



PBZ, a bank of Intesa Sanpaolo group

Market

Presently, PBZ is the leading bank in Croatia in terms of subscribed share capital and the second bank in terms of total assets. It has consistently been a leading financial institution on the Croatian market with an established business base and recognised national brand name.

The PBZ Group offers a diverse range of specialized services to retail clients, large corporations and SMEs that include banking (Privredna banka Zagreb, Međimurska banka), credit card services (offered through PBZ Card), leasing (PBZ Leasing), real estate (PBZ Nekretnine d.o.o.), fund management (PBZ Invest, PBZ-Croatia osiguranje) and building society savings (PBZ Building Society).

In the retail banking segment, PBZ has a comparative advantage over its competitors due to

the fact that it can boast having the most extensive branch network in Croatia, which consists of over 200 organizational units in 18 regions, and covers the entire territory of Croatia. PBZ's subsidiary bank, Međimurska banka, covers the County of Međimurje and provides an effective presence in that particular region.

With a wide range of products and services offered to its corporate clients both locally and internationally, it is hard to find a major company in Croatia today that does not bank with Privredna banka Zagreb.

PBZ is a consumer oriented bank focusing on client needs and demands. PBZ is focused on the continued advancement of its performance well into the future, as well as solidifying its position as a product leader in several market segments, by offering the most progressive banking products, through the optimal mix of traditional and modern distribution channels. This ensures that PBZ will continue to enhance and set standards of the highest quality for product innovations and services offered to both its domestic and international clients.

Achievements

This commitment to quality and advanced banking practices is clearly seen in the fact that Privredna banka Zagreb received the Best Bank in Croatia award from Euromoney in 2001, as well as in 2002 and 2004. In 2005, PBZ received The Best Debt House in Croatia award by Euromoney. PBZ also received The Banker's Award for the Croatian Bank of the Year in 2002 and 2005. In 2003, 2004, 2005 and in 2006, PBZ's quality was confirmed again when it received Global Finance's Award for the Best Bank in Croatia. In 2003, 2004, 2005 and in 2006 PBZ received the domestic prestige awards - the



Golden Share Award for the Best Banking Share in the country, and the Golden Kuna Award in 2004 and 2005.

History

Privredna banka Zagreb d. d. is one of the largest financial institutions in the Republic of Croatia, with a long tradition of banking operations. It was established in 1962 as a universal bank. In December 1999, the privatization of Privredna banka Zagreb d.d. was successfully completed. Banca Commerciale Italiana (BCI) became the new major stakeholder after purchasing 66.3% of Privredna banka Zagreb d.d. shares and the State Agency for Deposit Insurance and Bank Rehabilitation kept the 25% share plus two shares.

BCI became a part of Gruppo Intesa, the leading Italian financial group, also one of the ten largest European banking groups. Privredna banka Zagreb thus became an integral part of Gruppo Intesa.

In June 2000 Krapinsko-zagorska banka merged with PBZ.

In January 2004 Riadria banka merged with PBZ.

In January 2005 Privredna banka Laguna banka merged with PBZ.

In 2002, the European Bank for Reconstruction and Development became a minority shareholder of PBZ.

Since the beginning of 2007, PBZ is a member of the new Intesa Sanpaolo Group that was the result of a merger between two large Italian banks - Banca Intesa and San Paolo IMI.

Throughout its history, Privredna banka Zagreb has been supporting largest investment programs in tourism, agriculture, industrialization, shipbuilding, electrification and road construction, and has become a synonym for economic vitality, continuity and Croatian identity.

With its new foreign partner, Privredna banka Zagreb will continue its business strategy oriented towards the modern aspects of the banking business and new products, thus confirming its image of a dynamic and state-of-

the-art European bank which follows the market demands and meets the needs of its clients.

The benefits of the strategic partnership with Gruppo Intesa, additionally strengthened by EBRD participation, are clearly visible in the continuously improving financial results of the bank, as well as those of the PBZ Group.

It is important to emphasize that success in business today is not measured merely by the achievement of financial results, but in today's modern society it also implies activities in the area of social responsibility and a contribution to sustainable development. For many years now Privredna banka Zagreb has been developing a comprehensive program of social responsibility which in 2005 was given the title "Friend" (Prijatelj). PBZ is actively involved in a whole series of socially beneficial projects and gives financial support to many humanitarian and social institutions, supporting educational programs, sports clubs, and many cultural institutions.

Product

Six years ago the Bank introduced personal bankers (CRM) and 0-24 hr self-service banking zones to the branch networks. Similar activities have continued over the last few years. In order to illustrate this direction let us only mention the package of products (named Innovation) through which the Bank rewards its clients, who are owners of several groups of products (up to 8), giving them discounts on certain types of fees and awarding them an incentive interest rate if they have placed their funds on time deposit with the Premium savings account.

In addition to restructuring and repositioning traditional distribution channels of the business network, PBZ also continues to develop and improve direct banking distribution channels. It has extended the network of ATMs that accept Maestro, MasterCard, Visa and Visa Electron as well as American Express cards (a total of 486 ATMs have been installed). The number of EFT POS's (point of sale) has reached 14,300.

As a leader in modern technologies, PBZ has also

expanded its distribution channels and products by applying the most advanced technology in order to implement its PBZ 365 services; PBZ365TEL telephone banking service and the PBZ365SMS service. With Internet Banking - PBZ365NET (PBZ365 OPTIMA and PBZ365-Lite) and PBZ365WAP services - a client can access his accounts 24 hours a day, seven days a week, from any location in the world with Internet access. Two years ago PBZ introduced mPay - a system of payment through mobile phones, and was the first bank in Croatia to offer such a service. These achievements have firmly established PBZ as the Croatian market leader in electronic banking, as well as the technological leader on Croatia's financial market. PBZ is the first bank in Croatia, which has implemented secure e-commerce based on 3 D Secure technology (Verified by Visa).

In the area of retail product development, PBZ is constantly modifying and supplementing its wide range of products and services. Thus, it has introduced several types of new loans on the basis of credit scoring - besides consumer and cash loans for PBZ American Express card holders, the Bank launched three very successful tranches of pre-approved "quick loans" throughout the last five years. Overall in the period from 2000 until mid 2006, PBZ established itself as the market leader in retail loans with a 20% share in the loan market on the Group level. In the area of savings, PBZ Group has significantly increased its deposits to EUR 3.3 billion to date, keeping over 22% of the overall Croatian retail deposits. When consolidating, the PBZ Group keeps about one-fifth of the overall Croatian retail deposits.

At present PBZ throughout its subsidiary PBZ Card has a card portfolio exceeding 2 million, of which there are over 1.1 million Maestro cards, 460,000 American Express cards, 320,000 Visa Electron connected to FX accounts, as well as more than 83,000 MasterCard and Visa Classic products (revolving and charge).

The Bank provides institutional and private clients with a wide spectrum of investment banking products and services through capital market activities, financial advisory and structured finance services, research, as well as asset management, brokerage and custody services. In cooperation with Banca Intesa and its affiliates in Hungary (CIB), Slovakia (VUB), Bosnia & Herzegovina (Upi banka) and Serbia (Banca Intesa Beograd), services to our clients are extended across much of South Eastern Europe.

PBZ's leading position on the syndicated loans market should also be pointed out, whether the Bank is in the role of agent or arranger.

With an outstanding reputation for innovative financial solutions, the Bank has been consistently recognized as the leading Underwriter and Arranger of debt issues in the Republic of Croatia. The Bank



Friendship is based on trust.

The regular activities of Privredna banka Zagreb are not only aimed at achieving business goals, but are also aimed at caring for people, the environment and bettering the overall quality of life in the community in which it carries out its business.



specializes in originating, underwriting and selling a comprehensive range of debt securities, such as corporate commercial papers, Eurobonds, corporate bonds, government bonds and municipal bonds. Through capital market activities, we provide financial solutions to a variety of debt issuers, including government entities, municipalities, corporate clients and institutional investors on the Croatian capital markets.

Recent Developments

As of February 2006, an internal re-organization of the Bank took place. The major change in organizational structure was the introduction of the new business group - the Small & Medium-size Enterprises Group. By creating this Group, PBZ, as a major bank, plans to focus its attention to small and medium sized enterprises. A new logo has recently been created, with a slogan for the Group that will soon make us recognizable on the market. A complete redesign of all products and programs is underway, along with our repositioning on the market.

Moreover, Privredna banka Zagreb has for a long time been the market leader in Croatia in the area of card operations and electronic distribution channels. As of January 2006, PBZ concentrated all of its card brands under the management of one subsidiary of the PBZ Group. PBZ Card, former PBZ American Express, took over all the card operations of the Group, which will be taken to a higher level using the long experience and innovativeness of the staff from former PBZ American Express. In this context, PBZ Card has become a leading card operations company in Croatia with a combined total of more than 2 million issued cards of American Express, Visa and Master Card brands.

Along with the adoption of superior business and corporate governance standards laid out by its parent bank, PBZ has maintained the strategic orientation of a modern, client oriented, universal financial institution.

Promotion

The PBZ brand has been present in Croatia for 45 years, and brand awareness today is as high as 98% (according to a survey made by an independent agency).

The client is the center of our activity; it is our wish to provide him/her with superior and innovative products in all aspects of the banking operation that would enable him/her to gain financial success. PBZ supports its clients in all phases of their life. Therefore, the philosophy of the PBZ brand promotion in a nut-shell is "The bank for life".

In our approach to promotional activities we rely on systematic market research and communication with

clients. We are aware that investment in promotion and sales campaigns, as well as the positioning of the brand on the market is the way to win new clients and retain our present ones. In this, we strictly adhere to the rules prescribed by the advertising profession and in communication with the public we endeavour to be at the same time open, transparent and warm.

Brand values

Our vision is to be the model company and the center of excellence in creating new values, as well as in providing high-quality service in all of our activities to the benefit of our clients, the community, our stakeholders and employees. The corporate values, which are incorporated into our daily business, include business success, as well as our concern for people, the environment and the overall improvement of the quality of life for the society we operate in.

Privredna banka Zagreb daily makes an effort into increasing the level of quality of its business, into recognizing the clients' needs and fostering open communication.

The corporate values we support and promote have been summarized into several basic points, in order for them to be communicated in a clearer and more transparent way: Client Commitment (we have directed our business to the client and the recognition of the client's needs), Team Work (we pool top individuals to achieve exceptional results), Innovation and Knowledge (we invest into knowledge, entice the improvement and creation of new values), Reliability and Responsibility (we are reliable and responsible when conducting business with our clients and the society), Ethics and Transparency (we honor social and ethical standards and conduct our business with clients and the public in a transparent way).

www.pbz.hr

THINGS YOU DIDN'T KNOW ABOUT...

PBZ

- PBZ is the leading bank in terms of total capital in Croatia.
- PBZ is the leading bank in card business in Croatia.
- PBZ has the most extensive branch network in Croatia.
- PBZ has the largest number of EFT POS terminals in Croatia.