

COMMON PRESS RELEASE

Merger of Banca Intesa and Panonska bank

Belgrade, Novi Sad (16 November 2007) – Management Boards of Banca Intesa ad Beograd and Panonska bank ad, on separate sessions, adopted the draft Agreement on Merger and summoned the sessions of the Shareholders' Assembly of both banks for 17 December 2007, for final adoption of the Agreement and finalization of the integration process.

When Shareholders' Assemblies of both Banks make a decision to adopt the Merger Agreement, and with NBS's consent, the integration process will be finalized by registration with the Business Registers Agency. According to integration process plan, it has been foreseen that from January 1, 2008 the two banks operate as one legal entity, under the name Banca Intesa ad Beograd.

Draft Agreement foresees a model of integration through merging of Panonska banka ad to Banca Intesa. Headquarters of Banca Intesa will remain in Belgrade, however, part of business functions will be based in Novi Sad. Successful integration of Panonska bank within Banca Intesa will be provided through merge of resources, knowledge and talents in both banks, through implementation of the existing business model, organization and IT system of Banca Intesa.

Economic aspects of integration

Banca Intesa will, through merger with Panonska bank, further consolidate its market position as the leading bank in Serbia according to all most important parameters of business operations: the amount of its total assets, total placements and deposits, as well as the amount of its total capital.

Pursuant to the data consolidated on 30 September 2007, total assets on the level of both banks amount RSD 179.999 billion (EUR 2.3 billion), whereof total placements amount RSD 86.901 billion (EUR 1.1 billion), whereas total deposits for two banks amount RSD 127.120 billion (EUR 1.6 billion). Apart from the amount of total assets, total placements and deposits, upon finalization of merging process, Banca Intesa will be the first-placed in terms of share capital as well, that will reach the amount of RSD 28.184 billion (EUR 356.4 million).

By merging Panonska bank, Banca Intesa will further strengthen its market share in all relevant segments of business operations, especially on territory of Vojvodina where Panonska bank based its operations. According to the last available data for Q3, two banks together realize market share of 13.5% in total corporate loans and 17.9% in total deposits. In retail operations segment, upon merging Panonska bank, Banca Intesa will have market share of 10.4% in total loans and 14.3% in total deposits.

Apart from consolidating its leadership position, upon the merge, Banca Intesa will have more than 1 million clients and even better geographic coverage of the market with considerably wider presence in Vojvodina and total business network of 220 branches.

Positive effects of merger for clients of both banks reflect in an integrated offer of contemporary banking products that will be even more available through developed branch network. Corporate clients will have at their disposal better opportunities for financing their development needs, whereas credit lines of Banca Intesa, intended for development of small and middle enterprises and local municipalities will also be available for all clients of Panonska bank.

With respect to the development potential of the Serbian market, future business mission of Banca Intesa presumes constant enhancement of the existing and development of new, sophisticated banking products, and constant improvement of service quality with objective to create higher values for clients, employees, shareholders and total social environment of the country.