

Dear Customer(s),

This is to inform you that amendments will be made to the below listed documents of Privredna banka Zagreb d.d. (hereinafter: the Bank) used in transactions with business entities, to take effect on 1 January 2023:

- General Operating Terms of Privredna banka Zagreb d.d. for transaction accounts and performance of payment and other services for non-consumers
- Fees for services in payment transactions charged to business entities (hereinafter: the Price List/Tariffs)
- Cut-Off Time (Time of receipt and execution of payment system orders)
- General Terms for the Use of Electronic Banking Services of Privredna banka Zagreb for Business Entities
- General Operating Terms of PBZ d.d. for Issuance and Use of Debit Cards for Business Entities
- General Terms for the Use of PBZ Digital Banking for Business Entities

The above-mentioned documentation has been modified **for the purpose of adjusting business processes to the introduction of the euro as the official currency in the Republic of Croatia, to take place on 1 January 2023.**

For your convenience and to help you navigate in new circumstances, we have prepared a review of most important changes and adjustments, set out here below, related to transaction accounts.

## 1 Conversion of transaction accounts for business entities

On the conversion date - 1 January 2023, the conversion of transaction accounts for business entities will be carried out in the following way:

- Account numbers (IBAN) will remain unchanged
- Kuna components of transaction accounts will no longer exist, and final balance in kuna as of 31.12.2022 will be converted, at the fixed conversion rate of HRK 7,53450 for EUR 1, in line with recalculation and rounding rules, into balance in euros and displayed as initial balance on 1 January 2023.
- Final balance of the present euro component of the transaction account, if any, as of 31 December 2022, will be transferred to a new transaction account component in euros, as the first transaction on 1 January 2023.
- As for clients who have only a kuna component of transaction account, such accounts will be converted into euro accounts, and authorisations for a new account in euro will remain unchanged
- Balances on foreign currency components of accounts in other foreign currencies will remain unchanged
- Amounts of authorised and used overdrafts under kuna component of account will be converted into the euro currency at the fixed conversion rate, observing the recalculation and rounding rules
- Presently used Authorised Signatories List (signature registration card) forms will not be changed, but current authorisations for the disposal of kuna funds will be valid for the euro currency. Authorisations to persons empowered to dispose only of funds in foreign currency will remain valid as such, but no longer for the euro component, which is to become the official currency in the Republic of Croatia.

- New forms of Authorised Signatories List will be applied from 1 January 2023, by way of which it will be possible to alter the present authorisations for the disposal of funds in transaction account, or to assign new ones.

## 2 Non-cash payments

- Time of order receipt will remain unchanged until the end of 2022.
- On 1 January 2023, it will not be possible to initiate payments through the Bank's channels due to technical IT systems adaptations and migration to the euro currency.
- From 2 January 2023, it will not be possible to place or to execute payment orders in kuna, meaning that such orders will be rejected.
- Orders in kuna initiated in 2022 with value date in 2023 will be converted into orders in euros and executed in the euro currency at the fixed conversion rate and in line with rounding off rules laid down in the Act on the Introduction of the Euro as the Official Currency in the Republic of Croatia (OG 57/2022, 88/2022), (hereinafter: the Act).
- Changes to which Bulk orders datafiles were subjected (pain.001), to take effect from 1 January 2023, are traceable on <https://www.sepa.hr/upute-za-korisnike/uvodenje-eura-kao-sluzbene-valute-u-republici-hrvatskoj-dokumentacija-za-sepa-kreditni-transfer-s-primjenom-od-01-01-2023/>, which have been described in more detail in the **SEPA Newsletter** document, also available on said pages
- You will be able to check (test) on your own whether changes made to datafile pain.001 were correct by sending prepared datafiles for verification to the mail address [zbrojni.proviera@pbz.hr](mailto:zbrojni.proviera@pbz.hr) from 1 December 2022; accordingly, as of that date thereon it will no longer be possible to run checks on datafiles with payments in kuna.

### **3 PBZ Com@NET/ electronic banking service for business entities**

- In national payments in foreign currency and cross-border/international payments, as of 1 January 2023, it will no longer be possible to select the account for the payment of the order execution fee
- Lists of movements, executed orders, statements and invoices in kuna will be available after 1 January 2023 as well
- Present authorisations to end users for kuna transactions will become authorisations for euro transactions
- Present authorisations to end users for foreign exchange transactions will no longer be valid for the euro currency
- If the mentioned changes do not comply with your business requirements, you can request authorisation alterations following the Bank's procedures in place
- Present order signing limits related to the service will be converted at the fixed conversion rate.

### **4 PBZ Digital banking service for business entities**

- In national payments in foreign currency and cross-border/international payments, as of 1 January 2023, it will no longer be possible to select the account for the payment of the order execution fee
- Lists of movements, executed orders, statements and invoices in kuna will be available after 1 January 2023 as well
- Present authorisations to end users for kuna transactions will become authorisations for euro transactions
- Present authorisations to end users for foreign exchange transactions will no longer be valid for the euro currency
- The Bank establishes the Service Limit at EUR 50,000.00 for clients who have not stipulated a special limit amount when contracting the service. For clients who have stipulated special limits (contracted Service Limit Amount and PBZ Mobile Banking Service Limit Amount), such limit amounts will be converted at the fixed conversion rate.
- If the mentioned changes do not comply with your business requirements, you can request authorisation and/or service limit alterations, at the nearest SME Desk or you can make the changes on your own using the service (only the MASTER service user may change the service limit and authorisations of other OPERATOR role users).
- All non-executed orders placed in kuna as the payment currency and/or debit currency will be automatically converted into orders in euro.

## **5 Cash transactions**

### **5.1 Dual circulation of cash**

- On 1 January 2023, the period of dual circulation of both euro and kuna cash will

enter into force and will last until 14 January, end of day. During that period, it will be able to make payments for goods and services in both currencies.

- Upon completed period of dual circulation that lasts until the end of the day of 14 January 2023, and particularly in the next few days following the expired dual circulation period, you will be able to use DNTs (day-night treasury vaults) for depositing kuna cash from dual circulation. By 31 January 2023, the Bank will change, free of charge, said deposited kuna cash into euros, concurrently depositing euro amounts to a transaction account, applying the fixed conversion rate and observing the recalculation and rounding rules.

### **5.2 Change of kuna cash by its depositing to account in euro**

As provided by the Act, in the 12-month period following the euro introduction and at customer request, the Bank will render the service of changing kuna cash into euros, free of charge, and concurrently depositing the exchanged funds to the euro account, applying the fixed conversion rate and observing the recalculation and rounding rules set out in the Act.

### **5.3 Cash-in/cash-out ATMs operation**

Given that the entire PBZ ATM network needs to be adapted to the new currency and eventually loaded with cash in euros for regular operation from 1 January 2023, it is anticipated that the use of a certain number of ATMs will be gradually restricted during December 2022. To facilitate the transition period, we advise you to make sure you are frontloaded with cash for your needs before or during December and to use other non-cash payment channels such as card payments and electronic banking for business entities or PBZ digital banking for business entities.

## **6 Fees for payment system services**

- Invoiced collection fees and payment execution fees (Invoice) for December 2022 will be calculated in kuna but will be collected in 2023 by directly debiting the transaction account euro component. Total Invoice amount will be expressed both in kuna and in euros, converted at the fixed conversion rate, observing the recalculation and rounding rules.
- Debts under Invoices from 2022 will be collected in euros in 2023 (debt amount will be converted into euros at the fixed conversion rate, in line with recalculation and rounding rules)
- New Price List (Tariffs) in euro will be applied as of 1 January 2023 and will be available on the

Bank's web page [www.pbz.hr](http://www.pbz.hr). Among more significant changes made in the Price List, we have sorted out the following:

- With the transition to the euro as the official currency in the Republic of Croatia, national transactions in kuna will become national SEPA credit transfers.
  - Given that said transactions have equal characteristics as the cross-border SEPA credit transfers, these two types of transactions will be integrated into a joint type of transaction – SEPA credit transfer and will be calculated and collected as per the same tariff item.
  - All fees have been converted into the euro currency at the fixed conversion rate, in line with recalculation and rounding rules.
  - Tariff items have been abolished for services that will no longer be used
  - Item numbers in the Tariffs (Price List) have been changed
  - Headings of certain chapters have been changed.
- From 1 January 2023, fees for the execution of **all** payment system orders will be calculated on the last day of the month, displayed on monthly Invoice and collected by direct debit of transaction account.

## 7 Statements of transaction accounts for business entities

- Types and formats of statements generated by the Bank will remain unchanged
- Names of statement datafiles will remain unchanged
- Statements for 31 December 2022 will be sent according to standard timing (sending order/schedule).
- Daily statements for 1 January 2023 will be sent during 2 January 2023.
- Statements of 1 January 2023 will no longer contain balances and turnover/movements in kuna.
- Statements with turnover in euro will be separated as the statements in kuna in use so far.

## 8 Standing orders

- It is not required to change the currently valid documents for the Standing order service.
- In standing orders, contracted with a fixed amount of payment in kuna, the payment amount will be converted into euros at the fixed conversion rate, in line with recalculation and rounding rules. Standing orders for account sweeping, contracted in kuna, will be executed in euros from 1 January 2023. Contracted minimum amount of funds that remains deposited in account in kuna will be converted into euros at the fixed conversion

rate, in line with recalculation and rounding rules.

## 9 Card operations – VISA Business Classic debit card

- If you have been holding a transaction account, prior to the introduction of the euro, and using a card tied thereto (for example **VISA Business Classic debit card**), the cards will remain valid until the date indicated thereon and you can use them for all payments and cash withdrawals. The Bank will adapt background systems on the existing transaction account kuna component to run on the euro component of the transaction account. Card limits will be converted into the euro, and you will be notified of their amounts via standard communication channels.
- For debit transactions where the original transaction currency is not listed on the Bank's exchange rate list, the holder of Visa licence will make the conversion of transaction in the euro currency, as per the Visa rate of exchange valid on the transaction processing day in their system, whereas in the following conversion applied will be the selling rate of exchange for foreign currencies from the Bank's exchange rate list.
- For credit transactions where the original transaction currency is not listed on the Bank's exchange rate list, the holder of Visa licence will make the conversion of transaction in the euro currency, as per the Visa rate of exchange valid on the transaction processing day in their system, whereas in the following conversion applied will be the buying rate of exchange for foreign currencies from the Bank's exchange rate list.

## 10 Guidelines for placing payment orders in the period 30.12. – 31.12. 2023

### 10.1 National payment orders in kuna

- Payment orders for national transactions in kuna, placed **by deadline for receipt of orders (cut-off time) - 30 December 2022**, will be executed on the same day in the kuna currency
- Payment orders for national transactions in kuna, **placed after deadline for receipt of orders (cut-off time) - 30 December 2022**, will be converted into the euro currency at the fixed conversion rate, in line with recalculation and rounding rules and executed on the first following working day in the euro currency, i.e. on 2 January 2023.
- Internal orders for payment in kuna, received on 31 December 2022, will be executed on the same day.

### 10.2 National incoming payments in kuna

- National incoming payments in kuna received on 30 December 2022 will be posted, just like today, to the payee's transaction account at the Bank
- It will not be possible to receive national incoming payments in kuna from other banks in Croatia on 31 December 2022.

### 10.3 Cross-border and international transfers in kuna

- Cross-border and international payment orders in kuna will be received no later than by 29 December 2022.<sup>1</sup>, by the receipt deadline defined in the document „Cut-Off Time“ (Time of receipt and execution of orders), and will be executed in line with execution deadline set by the mentioned document
- Cross-border and international payment orders in kuna received on 29 December 2022 after the receipt deadline defined in the document „Cut-Off Time“ will be rejected.

### 10.4 Cross-border and international incoming payments in kuna

- Cross-border and international incoming payments received by the Bank on 30 December 2022 will be posted to payee's transaction accounts on the same day.

### 10.5 SCT Instant credit transfers

- Orders for SCT Instant credit transfers received in kuna no later than by 30 December 2022, 15:30 hours, will be executed promptly.
- Receipt of SCT instant payment orders in euros will start on 1 January 2023, at a time to be duly published on our web pages.

## 11 Bank's services availability time plan

- Detailed time plan for the availability of the Bank's services related to the introduction of the euro will be published afterwards, during December, on the Bank's Internet pages [www.pbz.hr](http://www.pbz.hr)

## 12 Interest rates on demand deposits

- From 1 January 2023, interest rates on business entities' demand deposits will be floating, tied to corresponding market index, as follows:

<b>EUR</b>	3% Euribor 1 month
<b>USD</b>	3% SOFR 1 month
<b>CHF and other currencies</b>	3% Saron 1 month

Best regards,

Privredna banka Zagreb d.d.

<sup>1</sup> Before placing international and cross-border payment orders in kuna, in the last days of the year 2022, we recommend that the payee be checked with foreign banks. Some foreign banks have announced that, after

a certain date in December 2022, they will convert kuna accounts into euro accounts and that they will no longer allow processing of incoming transactions in kuna.