



Eurogiro – a co-operation connecting financial institutions

Eurogiro, a cross-border payment co-operation created for exchange of low value cross border payments between financial institutions, has grown strongly in recent years with the member base tripling and the number of transactions increasing 5 times over 7 years. Eurogiro is driven by its members and the (customers') needs and the success can clearly be attributed to the high quality commitment of the members. In recent years, Eurogiro has evolved into a connectivity provider securing connectivity for international low value payments for banks, postal organisations, card companies, ACH's, international payment networks etc. The strategic aim for Eurogiro is to act as a gateway provider between different geographical regions, products, financial institutions and technologies

What is Eurogiro and what does it do?

Eurogiro was established in 1989 as a co-operation between Posts and Postbanks with focus on cross border payments in the low value payment market. The background to this co-operation was partly that the Posts and Postbanks saw great opportunities for cost efficiencies by working closely together, securing low processing costs and developing value added products, and partly that a number of Posts and Postbanks at that time could not be admitted to SWIFT. The co-operation idea was based on a simple principle: how can organisations obtain value by working as a community, rather than working individually?

In Eurogiro, outsourcing is utilized to the maximum. Firstly, IT management/call centre is outsourced (HP), the network is outsourced (Equant) and application development is done out of Denmark (Rambøll Informatik A/S) and India (L&T Infotech). Secondly, most of the development work in Eurogiro is done with the direct involvement of experts from, in the main, our shareholders. This ensures that our devel-

opment meets actual market needs, the best possible expertise and commitment. And most importantly, the outsourcing of both IT and development work provides us with cost efficiencies and enables Eurogiro to manage extensive development projects with a limited number of staff.

Eurogiro Payment products/services

- Payment transfers
 - Standard (max. 3 days) and urgent
 - To accounts with members
 - To accounts with 3rd banks
- Money orders
 - Standard
 - TMO, semi urgent cash
 - Western Union urgent cash
- Bulk and pension payments
- Alliances

Over time Eurogiro has evolved into a payment club consisting of about 50 banks, postal orga-



Contents | August 2005

- 1 Eurogiro – a co-operation connecting financial institutions
- 3 Bridging the gap between SWIFT and non-SWIFT payments
- 4 The SWIFT Eurogiro Closed User Group (SECUG)
- 5 CrossPay – the alliance for low value payments
- 6 EUR Settlement Service
- 7 ING Group
Swiss PostFinance
Deutsche Postbank
- 8 BAWAG P.S.K.
Banca Popolare di Sondrio



Members of Eurogiro July 05

* Indicates shareholders:

AF	Afghanistan International Bank
AT *	BAWAG P.S.K.
BA	Nova Banka
BE *	Financial Post
BR	Correios e Telégrafos — ECT
CA	National Bank of Canada
CH *	Swiss PostFinance
CV	Cape Verde Post
CN	China Post
CS	Postal Savings Bank
CZ	CSOB
DE *	Deutsche Postbank
DK	Sydbank
EG	CIB S.A.E.
ES	BBVA
ES	Correos y Telegrafos
FI	ING/Postbank (EUR)
FR *	La Poste
GB *	Alliance & Leicester
GB	Visa
GR	Hellenic Post
GR	EFG Eurobank
HR	Croatia Post
HU	Magyar Posta
IE *	An Post
IL	Israel Postal Authorities
IS *	Póstgíró
IT *	Poste Italiane
IT	Banca Popolare di Sondrio
JP	Japan Post
LU *	P & T Luxembourg
LV	Latvia Post
MA	Banque Centrale Populaire
MA	Barid Al Maghrib
NL *	ING/Postbank
NO	ING/Postbank (EUR & NOK)
PL	ING/Bank Slaski
PT *	CTT Correios de Portugal
RO	Banc Post
RO	Posta Romana
SE	ING/Postbank (EUR & SEK)
SI	Postna Banka Slovenije
SK	Postova Banka
SN	La Poste, Senegal
TG	Societe des Postes du Togo
TR	Turkish Post
TN	La Poste Tunisienne
USA	Deutsche Bank
USA	Federal Reserve Bank

article from | page 1

nisations and other financial institutions that all offer their customers low value, cross border payments and mass payment handling and use the Eurogiro standards to send these cross border transactions electronically.

Eurogiro as such provides the IT solutions and the SWIFT-based message codes enabling the members to offer different cross-border payment products to their customers, e.g. credit transfers and cash payments. Eurogiro also provides Service Level Agreements for the various types of payments and other message types exchanged over the network.

Eurogiro focuses on Low Value Payments. A unique feature is the coverage of both account based and cash based transfers. This basically means that any person in Europe can be reached either via the Post Office (cash) or via a bank account (through a domestic clearing link). This again means that Eurogiro can also be seen as an ACH type solution for the European market. Through strategic alliances with Deutsche Bank (US dollar payments), ING Bank (ING technical solution into Eurogiro) and Western Union (urgent cash payments), Eurogiro covers nearly 200 countries. It is worth noting that cash payments constitute an important part of the total transaction volume, despite predictions in the past about the “death” of cash payments.

In 2005 it is forecast that Eurogiro members will send about 26 million transactions through the network, or more than 5 times the volumes of some 7 years ago. The strategy is to act as a gateway provider linking banks, postal organisations, ACH's, card companies, network

companies, money transfer companies and other financial institutions or operators in the payment market, i.e. a ‘gateway’ strategy.

Alliance partners – a gateway of business opportunities

Further in line with the strategy, Eurogiro is now positioning itself as an attractive gateway to members and alliance partners in the financial world – thus merging the best (business opportunities) of these financial worlds with the high quality and low production costs which characterise the Eurogiro universe. Among alliance partners are SWIFT, The Federal Reserve Bank of the USA (FED), Visa Europe, Western Union, The Universal Postal Union and, most recently, CrossPay.

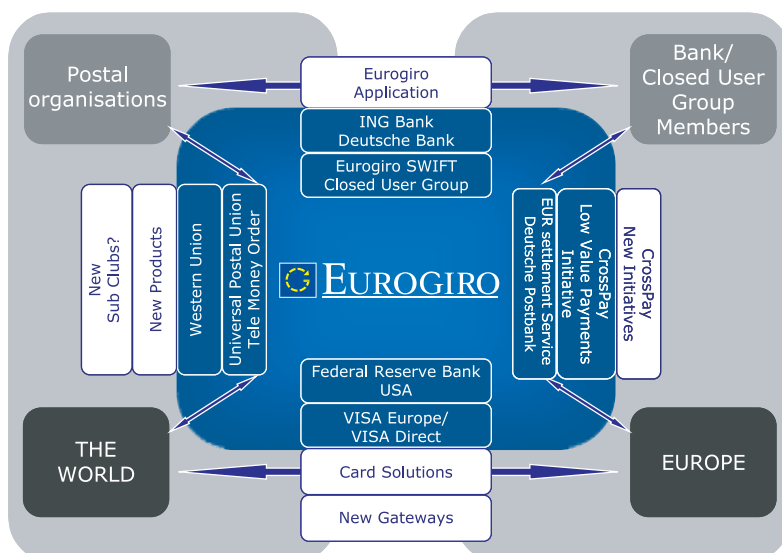
On the whole the example of co-operation between **SWIFT** and Eurogiro – two organisations which to some extent offer supplementary solutions – proves that by co-operating on linking the 2 technical platforms via the SWIFT Eurogiro Closed User Group (SECUG) on SWIFTNet, both organisations provide value added service to their members.

Through the alliance with **FED** it will be possible for Eurogiro to reach any account connected to the ACH in the US whilst enabling account holders in the US to reach any account through Eurogiro members in Europe. As soon as US format issues and OFAC requirements are resolved, the gateway promises great benefits for Eurogiro members as well as US banks.

The alliance with **Visa** opens up the way for credit payments initiated from a Visa card to

»

The Eurogiro strategy 2003 - 2008





reach any account in participating Eurogiro countries and is innovative in the sense that it also opens up the way for exchange between the card and the bank payment world.

Eurogiro has had an extremely successful relationship with **Western Union** with nearly 30 Eurogiro members being agents of Western Union. Close marketing co-operation and a cost saving technical solution are key factors behind the success.

Eurogiro is in the final testing phase with the **Universal Postal Union** for exchange of the Tele Money Order (TMO), the new postal stan-

dard for remittance payments. With its 660,000 outlets the postal organisations are uniquely positioned for providing low cost remittances on a global basis.

Finally, a group of Eurogiro shareholders have formed a new club for major payment handlers: CrossPay. The aim is to attract these payment handlers into a club with very low cost via the SECUG.

Overall the above examples illustrate the Eurogiro gateway strategy, where connectivity for members to more products and business partners via less IT platforms and costs is in

focus. Furthermore the strategy has led to new innovative connectivity. First, the postal world is now connected to the banking world. Secondly banks, posts, non-financial institutions, domestic clearing solutions etc. can be linked across different geographical regions. Thirdly, and most recently, the card world and payment world can be linked – as illustrated by the new agreement between Visa Europe and Eurogiro.

Whilst staying focused on low value payments, Eurogiro will continually be open for new alliances and developments, which can add value to its members.

Bridging the gap between SWIFT and non-SWIFT payments

The Eurogiro special interest session on SIBOS 2005

On Wednesday 7 September 2005 Eurogiro has organised a 'Special Interest Session' on SIBOS. The session will take place in room D from 16:00 hrs to 17:30 and will focus on how Eurogiro enables the members to send and receive SWIFT formatted payments to and from members and partners not connected to the SWIFT network.

Questions will be asked such as 'What are the drivers for SWIFTNet banks to leverage Eurogiro payments?', 'How do SWIFTNet enabled banks realise the benefit of participating in a SWIFT Eurogiro Closed User Group and the business club: CrossPay?'. Answers will be given through a series of presentations explaining the unique nature of Eurogiro.

The following organisations will open up for discussions by giving their views on actual solutions but also on more general payment issues and the future roles of their particular organisations:

- Eurogiro
- SWIFT
- CrossPay
- The Federal Reserve Bank of the US
- Visa Europe

Eurogiro

In 2003 the Eurogiro Board of Directors agreed on a revised strategy – a strategy which has been – and still is – pursued successfully. In short the strategy means that Eurogiro works as a solution provider creating connectivity for

its members to different important players in the (low value) payments market, connecting different geographical areas around the globe, whilst simplicity, high quality and cost efficiency are key elements in any solution provided by Eurogiro.

SWIFT

The SWIFT Eurogiro Closed User Group on SWIFTNet (SECUG) is a new alternative for members of Eurogiro to connect to the Eurogiro network. The SECUG is administered by Eurogiro, e.g. all FileAct fees for FileActs exchanged within the SECUG are billed by SWIFT to Eurogiro, thereby enabling an attractive tier within the SWIFT price structure for all participating Eurogiro members. However, one of the main advantages for the Eurogiro members is the possibility of abolishing the dedicated Eurogiro System and using the existing SWIFTNet platform for connecting to two networks, i.e. SWIFT and Eurogiro.

For SWIFTNet enabled banks which are not yet members of Eurogiro, the SECUG is also a very cost efficient way to connect to the Eurogiro community, as the joining fee is less than 1/3rd of the joining fee for members connecting via the Eurogiro Standard solution.

During the session SWIFT will give:

- A brief overview of the general framework for Closed User Groups in SWIFT

- A brief example of the Eurogiro Closed User Group
- A brief overview of SWIFT's vision for the use of Closed User Groups

CrossPay

CrossPay is a dedicated SWIFT Eurogiro Closed User Group (SECUG) sub-club. The focus is on costefficient solutions for processing low value payments between major payment handlers. CrossPay targets cost efficiency and economies of scale by increasing volumes within the SECUG, as well as to non-Swift members of Eurogiro. In the longer term CrossPay may focus on the development of its own products, standards and services for large volume payment handling – particularly credit payments within Europe.

During the session the following questions will be raised and answered to:

- What is CrossPay? – and why has it been formed? – and how/why does an organisation become a member?
 - Why CrossPay makes sense for an organisation such as Swiss PostFinance
 - What are key market trends; i.e. in what long term perspective should CrossPay be seen?
- Although CrossPay is a sub-club of Eurogiro, it has its own governance which is authorized to admit new members directly to the sub-club.

article from | page 3

FED

The Federal Reserve Bank of the US (FED) and Eurogiro have, by close co-operation, established a new **Transatlantic gateway** for – as the first step – payments from US banks participating in the FED ACH into virtually any bank account in Europe.

Further development of the transatlantic gateway is ongoing to enable bi-directional exchange of payments concurrently with the implementation of new formats within NACHA enabling the domestic US format to carry adequate information for FATF screening.

The FED presentation will be about:

- Introduction to IACH
- FED's relationship with Eurogiro
- Why the Eurogiro/FED initiative makes sense to banks and customers

- The long term vision for FED within international payments in the context of market evolution

Visa Europe

The **Visa/Eurogiro solution** will extend the coverage of the Visa Direct Service offered by Visa member banks to their card holders. The Visa Direct Service basically enables a Visa Card holder to initiate a transfer through the internet and existing member customer facing services transferring funds into any Visa card. The Visa/Eurogiro solution takes the reach of Visa Direct beyond cards to bank accounts, i.e. any bank account in the countries of the participating Eurogiro members can be reached. For the Visa card holders this eliminates the dependency of the receiving customer's type of credit card – any person or legal entity with a bank account can be reached.

For the Eurogiro members the solution gives greater potential for 100% STP payments into own or third-party bank accounts.

During the session Visa will focus on:

- Visa Direct: How it works and why they believe that there is a market for the solution
- The value of the relationship with Eurogiro to access accounts
- The strategic vision for the role of Visa in the future in the (credit) payment market – globally and in Europe

Eurogiro anticipates a high level of interest from the SIBOS delegates for the Special Interest Session on the 7th September in room D at 16:00 – and the Eurogiro staff very much look forward to meeting with SIBOS delegates during the session.

The SWIFT Eurogiro Closed User Group (SECUG)

— a technical link between banks and non-banks

The SWIFT network has with the acceptance of the SECUG opened itself to payment communities outside the banking circles. The members of Eurogiro including a number of postal organisations have a long record of exchanging mass payments amongst themselves on a proprietary network. With access to SWIFTNet via FileAct and usage of dedicated Eurogiro SWIFT Middleware (ESM), banks that have an interest in being a member of a community of dedicated payment handlers, can link from their current SWIFT platform provided they become members of the SECUG, see figure on the right.

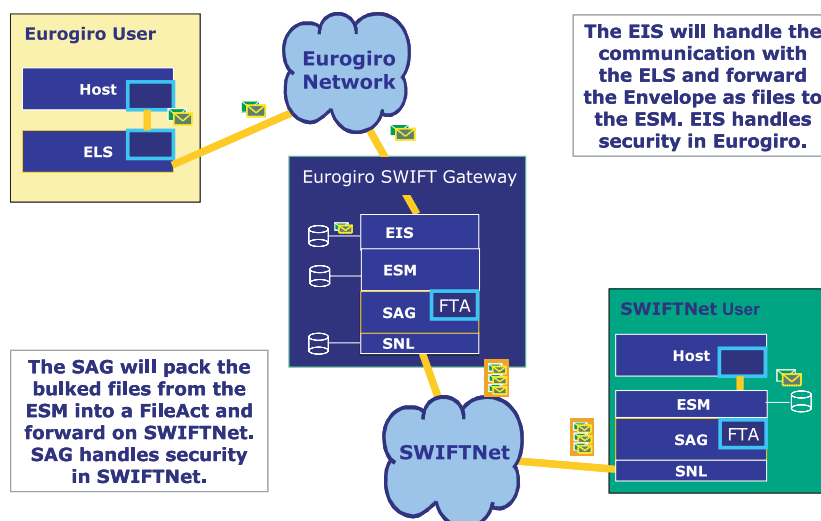
The SECUG provides access to exchange of all sorts of payments, though primarily low value payments ranging from the cash payments (money orders) to credit transfers such as pension payments. The common denominator of membership is the will to grow and develop low value payments in a cost efficient and simple way.

Eurogiro Network A/S is assigned by SWIFT to administer the SECUG. That means that all payments are pooled as 'Eurogiro' and that Eurogiro administrates the accounting, develops common software solutions, co-operates with SWIFT to ease the implementation etc. The

pooling of transactions may eventually also benefit Eurogiro or CrossPay members by way of a better charging tier than most members could obtain individually from SWIFT. So far, Eurogiro has built a piece of linking software: Eurogiro SWIFT Middleware (ESM)) that manages the connection and provides additional bulking and compressing of the files to optimize the economy of the file-transfer. The particular file transfer will be according to the Eurogiro standards for mass payments, namely in batches

('envelopes') which facilitate cost efficient handling of the payment information and of the settlement. Technically, Eurogiro supports a variety of platforms from ESM to local host or from ESM to remote SAG.

The SECUG makes connectivity much easier and cost efficient for SWIFTNet/FileAct users. The only necessary IT development is to enable the host to process the Eurogiro standards and to configure the SWIFT Alliance Gateway to access the Closed User Group.





CrossPay – the alliance for low value payments

CrossPay is a new alliance of key low value payment handlers using SWIFTNet FileAct. The founding members and initiators are Deutsche Postbank, ING Bank, Swiss PostFinance and BAWAG P.S.K. CrossPay focuses on a cost-efficient solution within a closed user group. Bulk payments will be processed in line with the approved bulking and compressing principles of the SWIFT Eurogiro Closed User Group (SECUG). It combines the experience of the Eurogiro network handling mass payments and its gateway strategy, with the knowledge of SWIFTNet in network technology and worldwide coverage. CrossPay creates synergies and concentrates on the specific requirements of major payment handlers, especially in the area of cost-cutting and quality improvement



CrossPay – a response to market needs

Cost pressures force banks to evaluate the possibilities of increased efficiencies of payments processing. Increased efficiencies can be achieved by either increased volumes to realise economies of scale or by implementing more low cost solutions. CrossPay is created to achieve both such efficiencies.

Furthermore, it can be expected that there will be a trend towards concentration in the market with existing important payment institutions, as well as emerging transaction banks, as key players. CrossPay will also be a forum for these financial institutions to co-operate on low value payments.

In addition, CrossPay is open to major low value payment handlers and is able to link the banking community with the postal financial institutions. One of CrossPay's goals is to increase volumes exchanged between CrossPay members as well as from/to Eurogiro members.

Longer term, CrossPay may focus on the development of its own products, standards and services for large volume payment handling – particularly credit payments within Europe.

“CrossPay will be an integrated part of our low value payment strategy for the future”.

Henk Kruidenier, ING/Postbank

CrossPay – a sub-club of Eurogiro

Formally, CrossPay is not yet organised as a legal entity but as a cost contribution agreement. It could become a legal entity in due course when its initiatives reach a level of success that requires a more formal and legally binding construction.

The member categories are founding stake-

holders, full stakeholders and associated participants. The founding stakeholders and the full stakeholders together form the Governing Council, while associated participants only use the SECUG. The Governing Council can take independent decisions on CrossPay matters.

Eurogiro Network A/S has entered into an agreement with CrossPay as service provider to establish mutual rights and obligations such as the right of access to SECUG, sales and administrative services.

“CrossPay enables us to terminate costly dedicated and bilateral system solutions for mass payments”.

Jürg Bucher, Swiss PostFinance

CrossPay – the low value payment initiative

The first initiative of CrossPay is the ‘low value payment initiative’ (LVPI) which has already welcomed its first new member with the signing in December 2004 between Banca Popolare di Sondrio and CrossPay. The first live transactions were exchanged in July 2005 between Banca Popolare di Sondrio and Swiss PostFinance.

Whilst CrossPay is certain to provide an attractive value proposition, CrossPay also has clear expectations of its new members. New members will be expected to be dominant payment handlers that will contribute with a substantial number of outgoing transactions or to have a substantial market share in mass payments in relation to the size of the respective country. Furthermore, they should have direct and competitive access to all accounts in their country of domicile. Technically, members are required to use the Eurogiro set-up with SwiftNet

FileAct functionalities and to comply with Eurogiro standards and procedures.

CrossPay members are expected to engage in multilateral exchanges of mass payments but with bilateral agreements on currency and interbank prices. For euro transactions the alliance provides a euro settlement service, while settlement of other currencies is based on the bilateral agreements. The CrossPay members can exchange traffic with other CrossPay members, with any Eurogiro member, either directly with SECUG-members, or via the Eurogiro Gateway with members using the Eurogiro System.

“CrossPay provides us with the cost efficiency and high quality that is necessary for us as a transaction bank”.

Dirk Berensmann, Deutsche Postbank

CrossPay – the benefits

The value proposition for Eurogiro members lies first and foremost in the growth in transactions. But also valuable for individual members are the improved opportunities to maintain existing volume, to create new business opportunities and to decrease costs.

The founders of CrossPay hope to attract new members by giving access to what was up until

“CrossPay is an opportunity to enhance our market share in low value payments”.

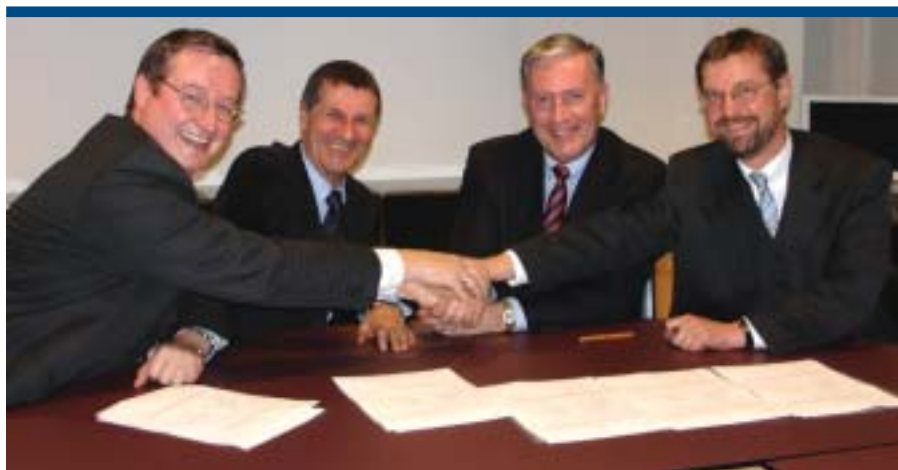
Herbert Legradi, BAWAG P.S.K.

article from | page 5

now restricted Eurogiro benefits. Dedicated payment handlers are expected to be interested in access to well-proven rules and standards for mass payments that provide its users with significant savings on transaction fees due to the efficient bulking and compressing principles. The centralised settlement setup for euro is also a driver for cost cuts, just as the opportunity for terminating dedicated links, systems, formats and/or standards is expected to be valuable. Furthermore, CrossPay membership provides a gateway to the postal world, and membership in an alliance of mass payment handlers that will contribute significantly to positioning CrossPay as a major institution in the global low value payment industry.

In addition, all Eurogiro members benefit from CrossPay providing Eurogiro with a stronger position as STP-gateway into Europe for EUR, as well as non-EUR payments, and from securing a stronger foothold for Eurogiro in the single euro payments area (SEPA) environment as well as in the general payment market.

The members of CrossPay are convinced of the opportunities for CrossPay in the payment market and invite all interested low value payment institutions to enter into discussions with us. For contact details please visit our website: www.crosspay.org – section “About CrossPay”/ contact.



The signing act from left: Dirk Berensmann, Jürg Bucher, Henk Kruidenier, Herbert Legradi



The Task force which designed CrossPay from left: Ludger Hoekstra, Susann von Gunten, Nicole Walker, Ronald Hufnagel, Daniel Krebs

EUR Settlement Service

— a proof of innovative solutions

In February 2004 Deutsche Postbank assumed the provider-role for the settlement of cross-border euro payments for the Eurogiro community. The Eurogiro Euro Settlement Service replaces the conventional, complex procedure in which every member bank in the Eurogiro association had to maintain mutual accounts to facilitate the settlement of the exchanged payment transactions.

Primary product features:

- One single point of entry for the settlement of euro payments
- A variety of secure ways of sending and receiving settlement instructions
- State-of-the art account reporting via cash

management information and web-based information service

- Reliable real-time straight through process in high capacity systems with very high security
- Option for overnight loans and deposits

Business benefits:

- Bilateral standard agreement with Postbank as service provider governed by umbrella agreement between Eurogiro and Postbank ensuring optimal service and pricing
- Improved liquidity management
- Reduction of administrative and operational

costs by standardised technical set-up and procedures

- Cost savings by nostro reconciliation

With the foundation of CrossPay, the availability of the service has been expanded to all CrossPay members as the default settlement solution for all euro transactions.

For Postbank the €-settlement provider function is a good opportunity to assist Eurogiro in providing state-of-the-art high quality services. Non-euro-denominated payments are settled using the traditional correspondent banking procedures.



ING Group

Who we are

ING Group is a global financial services company of Dutch origin with 150 years of experience, providing a wide range of banking, insurance and asset management services in over 50 countries. Our 113,000 employees work daily to satisfy a broad customer base: individuals, families, small businesses, large corporations, institutions and governments. Based on market capitalisation, ING is one of the 20 largest financial institutions worldwide and has a place amongst the top-10 in Europe.

Business

ING is the number one financial services company in the Benelux home market. ING services its retail clients in these markets with a wide range of retail-banking, insurance and asset

management. In our wholesale banking activities we operate worldwide, but also with a primary focus on the Benelux countries. In the United States, ING is amongst the top-5 providers of retirement services and life insurance. In Canada, we are the top property and casualty insurer. ING Direct is a leading direct bank with over 11 million customers in nine large countries. In the growth markets of Asia, Central Europe and South America we provide life insurance. We are also a large asset manager with assets under management of almost EUR 500 billion.

Mission

We strive to deliver our financial products and services in the way our customers expect: with exemplary service, maximum convenience and

at competitive rates. This is reflected in our mission statement: To set the standard in helping our customers manage their financial future.

Stakeholders

ING conducts its business on the basis of clearly defined business principles. In all our activities we carefully weigh the interests of our stakeholders: customers, employees, shareholders, business partners and society at large. ING strives to be a good corporate citizen.



Swiss PostFinance

Welcome to the world of Swiss PostFinance

In competition with other providers, PostFinance has been offering a universal basic payment service throughout Switzerland since 1906. Since the 1990s, it has steadily developed into a «bank» without banking license: services associated with payment transactions, such as savings, investments, risk protection and cash advisory services, loans, mortgages, have enhanced the product range. With almost three million accounts, 40% of Swiss citizens

and almost every Swiss company are amongst the customers. Since PostFinance belongs to the Swiss Post and it is a participant of the Swiss RTGS SIC and euroSIC, PostFinance can reach every household as well as every account in Switzerland. PostFinance is the number 1 for domestic payments in Switzerland. Almost every domestic bill is paid through it. Furthermore, PostFinance is the market leader in bulk payment services in both domestic

and crossborder payments. In 2005 PostFinance will continue on its growth path and intends to gain additional market share.



Deutsche Postbank

Excellent positioning as a full-service bank with multi-channel marketing

More than 12 million clients, total assets of EUR 129 billion and 10,000 employees make Deutsche Postbank one of the largest retail banks in Germany. Postbank has the most concentrated branch network of any single bank in Germany, offering services in more than 9,000 outlets of Deutsche Post. At the same time, Postbank is among the market leaders in direct ban-

king. Postbank clients currently operate 2 million checking accounts and 440,000 securities accounts online and 3 million are taking advantage of the opportunities offered by telephone banking. The trend is growing.

Strong performance

Since 1999 Postbank's customer base has

grown by more than two million clients. In 2004 alone, Postbank welcomed 889,000 new customers. Its pre-tax profit improved at a constant rate to 624 million Euro in 2004 (previous year: 497 million Euro).





article from | page 7

Transaction Banking – a field of growth

In 2003, Postbank put its account entry software for checking accounts developed with SAP into operation and equipped its central computer center with new hardware. Consequently, it has the most modern transaction platform of any bank in Germany. In 2004

Postbank launched its new business area, "Transaction Banking". It offers back office services to other banks. Postbank is settling the payment transfers of Deutsche Bank and Dresdner Bank.

Facilitating international payment processing through Eurogiro

In 1992 Deutsche Postbank joined Eurogiro as

one of the founding shareholders. Since then Postbank has been working in close co-operation with Eurogiro and its community in developing market initiatives to achieve cost-efficiency and economies of scale.



BAWAG P.S.K.

A capable and reliable partner

BAWAG and P.S.K. have a long tradition of being at the forefront of the Austrian financial services sector. Both banks have been even more successful together since 2001, when they merged. In the meantime the BAWAG P.S.K. Group has become Austria's fourth-largest banking group with more than Euro 56 billion in total assets as at 31 December 2004. Today, BAWAG and P.S.K. and their subsidiaries form a modern, service-oriented overall financial service group which offers an in-depth knowledge of the market, whilst maintaining personal and individual service with innovative products.

The Banking Group consists of more than 6,000 qualified employees, of which about 1,000 operate outside Austria. In Austria, the

bank serves its customers' needs through a network of 170 BAWAG branches and around 1,500 post-office outlets.

More than 1.3 million customers make the institution into a major Austrian retail bank. Moreover, BAWAG P.S.K. is the leading company in the payments sector, with a market share of nearly 30% – with 323 million domestic and 3.8 million cross-border transactions in 2004 – and with access to ARTIS (Austrian Real Time Inter-bank Settlement System), RTGS and TARGET, EBA and Eurogiro.

The positive developments and the future oriented concepts connected with the restructuring have all contributed to the BAWAG P.S.K. Group becoming one of the banks in Austria generating a high return.

Under its strategy for Central Europe, the Bank operates subsidiary banks and representative offices in the Czech Republic, Slovakia, and Hungary, as well as in Malta. In addition, a subsidiary bank will be opened in Slovenia later this year. The core objective of BAWAG and P.S.K. is to make its products and know-how available within these important markets through its subsidiaries.

For the future, BAWAG P.S.K. plans to strengthen its position and to gain additional market share.



Banca Popolare di Sondrio

BPS – well established as a leading player within the international sector

Its expertise in the international payments' area allows Banca Popolare di Sondrio to operate in real time throughout the Euro area, as well as through other countries, with competitive costs and value dates applied.

The bulk payments sector is considered to be of great importance within the portfolio of services provided by BPS, and in this sector BPS works closely with important counter-parts and for relevant amounts.

Within the international payments framework, BPS is specialized in the handling of incoming and outgoing pension payments on behalf of several banks and the department of social

security. Since the year 2000, BPS has also been handling bulk payment services on behalf of several banks and corporate customers from foreign countries.

The consolidated performance of the above-mentioned tasks – subject to quality certification UNI EN ISO 9002, for which BPS is actively verifying the satisfaction of the recipients - has allowed the acquisition of specific professional skills, both with reference to human resources dedicated to the various sectors, and also with regard to specific technologies; regarding this latter aspect BPS can count on avantgarde informatic and telematic structures.

In addition to this BPS is actively participating in the most advanced payment systems such as Target, EBA (STEP 1 and STEP 2 as a direct participant) and is now towards implementing Eurogiro via CrossPay.

This most recent challenge will enable BPS to become an ideal partner of several counter-parts interested in finding a global solution within the international payment area.

