Sweden and,
 - foreign payments via WAP phones in Finland

Merger synergies

The merger synergies within Retail Banking were identified in the following areas:

- Cross-border introduction of new products and services
- Gradual introduction of jointly developed products and services
- Exchange of experience in electronic services
- Benchmarking of customer service concepts
- Elimination of overlapping functions

The merger process is developing well and Retail Banking is on schedule in delivering the synergies. Within the coming period new products and services will be introduced, especially within the area of e-banking. The Solo concept from MeritaNordbanken will be extended to Danish customers.

Nordic cross-border functions for products and concepts are all in place, and the work in developing common service concepts and benchmarking within the different areas has been started.

Corporate and Institutional Banking

- Strong activity in the corporate banking market
- Increased demand for foreign exchange products
- Quick merger process

Corporate and Institutional Banking delivers a range of products and services to corporate customers of the Group, including trading of fixed income and foreign exchange products, debt capital market activities, custody services, international payments and cash management concepts, trade and export finance products, and acquisition finance.

Services are provided through the Group's distribution network in its home markets and through international branches in London, Frankfurt, Hamburg, Berlin, New York and Singapore.

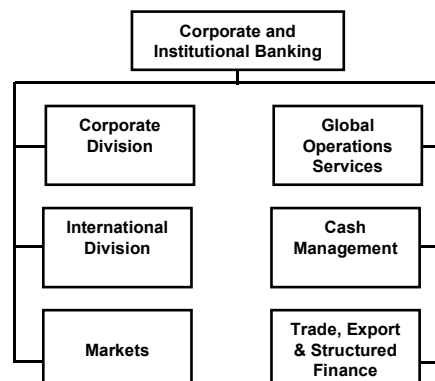
Corporate and Institutional Banking has customer responsibility for large companies, shipping customers, large home-market financial institutions, all international financial institutions, and corporate customers based outside the home markets.

The total lending volume amounted to EUR 24bn.

The number of staff is 2,700, of whom 400 are located outside the Nordic countries.

Market developments in 2000

The first half of 2000 has provided a beneficial economic environment for the business of Corporate and Institutional Banking, with strong GDP growth in Finland and Sweden and good growth in Denmark. The consolidation process in the business sector has continued, resulting in strong activity in the M & A area. The increasing focus in the credit market on adequate returns on capital and risk-based credit spreads has supported earnings.



Foreign exchange and interest rate markets have been characterised by high volatility during the first half of 2000. Market developments have caused significant activity in foreign exchange products among the Group's customers.

Results

Operating profit for the first six months of the year amounted to EUR 226m representing a substantial increase compared to the first half of 1999. Substitution of lending with low margins by new loans with relatively higher margins contributed to this development. Other important factors are the high demand for foreign exchange products and custody services, as well as successful trading activities. Furthermore, decreasing political risk and lower volumes have led to a reversal of country risk reserves, reducing net loan losses by EUR 12m. Return on equity was 15%.

Merger process

The organisation of Corporate and Institutional Banking has been determined. The organisation of product units follow cross-border functional lines in order to ensure a

Corporate and Institutional Banking	
EURm	Jan – June 2000
Operating profit	226
Return on equity (%)	15
Customer base	500 large companies and many institutional clients.
Cost/income ratio (%)	50
Distribution network	Corporate customer units in Copenhagen, Helsinki, Oslo, Stockholm and Gothenburg. Branches in London, New York, Frankfurt, Hamburg, Berlin and Singapore.
Number of employees (full-time positions) at end-June	2,700

coherent product offering and the greatest potential for cost synergies in production and development. The Corporate Division with customer responsibility for large companies, is organised on a national basis.

Important immediate actions in the merger process will include

- Unifying the two branch offices in New York and London, respectively, into one single organisation in each city.
- Incorporating two offices in Stockholm, Helsinki, Copenhagen, and Oslo respectively into one single organisation.
- Marketing the services of the Unibank German branches to Swedish and Finnish customers, and the services of the MeritaNordbanken Baltic branches to Danish customers.
- Combining the resources of the Markets division's dealing rooms in Copenhagen, Helsinki, and Stockholm to a customer-oriented and efficient, integrated organisation.
- Introducing better conditions for payments between Denmark and Finland/Sweden.
- Rapidly developing a Nordic cash management concept with international links.

Asset Management

- Strong growth in assets under management
- Top rating for Investment Management - one of the leading organisations in Europe
- Strong Mutual funds growth and increased profitability
- Merged banks form the largest Nordic private banking operation in Luxembourg

Asset Management includes institutional asset management, mutual fund activities and private banking operations. The units rank among the largest in the Nordic region.

Mutual funds are marketed through the retail banks, the private banking business units, and to institutional clients.

Investment management includes sales, investment management and reporting to large institutional, public and corporate customers. Local sales forces are responsible for customer contacts while investment management activities are being centralised.

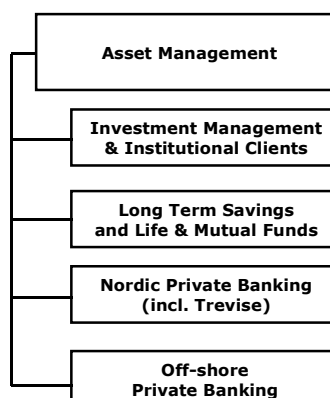
Investment Management

Investment Management benefited from high demand by Nordic as well as non-Nordic clients during the first six months.

The merger has made the Group the leading Nordic asset manager. Frank Russell Company, one of the world's leading investment services firms, has given Investment Management a top rating for its capabilities in managing European equities.

The international distribution of investment management services is taking place out of offices in Frankfurt and New York.

The organisation has entered into an agreement with Liberty Funds Group, which will distribute mutual funds managed by Investment Management in the US market.



Mutual funds

The Nordic markets for mutual funds continue to show strong growth in assets under management due to capital inflows and performance, although volatility increased during the spring.

The three most important drivers are increased and specialised competition, rapid growth of unit-linked products in overall fund sales and the growing focus on the Internet as an additional distribution channel.

Mutual fund assets under management by the Group expanded strongly in the first six months and income increased substantially. Expenses also increased, albeit not to the same degree as income, leading to a strong performance in product earnings.

The net inflow of savings into the Group's mutual funds in Sweden represented 12% of net fund savings in Sweden during this period. In Finland, the net inflow of capital into the Group's mutual funds was 22% of total net fund savings. In Denmark the gross inflow to Uni-invest represented 29% of the gross fund savings.

Assets under management in mutual funds have increased by 8% in Sweden to EUR 20.9bn, 26% in Finland to EUR 4.3bn and 26% in Denmark to EUR 8.4bn at the end of June. The total for the whole Group including Luxembourg-based funds of EUR 1.3bn was at 30 June EUR 34.9bn.

Asset Management EURm	Jan – June 2000
Operating profit, customer-responsible units	72
Cost/income ratio (%)	46
Product result	163
Assets under management, EURbn	104
Number of employees (full-time positions) at end of June	800

Nordic private banking and Long Term Savings & Life

Asset Management and the Retail Banking business area have made a Joint Unit that covers the areas of Long Term Savings and Life and network Private Banking activities.

The objective for the Joint Unit is to secure downstreaming of competencies, concepts and tools to secure synergies between the retail distribution powers and the asset management competence.

The Long Term Savings & Life area is being set-up during the second half of 2000 and is expected to be fully operational in 2001.

Private banking activities (including Treviso Private Banking in Sweden and Private Wealth Management in Finland) have experienced strong growth in all three countries. New clients and substantial asset growth characterised the development. Profitability increased due to higher income from both fees and transactions.

Off-shore private banking (Unibank/MeritaNordbanken Luxembourg)

Unibank S.A. and MeritaNordbanken Luxembourg S.A. merged with legal effect as from 22 June, and have operated from the same office since 23 June. The combined

organisation is by far the largest Nordic private banking unit in Luxembourg and has operated a branch in Switzerland since last year, in addition to offices in Spain, France, Germany and Belgium.

Business activity has been very strong, particularly during the beginning of 2000. This is also reflected in the result for the first half-year, which is above the level for 1999.

Leading position after merger

The merger created an asset management organisation with a leading position in the Nordic region and with top-ranked European strengths in a number of areas. Among the synergies initially identified, growth opportunities exist in the form of cross-border introduction of funds, other products and skills. Synergies are also generated by the creation of a common asset management operation, the integration of the two Luxembourg-based banks and the development of an IT platform for asset management and Internet-based solutions.

Operating profit in customer responsible units more than doubled since last year and overall product result increased substantially. Assets under management increased from EUR 89bn (end 1999) to EUR 104bn, or 17%.

Investment Banking

- **High ranking in Europe for ArosMaizels Corporate Finance**
- **Strong market position in the Nordic Area for ArosMaizels Equities**

Nordic Baltic Holding offers its investment banking services under the ArosMaizels brand. The business areas within ArosMaizels consist of Corporate Finance and Equities. ArosMaizels has 450 employees in Copenhagen, Stockholm, Helsinki, London, Oslo, New York and Tokyo.

Integration process in investment banking

The investment banking activities of the two merging groups MeritaNordbanken and Unidanmark have been consolidated.

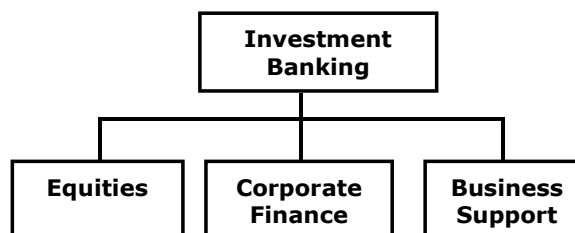
In Stockholm, the Aros Securities and MNB Maizels activities are being relocated and integrated into the ArosMaizels Equities and ArosMaizels Corporate Finance. Also in Helsinki, the former Aros Securities, MNB Maizels and Merita Securities activities will be organised as an Equities and Corporate Finance company.

As a consequence of the merger between MeritaNordbanken and Unidanmark and Chase Manhattan's acquisition of Robert Fleming Holdings Limited, the Fleming Aros joint venture has been replaced by a non-exclusive cooperation between the two groups.

Corporate Finance

Corporate Finance offers a wide range of services to companies and their owners, institutions, government authorities and private investors. Services include equity offerings, initial public offerings, private placements, M & A transactions, advisory and restructuring services and other financial advisory services, including structured debt financing advice.

ArosMaizels Corporate Finance will maintain its position as leading adviser in a number of sectors, with particular focus on cross-border M&A transactions within the Nordic and Northern European area and in primary equity



markets business. ArosMaizels was ranked 20th in the European league tables in the first quarter of 2000, the highest of any Nordic firm.

Corporate Finance employs over 100 professionals placed in Copenhagen, Stockholm, Helsinki and London.

Equities

Sales, trading and research in equities are undertaken by the Equities business area. Equities is responsible for institutional equity trading and also for providing retail equity products to Nordbanken, Merita and Unibank.

From the start ArosMaizels' Equities business has had a strong market representation in the Nordic area with a combined market share of approximately 20% in Denmark, 15% in Finland and 5% in Sweden.

ArosMaizels Equities employs 200 persons located in Copenhagen, Stockholm, Helsinki, Oslo, London, New York and Tokyo. ArosMaizels has a combined research staff of 60 professionals.

Market developments

During the first half of 2000 equity markets have been highly volatile and characterised by uncertainty, especially in relation to the new technology businesses and the so-called dot-com companies. Concerning market volume, the Nordic equity markets were characterised by higher trading activity in the first half of 2000 than last year. This trend was particularly evident in the first quarter of 2000.

Overall result

ArosMaizels recorded an operating profit of EUR 43m.

Investment Banking	Jan - June
EURm	2000
Operating profit	43
Cost/income ratio (%)	61
Product result, equity trading	75
Number of employees (full time positions), at end of June	450

Life Insurance and Pensions

- Strong growth in premiums and life insurance provisions
- High investment return
- Focus on unit-linked and corporate pension schemes

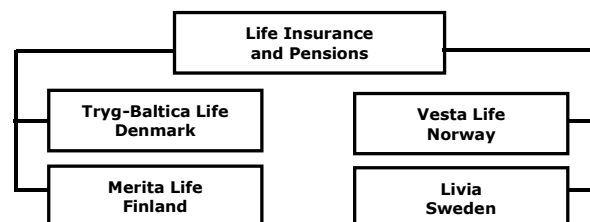
The business area comprises all life and pension insurance products, i.e. risk covers, long-term savings and investment vehicles.

The Life & Pensions Group is organised in national legal business entities. Thus, the life insurance companies are owned by the non-life insurance companies in Denmark and Norway and by the bank in Finland and in Sweden.

The activities comprise most types of life insurance in the Nordic countries. Moreover, the Group has life insurance operations in Luxembourg and on the Isle of Man. Life insurance operations in Poland are expected to commence in the second half of 2000.

A multi-channel distribution strategy including bank branches, service centres, employed agents, brokers, call centres, the Internet etc is applied in Denmark and Norway. So far life insurance operations in Sweden and Finland have successfully focused on MeritaNordbanken's distribution strategy using the branch network within Retail Banking.

The Life & Pension Group has initiated a number of pan-



Nordic business development projects. Efforts will primarily focus on the two most important markets in the Nordic markets – corporate pension schemes and unit-linked products.

Full corporate pensions scheme concepts are under development in pan-Nordic workshops. Web-based and mobile Internet customer self-service and distribution concepts have already been implemented and will be further developed.

Unit-linked product development includes customer access to web-based change of investment funds (in Denmark and Norway).

Furthermore, investment products from SAFE (Luxembourg and Isle of Man) will be offered in Sweden from the second half of 2000.

Developments in premiums

Premium income in Denmark and Sweden rose by 10%

Life Insurance and Pensions	Jan - June	Jan - June
EURm	2000	2000
	CRU *	PRU **
Gross premiums	368	1,616
Operating profit	53	61
Technical provisions	11,019	17,324
Return on equity (%)	14	
Market share (1999)	9% Denmark	
	30% Finland	
	5% Norway	
	6% Sweden	
Distribution network	125 Service centres	
	1,100 Bank branches	
Number of employees, at end-June	530	
* Customer responsible units		
** Product responsible units		

and 16%, respectively, compared to the first half of 1999, while premium income in Finland soared by 131%. The steep increase in Finland was a result of the Group's large market share and distribution power as well as changes in customers' savings patterns in response to new rules on the taxation of interest on bank deposits.

Investment return

Investment return at market value was 10.9% p.a. The return on the equity portfolio of 19.8% p.a. was primarily

boosted by investments in Danish shares.

The overall exposure to the IT/telecommunications sector is some 28% compared with some 32% in the MSCI-World Index.

Investment in IT and telecommunications stocks has not resulted in losses despite significant price volatility during the period.

Non-Life Insurance

- Improved technical result except for run-off loss from December 1999 hurricane
- Multi-channel distribution concept in Denmark and Norway
- Reduced cost base

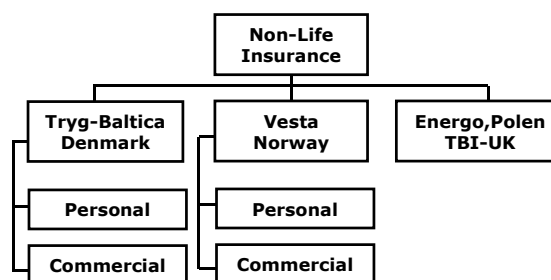
The business area comprises the Group's direct and indirect non-life insurance activities including Tryg-Baltica Forsikring in Denmark, Vesta Forsikring in Norway, Energo Asekuracja in Poland and Tryg-Baltica International in London. The activities of all the non-life insurance companies are consolidated in the accounts of the insurance holding company Tryg-Baltica A/S.

The activities comprise all major types of non-life insurance in Denmark and Norway. A multi-channel distribution concept including bank branches, service centres, employed agents, brokers, call centres, the Internet and affinity groups is used by Tryg-Baltica in Denmark and Vesta in Norway.

During the first half of 2000 a number of refocusing measures have been taken in Norway and Denmark to make the organisation more customer-oriented and efficient.

In Denmark this includes the concentration of the corporate customer segment into one division, and closer integration of the bancassurance activities with the Unibank organisation.

Premiums will be raised for customer segments with consistently unsatisfactory technical results. As this situation



applies to the market as a whole, it is believed that this can be done without loss of market share.

Results

The newly acquired companies, Vesta Forsikring, Tryg-Baltica International (TBI) UK and Energo Asekuracja, are included in the financial figures for the first half of 2000.

Following a two-year period with a minor decline in total market share, the Danish non-life insurance business now seems to maintain its position at a total market share of 22%. The Tryg Familie concept is still very successful with more than 200,000 customers. Tryg Familie is a full-scale customer concept, which contributes to offering a more profitable portfolio composition compared with single-product customers.

Energo in Poland and TBI UK generated fairly strong premium growth in the first half-year. Premium income in the Norwegian business was low owing to portfolio quality improvements.

Operating profit totalled EUR 31m for non-life insurance

Non-life insurance (business area) EURm	Jan – June 2000
Gross premiums	767
Operating profit	31
Combined ratio* (%)	111
Return on equity (%)	11
Market share	22% Denmark 19% Norway 1% Poland
Distribution network	125 Service centres 1,100 Bank branches Brokers
Number of employees, at end-June	4,270
* Excluding run-off losses from the hurricane 102%	

in the first half of 2000. The result is negatively affected by a run-off loss of EUR 63m from the hurricane in Denmark on 3 December 1999. EUR 50m of the loss was reported during the first quarter and an additional amount of EUR 13m is included in the second quarter. Adjusted for this loss, profit on running business was EUR 94m.

The technical result before run-off losses from the hurricane increased from EUR 27m in the first half of 1999 to EUR 41m. The improved result reflects run-off gains, a

higher technical interest rate and a reduced cost base.

Profit on investment activities was EUR 111m (including technical interest) corresponding to a return of 8.0% p.a. The increase is a result of positive equity markets, primarily Danish equities.

Return on equity was 11%.

Treasury

Treasury has overall responsibility for the Group's own investment and market risk taking in bond and equity portfolios as well as group funding and financial analysis (ALM). Treasury conducts operations in Copenhagen, Helsinki, Stockholm, London, New York, Tallinn and Riga.

Integration processes in Treasury

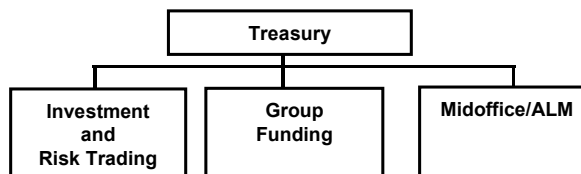
Since the merger Treasury has been working on unifying the different organisations in the banks, and today all units are fully integrated. New unified policies and standards have been set.

Interest-rate risk

At the end of June, the price risk involved in the Group's trading positions calculated as a parallel shift assuming a change in market interest rates of 1% point was EUR 7.7m. The average duration of financial current assets was 1.5 years (1.6 years).

Financial fixed assets and equities

At the close of the period, holdings of interest-bearing securities classified as financial fixed assets amounted to EUR 5.8bn, which corresponded to the market value.



Equity holdings classified as financial current assets but carried at the lower of cost or market amounted to EUR 0.5bn, with unrealised gains at the end of the period totaling EUR 0.1bn.

The result

The result in the first half of 2000 of EUR 199m, is positively affected by substantial gains on the equity portfolio in the first quarter and by interest rate positions in the second quarter.

Copenhagen /Helsinki/Stockholm, 23 August 2000

Hans Dalborg
President and Group Chief Executive Officer

Auditors report

We have reviewed this interim report in accordance with the recommendation issued by the Swedish Institute of Authorised Public Accountants FAR. A review is significantly limited in relation to an audit. Nothing has emerged to indicate that the interim report does not comply with the requirements stipulated in the Securities and Clearing Operations Act and the Annual Accounts Act for Credit Institutions and Securities Companies.

Stockholm, 23 August 2000
KPMG

Appointed by the
Financial Supervisory Authority

Caj Nackstad
Authorised Public Accountant

Olle Gunnarsson
Authorised Public Accountant

Further information:

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Next reporting date:

The third quarter interim report of the Nordic Baltic Holding Group for the year 2000 will be published on 24 October 2000.

Statutory Income Statement

		EURm	EURm	SEKm	SEKm
	Note	Jan - June 2000	Jan - June 1999	Jan - June 2000	Jan - June 1999
Interest income		4,581	2,390	38,419	21,408
Interest expenses		-3,079	-1,488	-25,826	-13,330
Net interest income		1,502	902	12,593	8,078
Dividends received		114	25	953	227
Fees and commissions receivable		887	420	7,436	3,762
Fees and commissions payable		-126	-45	-1,054	-406
Net fees and commissions receivable		761	375	6,382	3,356
Net result from financial operations	1	236	95	1,977	847
Other operating income		98	158	829	1,422
Total operating income		2,711	1,555	22,734	13,930
General administrative expenses					
Personnel expenses		-774	-392	-6,487	-3,513
Other expenses		-551	-364	-4,622	-3,255
Depreciation according to plan		-104	-72	-876	-646
Total operating expenses		-1,429	-828	-11,985	-7,414
Profit before loan losses		1,282	727	10,749	6,516
Loan losses, net	2	-37	-22	-309	-192
Change in value of property taken over for protection of claims		0	2	-2	17
Profit from companies accounted for under the equity method		30	62	249	552
Operating profit, banking		1,275	769	10,687	6,893
Operating profit, insurance	3	73	-	616	-
Total operating profit		1,348	769	11,303	6,893
Loss on disposal of real estate holdings		-40		-335	
Pension adjustments		28		237	
Taxes		-360	-120	-3,018	-1,074
Minority interests		-2	-1	-20	-11
Net profit Unidanmark Group for Q1, 2000		-180		-1,505	
Net profit		794	648	6,662	5,808

As from year 2000 the Swedish Annual Accounts Act for Financial Institutions and Securities Companies, together with the regulations and general recommendations of the Swedish Financial Supervisory Authority, are applicable to the Group's statutory financial statements; for details see Nordbanken's Annual Report for 1999. However, in this interim report full compliance has not been achieved for Unidanmark's report in respect of amortisation/accretion of premium/discounts for interest-bearing securities, which to a limited extent has affected the classification of income items such as interest or net result of financial operations. The distinction between realised and unrealised profit has also been affected.

The accounting principles for the operating financial statements differ from statutory rules in respect of layout and degree of specification but also regarding the treatment of pension costs. Thus, refunds from pension foundation are deducted from personnel expenses to cover reported pension costs whereas refunds in excess of pension costs are recognised as a separate item after operating profit. According to statutory accounting principles no reductions from personnel expenses are allowed but all refunds are shown in the item Pension adjustment.

Figures for 1999 regarding former MeritaNordbanken Group are not restated. For January - June 1999, pension adjustments should have amounted to EUR 10m (SEK 86m); no extra refund from Pension foundation was made during this period.

Notes

Note 1 Net result from financial operations

	EURm Jan - June 2000	EURm Jan - June 1999	SEKm Jan - June 2000	SEKm Jan - June 1999
Shares/participations and other share related instruments	127	137	1,066	1,223
Interest bearing securities and other interest-related instruments	40	-78	330	-699
Foreign exchange gains/losses	69	36	581	323
Total	236	95	1,977	847

Note 2 Loan losses, net

	EURm Jan - June 2000	EURm Jan - June 1999	SEKm Jan - June 2000	SEKm Jan - June 1999
<i>Individually appraised receivables</i>				
Losses incurred during the period	-290	-531	-2,432	-4,761
Previous provisions utilised	284	526	2,381	4,711
Provisions for possible loan losses	-262	-88	-2,197	-789
Recovery of previously incurred losses	40	16	333	141
Reversal of previous provisions	173	63	1,456	572
	-55	-14	-459	-126
<i>Receivables appraised by category</i>				
Losses incurred during the period	-9	-8	-71	-76
Recovery on previously incurred losses	7	6	57	57
Reversal/provision to reserves for possible loan losses	-0	-0	-1	-2
	-2	-2	-15	-21
Country risk	26	-2	217	-18
Contingent liabilities	-6	-4	-52	-27
Total	-37	-22	-309	-192

Note 3 **Operating profit, insurance**

	EURm Jan - June 2000	EURm Jan - June 1999	SEKm Jan - June 2000	SEKm Jan - June 1999
Non-life insurance				
Earned premiums, net of reinsurance	657	..	5,509	..
Technical interest, net of reinsurance	56	..	470	..
Claims incurred, net of reinsurance	-560	..	-4,694	..
Insurance operating expenses, net of reinsurance	-175	..	-1,468	..
Profit on insurance activities, net of reinsurance	-22	..	-183	..
Investment				
Interest etc.	66	..	553	..
Realised and unrealised gains etc.	47	..	394	..
Investment expenses	-2	..	-17	..
Technical interest transferred to the non-life insurance technical account	-58	..	-486	..
Total profit on investment activities	53	..	444	..
Profit before tax, non-life insurance	31	..	261	..
Life insurance and Pensions				
Earned premiums, net of reinsurance	1,614	..	13,534	..
Financial interest, net of insurance	932	..	7,815	..
Claims incurred and benefits paid and change in provision	-2,228	..	-18,685	..
Change in bonus equalisation provisions	-260	..	-2,180	..
Insurance operating expenses, net of reinsurance	-47	..	-395	..
Balance on the technical account, net of reinsurance	11	..	89	..
Investments activities				
Interest etc.	384	..	3,220	..
Realised and unrealised gains etc.	685	..	5,744	..
Investment expenses	-5	..	-42	..
Pension return tax etc.	-79	..	-662	..
Investment return transferred to the life insurance technical account	-935	..	-7,841	..
Total profit on investment activities	50	..	419	..
Profit before tax, life insurance	61	..	508	..
Operating profit	92	..	769	..

Reconciliation between statutory and operational accounts	EURm Jan - June 2000	EURm Jan - June 1999	SEKm Jan - June 2000	SEKm Jan - June 1999
Product result Life Insurance and Pensions	61	..	508	..
Operating profit Non-life Insurance	31	..	261	..
	92	..	769	..
Goodwill depreciation	-16	..	-132	..
Other adjustments	-3	..	-21	..
Operating profit, statutory	73	..	616	..

Exchange rates applied

	2000 Jan - June	1999 Jan - June	1999 Jan - Dec
EUR 1 = SEK			
Income statement (average)	8.3858	8.9587	8.8150
Balance sheet (at end of period)	8.4210	8.7470	8.5625
EUR 1 = DKK			
Income statement (average)	7.4510	7.4346	7.4358
Balance sheet (at end of period)	7.4610	7.4341	7.4432

EUR 1 = FIM 5.94573 (fixed rate)

Balance sheet, end of period

	EURbn Jan - June 2000	EURbn Jan - June 1999	SEKbn Jan - June 2000	SEKbn Jan - June 1999
Loans and advances to credit institutions	21	8	177	71
Lending	109	66	914	579
Interest-bearing securities	24	13	202	118
Shares	3	0	24	3
Shares in group and associated undertakings	0	1	5	6
Intangible assets	1	0	12	3
Land and buildings	2	3	16	24
Other assets, banking	12	7	101	64
Assets, insurance	20	..	167	..
Total assets	192	98	1,618	866

Deposits by credit institutions	27	14	224	123
Deposits	65	40	551	350
Other borrowings from the public	2	2	21	21
Debt securities in issue	47	24	394	213
Other liabilities, banking	16	9	139	82
Liabilities, insurance	19	..	157	..
Subordinated liabilities	5	4	40	31
Minority interests	0	0	0	0
Shareholders' equity	11	5	92	46
Total liabilities and shareholders' equity	192	98	1,618	866

Shareholders' equity

	EURm Jan - June 2000	SEKm Jan - June 2000
Shareholders' equity at 1 January	5,526	47,315
Dividend	-427	-3,659
Share exchange	4,911	40,676
Own shares	-164	-1,383
Currency translation adjustment	23	182
Profit for the period	794	6,662
At end of period	10,663	89,793

Capital adequacy

	EURm Jan - June 2000	EURm Jan - June 1999	SEKm Jan - June 2000	SEKm Jan - June 1999
Tier 1 capital	9,905	5,198	83,409	45,463
Capital base	11,861	7,137	99,880	62,429
Risk-weighted amounts, (banking), bn	110	66	925	574
Tier 1 capital ratio (%)	9.0	7.9	9.0	7.9
Total capital ratio (%)	10.8	10.9	10.8	10.9

Notes

Derivatives	Interest-rate derivatives		Equity derivatives		Foreign exchange derivatives	
	Market value	Book value	Market value	Book value	Market value	Book value
EURm 30 June 2000						
Positive values	3,335	3,210	257	120	3,830	3,739
Negative values	3,358	2,866	224	87	3,524	3,449

Cash flow statement	EURm Jan-June 2000	EURm Jan-June 1999	SEKm Jan-June 2000	SEKm Jan-June 1999
Net cash inflow/(outflow) from operating activities before changes in ordinary business assets and liabilities	728	1,115	6,107	9,992
Changes in ordinary business assets and liabilities	-25,338	-3,593	-212,479	-32,188
Net cash inflow/(outflow) from operating activities	-24,610	-2,478	-206,372	-22,196
Net cash inflow/(outflow) from capital expenditure and financial investments	-62	-106	-521	-950
Net cash inflow/(outflow) from financing	23,509	2,429	196,601	20,384
Increase/(decrease) in cash	-1,163	-155	-10,292	-2,762
Cash and cash equivalents at beginning of period	3,552	1,904	30,408	18,064
Cash and cash equivalents at end of period	2,389	1,749	20,116	15,302

Problems loans	EURm Jan - June 2000	EURm Jan - June 1999	SEKm Jan - June 2000	SEKm Jan - June 1999
Doubtful loans, gross	3,013	2,574	25,372	22,515
Provisions for bad and doubtful debts	-2,315	-1,717	-19,494	-15,019
Doubtful loans, net	698	857	5,878	7,496
Loans with interest deferments	23	16	194	140
Problem loans, total *	721	873	6,072	7,636
Provisions/doubtful loans, gross (%)	76.8	66.7	76.8	66.7
Doubtful loans, net/lending (%)	0.6	1.3	0.6	1.3
Property taken over for the protection of claims	39	84	330	734
Buildings and land	20	35	167	308
Shares and participations	19	49	163	426

* Corresponding pro forma figures for Jan-June 1999; doubtful loans, gross, EUR 3,774m; provisions for bad and doubtful debts, EUR 2,754m; doubtful loans, net, EUR 1,020m, loans with interest deferments, EUR 27m; problem loans total, EUR 1,047m; provisions/doubtful loans gross, 73.0% and doubtful loans, net/lending, 1.0%.

Condensed reports from main legal entities of the Group

Merita Bank Group

Merita Bank improved its results substantially for the first six months of the year. Operating profit amounted to EUR 528m (compared with EUR 325m in January - June 1999). The favourable development was mainly attributable to growth in net interest income and commission income, capital gains and declining loan losses.

Total income during the first half of the year amounted to EUR 965m, showing an increase of 29%. Net interest income rose by 16% to EUR 551m, mainly reflecting the favourable development of interest margins and growth in volumes. The decline in problem loans also had a positive impact on net interest income.

Commission income increased by almost 37% to EUR 298m. The most vigorous growth was reported in commissions on mutual funds, asset management and securities brokerage. Net income on securities transactions and foreign exchange dealing amounted to EUR 77m (34). Gains on the disposal of equity holdings totalled EUR 63m (36). Other income amounted to EUR 52m (39).

Total expenses increased by 2% to EUR 399m, whereas personnel expenses declined by 3% to EUR 206m (213).

The increase in other administrative expenses, totalling EUR 111m (102) reflects increased marketing and data processing costs. Other operating expenses, EUR 55m, remained unchanged from the previous year.

Net loan losses amounted to EUR 6m (37). The drop mainly reflects the decline in provisions for bad and doubtful debts. Problem loans continued to decrease to EUR 581m, compared to EUR 483m less than one year earlier.

Total assets of the Merita Bank Group amounted to EUR 55.6 billion, an increase of EUR 2.8bn from the turn of the year. Loans and advances to customers, EUR 28.8bn, remained unchanged from the end of 1999 level. Deposits from customers declined by EUR 1.1bn from the year-end and amounted to EUR 22.6bn.

The Group's total capital ratio, 12.1%, remained at the same level as at year-end 1999. Tier 1 capital ratio was 7.9%. In the capital adequacy calculations the profit for the first six months of the year has been added to shareholders' funds after deduction of estimated dividend.

	Jan - June 2000	Jan - June 1999	Full year 1999
Operating profit EURm	528	325	638
Cost/income ratio, before loan losses (%)	43	53	55
Total assets at end of period EURbn	56	49	53
Doubtful loans, net/lending (%)	1.3	2.0	1.5
Provisions/doubtful loans, gross (%)	68	64	64
Tier 1 at end of period	7.9	6.5	7.2
Number of employees at end of period	11,349	11,823	11,316

The full interim report of Merita Bank Plc will be available at all Merita Bank branches and on the Internet at www.merita.fi.

Condensed reports from main legal entities of the Group

Nordbanken Group

Operating profit for January-June reached SEK 3,651m, up 40% from the corresponding period last year. This substantial improvement was mainly due to increased net commission income and positive development of net result from financial operations. Total income rose by 26% and expenses by 9%.

Aggregated income amounted to SEK 7,368m (SEK 5,853m last year). Net interest income was practically unchanged at SEK 4,208m. Net commission income rose by 42% to SEK 2,221m mainly due to strong development of income from fund management and brokerage fees. Net result from financial operations showed a profit of SEK 339m as against a loss of SEK 308m last year, which was heavily affected by rising medium and long-term interest rates. Other income amounted to SEK 600m (SEK 370m) including gains from the disposal of equity holdings in Svensk Exportkredit.

Total expenses amounted to SEK 3,701m (SEK 3,395m). Personnel expenses rose by 3% to SEK 1,555m. Other expenses rose by 14% to SEK 2,146m, which mainly reflects increased investments in IT-related activities and marketing.

Loan losses amounted to SEK 34m as compared to a profit contribution of SEK 158m for the corresponding period last year. The deterioration reflects a reduction of recoveries and unwinding of earlier provisions.

At 30 June, the Group's total assets amounted to SEK 508 bn as compared to SEK 517 bn at the end of 1999. Lending to the public rose by 2% to SEK 360 bn whereas deposits from the public decreased by 3% to SEK 154 bn. At June 30, Tier 1 capital ratio amounted to 8.4% and total capital ratio to 13.2%. The calculations include net profit for the first six months of the year less estimated dividend.

In June the Group, in consortium with the three other major Swedish banks, entered into an agreement to acquire the Swedish Postal Giro System for a total consideration of approximately SEK 4bn. The intention is to form a new Swedish giro payment system by merging the postal giro with the banking and the private giro systems. The restructuring of the Swedish giro systems is subject to approval by the competition-monitoring authorities, which is expected at the end of this year.

	Jan - June 2000	Jan - June 1999	Full year 1999
Operating profit, SEKm	3,651	2,616	5,270
Cost/income ratio, before loan losses (%)	51	55	57
Total assets at end of period, SEKbn	508	498	517
Doubtful loans, net/lending (%)	0.3	0.2	0.4
Provisions/doubtful loans, gross (%)	70	78	67
Tier 1 at end of period	8.4	6.2	8.0
Number of employees at end of period	6,342	6,078	6,160

The full interim report of Nordbanken Group Plc will be available on the Internet at www.nb.se.

Condensed reports from main legal entities of the Group

Unibank Group

Operating profit for January-June reached DKK 2,506m, up 75% from the corresponding period last year. This substantial improvement was mainly due to increased net commission income and positive development of net result from financial operations. Total income rose by 17% and expenses by 3%, excluding restructuring costs in 1999.

Aggregated income amounted to DKK 6,434m (DKK 5,486m). Net interest income was practically unchanged at DKK 3,639m. Net commission income rose by 40% to DKK 1,680m mainly due to strong development of income from fund management and brokerage fees. Net result from financial operations showed a profit of DKK 774m as against DKK 361m last year, which was affected by rising medium and long-term interest rates.

Total expenses amounted to DKK 3,981m (DKK 3,987m, including restructuring costs DKK 127m).

Loan losses amounted to DKK 200m as compared to DKK 256m for the corresponding period last year.

At 30 June, the Group's total assets amounted to DKK 513bn as compared to DKK 470bn at the end of 1999. Lending to the public rose by 10% to DKK 181bn and deposits from the public increased by 10% to DKK 187bn.

At 30 June, Tier 1 capital ratio amounted to 6.7% and total capital ratio to 9.3%. The calculations do not include net profit for the first six months of the year.

	Jan - June 2000	Jan - June 1999	Full year 1999
Operating profit, DKKm	2,506	1,436	3,180
Cost/income ratio (%)	67	76	76
Total assets at end of period, DKKbn	513	530	470
Doubtful loans, net/lending (%)	0.1	0.1	0.1
Provisions/doubtful loans, gross (%)	91	86	88
Tier 1 at end of period	6.7	6.7	7.3
Number of employees at end of period	9,983	10,000	9,966

The full interim report of Unibank Group will be available at all Unibank branches and on the Internet at www.unibank.dk.

Condensed reports from main legal entities of the Group

Tryg-Baltica Group

Profit on ordinary activities totalled DKK 627m in the first half of 2000. The result is negatively affected by a run-off loss of DKK 471m from the hurricane in Denmark on 3 December 1999. Adjusted for this loss, profit on ordinary activities was DKK 1,098m.

Non-life

Operating profit for non-life for the first half of 2000 totalled DKK 234m, corresponding to a return on average equity of 11% p.a. The balance on the technical account for non-life before run-off losses from the hurricane increased from DKK 199m in the first half of 1999 to DKK 306m. The improved technical result reported by the Danish business reflects run-off gains, a higher technical interest rate and a reduced cost base.

In Denmark non-life gross premium income rose to DKK 3.2bn. Over the past year bancassurance has contributed to this development with Tryg-Baltica's sale of insurance policies through Unibank's branch network. Energo in Poland and TBI generated fairly strong gross premium growth in the first half-year to DKK 0.5bn. Gross premium income in the Norwegian business (DKK 2.0bn) was at a lower level than expected owing to portfolio quality improvements.

The combined ratio in the first half of 2000 was 101.7% before run-off losses from the hurricane, up from 97.2% in 1999 when the claims level in the Danish insurance market was low overall. Also, the increase is ascribable to the takeover of Vesta Forsikring at the end of 1999 as the claims ratio in Norway is higher as a result of market conditions.

The claims ratio for the Danish business (72.4) was affected by positive run-off gains from accident and health and guarantee insurance. The claims ratio in the Norwegian business was negatively affected by high claims within workers' compensation insurance and positively affected by run-off gains from personal motor insurance. The overall claims ratio was 81.4.

The expense ratio was 1% point lower than the 1999 level due to a strong focus on all cost elements in this business area. Return on investment was 8.0% p.a.

Life

Operating profit for life for the first half of 2000 totalled DKK 393m, corresponding to a return on average equity of 18.9% p.a.

Premium income in Denmark rose by 10% from DKK 1,770m in the first half of 1999 to DKK 1,943m. In Norway the premium income increased to DKK 794m. Technical provisions totalled just over DKK 82bn at 30 June 2000. Provisions increased by DKK 6bn in the first half of 2000.

Investment return at market value totals DKK 5.5bn, corresponding to a return of 13.4% p.a. The return on the equity portfolio of 24.8% p.a. was primarily boosted by investments in Danish shares.

The bonus reserve in Danish insurance companies increased to DKK 14.3bn, corresponding to 27.8% of the technical provisions.

	Jan - June ** 2000	Jan - June 1999	Full year 1999
Operating profit, DKKm	627	580	1,975
Balance on technical account *, DKKm	370	239	406
Premium income, Non-life, DKKm	5,721	3,265	6,503
Premium income, Life, DKKm	2,737	1,770	4,047
Total assets at end of period, DKKm	112,526	83,842	109,219
Claims ratio, (%) *	75.0	69.5	69.8
Expense ratio, (%)	26.7	27.7	27.7
Combined ratio, (%)*	101.7	97.2	97.5
Return on equity before tax, (%)	17.6	13.6	26.0
Number of employees at end of period	4,670	3,100	4,325
* Excluding run-off from hurricane			
** Incl. Vesta Forsikring			

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Income statement SEKm	Jan - June 2000	Jan - June 1999	Full year 1999
Operating income	-	-	-
Operating expenses			
Personnel expenses	-2	0	0
Other operating expenses	-40	-5	-26
Operating loss	-42	-5	-26
Net profit from financial operations			
Dividend income	1,537	1,473	1,473
Interest receivable	50	27	69
Interest payable	-71	-4	-26
Profit after financial operations	1,474	1,491	1,490
Profit before tax	1,474	1,491	1,490
Tax for the period	0	-5	-5
Net profit for the period	1,474	1,486	1,485

Balance sheet SEKm	Jan - June 2000	Jan - June 1999	Full year 1999
Assets			
Shares in group undertakings	68,726		27,465
Shares in associated undertakings		13,243	
Long-term receivables	1,132		1,114
Current assets	395	1,440	1,455
Total assets	70,253	14,683	30,034
Shareholders' equity and liabilities			
Shareholders' equity	64,999	14,421	26,508
Subordinated liabilities	1,114		1,114
Short-term liabilities	4,140	262	2,412
Total shareholders' equity and liabilities	70,253	14,683	30,034