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**PRESS
RELEASE**

BAWAG P.S.K. and Generali: Successful Alliance to Continue

- BAWAG P.S.K. and Generali are intensifying and extending their alliance
- BAWAG P.S.K. Versicherung remains on growth path

Vienna, on 23 July 2012:

BAWAG P.S.K. and *Generali* have been cooperating very successfully over the last five years and have therefore agreed to continue and intensify their alliance. Their cooperation agreement has now been extended until at least 2023. In addition, it has been agreed that *BAWAG P.S.K.* will continue only to offer insurance customers *BAWAG P.S.K. Versicherung* life insurance products and *Generali Versicherung* non-life insurance products.

As emphasized by Wolfgang Klein, a member of the Managing Board of *BAWAG P.S.K.*, "The extension of this alliance will ensure that our 1.6 million customers can continue to enjoy a complete range of quality one-stop financial and saving and investment services at our branches in the future. In other words, as part of our branch offensive, we are consistently continuing to develop our one-stop shopping concept for the benefit of our customers." Klein believes that the considerably improved sales possibilities that will result from the branch offensive will create considerable potential for *BAWAG P.S.K.* to introduce attractive supplements to its core banking operations and that they will generate commission earnings. As Klein said, "We are striving for a marked increase in our shared customers ratio. In principle, we want every banking customer to become an insurance customer at one of our branches as well."

This was underscored by *Generali* Managing Board member Harald Steirer: "Since we began to work together in 2007, *BAWAG P.S.K.* has become an important and successful bank-based sales channel for the *Austrian Generali Group*. The alliance aimed for significant growth in the first five years. We have achieved that goal and have jointly set ambitious targets for the next five years." Steirer said that the key success factors behind the alliance's very satisfactory development were the particularly high levels of customer orientation that characterize *BAWAG P.S.K.* and *BAWAG P.S.K. Versicherung* and, above all, the needs-based range of products and widespread servicing of customer advisors provided by *BAWAG P.S.K. Versicherung*. Steirer also sees the bank's current branch offensive as a big opportunity. The plan is to enlarge *BAWAG P.S.K.*'s branch network to about 500 branches across Austria by the end of 2012.

STEADY GROWTH THAT TELLS A SUCCESS STORY

The premium income of the two groups' *BAWAG P.S.K. Versicherung* joint venture grew from €174.5 million in 2007 to €206.9 million in 2011. This translates into an increase of 18.6 per cent. Growth was dented in 2011 as a result of the legislative increase in the minimum duration of single-premium policies from 10 to 15 years, premium income from single-premium policies having more than doubled by 2010. In the past five years, *BAWAG P.S.K. Versicherung*'s premium income from recurring-premium life insurance policies has grown by 10.2 percent to €124.1 million. As Klaus Wallner, Chairman of the Managing Board of *BAWAG P.S.K. Versicherung*, pointed out,

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“*BAWAG P.S.K. Versicherung* grew in average by 4.3 per cent per year which was significantly higher than the market and the bancassurance companies which suffered from a decline in premium income.”

The alliance has continued to thrive this year. There was a significant rise in policy sales in the first half of 2012, with sales of both recurring-premium and single-premium life insurance policies growing strongly.

CONTINUING ON GROWTH PATH IN THE PURSUIT OF SIGNIFICANT EXPANSION

The three partners in the alliance—*BAWAG P.S.K. Versicherung*, *Generali* and *BAWAG P.S.K.*—are in agreement that its growth in the life insurance segment is to continue and accelerate during the next few years. It was agreed that insurance sales are already to be significantly increased during a first stage that will last until 2015. Their goal is a doubling of new business volumes in the recurring-premium life insurance segment.

There are particularly strong opportunities for growth in the pension insurance market. The population is becoming increasingly aware that state pensions will be cut and that they will need a supplementary private pension. According to a recent study by *Generali's* Market Institute entitled “Austrians’ Existential Fears” that investigated the population’s fears for the future in June 2012, there has been a significant increase in Austrians’ concern about their state pensions. Only 40 per cent of Austrians were worried about cuts in state pensions a year ago, but the number had already increased to 48 per cent—or nearly half the population—by the middle of 2012. Overall, the number of people afraid of an across-the-board cut in social security benefits has increased dramatically from 38 per cent to 55 per cent within a year.

THE “PENSION CHEQUE”: A €100 GIFT

Responding to this trend, *BAWAG P.S.K.* and *BAWAG P.S.K. Versicherung* are stepping up their comprehensive advisory services for customers. Advice covers both short-term and medium-term needs and the long-term creation of a financial cushion.

As Thomas Heimhofer, Member of the Managing Board of *BAWAG P.S.K. Versicherung*, said, “Private pension insurance should be as much a part of one’s basic financial equipment as a current account and a savings account.” He announced that *BAWAG P.S.K. Versicherung* is giving additional support to this idea with its latest offer. “Anybody who takes out recurring-premium pension insurance with a monthly premium of €70 or more or signs a single-premium contract for €20,000 or more at a *BAWAG P.S.K.* branch during the third quarter of 2012 will receive a €100 bonus.” A pension insurance policy gives one a guaranteed additional pension designed to close one’s pension gap and ensure that one can maintain one’s standard of living in retirement.

STEPPING UP SALES OF CORPORATE AND NON-LIFE INSURANCE PRODUCTS

BAWAG P.S.K. Versicherung offers the full range of insurance products to the clients of the bank. In addition, corporate customers will get more information about the possibilities and opportunities that corporate personal insurance products can create in order to spell out the advantages for both companies and their employees. *Generali* is contributing its extensive know-how as a leading provider of corporate pension models.

Sales of *Generali's* non-life insurance products at *BAWAG P.S.K.* branches are also being stepped up, giving customers access to a complete range of insurance products from a single



source. The range consists of standardized products that offer good value for money. The main focuses are household, homeowner's, motor, accident, travel and legal costs insurance.

COMPLETELY RESTRUCTURED SINCE 2007

BAWAG P.S.K. Versicherung came into being in 2007 as a result of the merger of *BAWAG Versicherung* and *P.S.K. Versicherung*. *Generali* holds a stake of 74.99 per cent and *BAWAG P.S.K.* a stake of 25.01 per cent.

BAWAG P.S.K. Versicherung's success in the market is all the more remarkable given that the company has been completely restructured under new management during the past few years while still remaining fully operational. This process has included the development of a new organizational structure, an overhaul and modernization of the product line, migration to a new IT system and the company's relocation to a new site in Vienna (Kratochwilestrasse 4, 1220 Vienna).

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***BAWAG P.S.K. Versicherung* is a member of the *Austrian Generali Group*. *Generali* is Austria's third-largest insurer with a market share of over 15 per cent. The group operates under the umbrella of *Generali Holding Vienna AG*. Among others, its members in Austria include *Generali Versicherung AG* and travel insurer *Europäische Reiseversicherung AG*. The *Austrian Generali Group* is a part of the globally active *Generali Group*.**

www.bawagpsk-versicherung.at, www.generali.at

***BAWAG P.S.K.* is one of Austria's five largest banks. It is the foremost provider of personal banking services to the Austrian middle market. It sees itself as a modern, service-orientated provider of a comprehensive range of financial products and services to both personal and business banking customers. It offers a combination of well-grounded knowledge of the market, integrated personal advisory support and innovative products and services. Since 2007, *BAWAG P.S.K.* has been owned by a consortium led by U.S. financial investor *Cerberus Capital Management L.P.* that also has Austrian members. They include *Generali*, *Österreichische Post*, the *Bausparkasse Wüstenrot* building society and a group of Austrian industrialists.**

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