

BAWAG P.S.K. Announces Key Updates in Strategic Plan Execution

Continued execution of capital plans and non-core asset disposals have materially increased total capital levels and also now support a projected CET I ratio above 9.0%¹ by year end 2013.

Retail Business announces additional milestones related to its multi-channel strategy in providing leading products and services to customers across Austria.

BAWAG P.S.K. today announces several highlights from the continued execution of its focused strategic plan to develop the leading retail banking franchise across Austria, support the Bank's strong Austrian corporate businesses, and increase the Bank's already strong capital position.

In October, BAWAG P.S.K. raised EUR 300 million of Basel III compliant Tier 2 capital in an institutional offering, further strengthening overall total capital levels and proactively addressing all foreseen upcoming tier 2 issuance requirements. The Bank also took advantage of strong market conditions in October to complete the sale of its remaining legacy structured credit book. These legacy structured credit book sales, along with previous sales in 2013, resulted in an overall improvement of CET I capital equivalent of approximately EUR 175 million during 2013 and resulted in a material profit for the Bank.

"These announced capital actions, along with others completed and in process during 2013, support the Bank's near term goal of achieving very strong common capital and total capital levels fully incorporating all Basel III impacts," said **Byron Haynes**, Chief Executive Officer of BAWAG P.S.K. *"We anticipate a fully loaded Basel III CET I ratio of at least 9.0% by year end 2013 for BAWAG P.S.K. based on our current forecast."*

BAWAG P.S.K is also announcing the following recent developments in its retail banking franchise which is leading the innovative branch and digital delivery of intuitive products and services for customers across Austria:

- Completion in October of the refurbishment of over 476 retail branches which are operated in a partnership with Austrian Post.
- The successful October launch of BAWAG P.S.K's securities and insurance box products ("ErtragsBox" and "VorsorgeBox") which complete the Bank's full suite of easy to understand and efficient current account, savings, investment and lending products.

¹ Excludes participation capital, hybrid capital instruments and minorities according to fully loaded Basel III rules. Equates to a projected overall CET1 ratio of greater than 14 percent at year end 2013 according to Basel 2.5 and which would compare to the 12.3 percent reported as of June 30, 2013.

- The August launch of the new BAWAG P.S.K. App for tablets (both iOS and Android) with extended customer services, along with the upcoming November launch of the new, customer oriented BAWAG P.S.K. website.

*“The Bank’s investment in the retail franchise continues to deliver strong results across all of our physical and digital channels”, commented **Wolfgang Klein**, Deputy CEO and Head of Retail. “With an increase of over 64,000 new current accounts opened by our retail customers in 2013, more than 500,000 customers actively using our eBanking and mobile Apps and a 63% increase of the Bank’s new business in consumer lending over the same period last year, our initiatives are being validated by our customer responses and through our results.”*

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