

BAWAG P.S.K. announces the full early redemption of its remaining EUR 350 million participation capital held by the Republic of Austria

- **Full redemption following the Bank's strategic actions to further strengthen its capital position and the successful reduction of non-core assets and other de-risking measures**
- **Transaction to be completed on March 14, and results in EUR 784 million in total payments to the Republic of Austria, including dividends since 2009.**

Over the last years BAWAG P.S.K. has taken numerous measures to improve its capital base, i.e.

- Stabilising and growing organic earnings, leading to combined net profits of EUR 336 million in 2012 and 2013
- Successful execution of strategic plan to exit non core businesses and assets resulted in reduction of risk weighted assets overall by EUR 7.2 billion or 31% over the course of 2012 and 2013
- Common equity capital contribution by shareholders of EUR 200 million at the end of 2012 and further EUR 125 million in March 2014
- Successful issuance of EUR 343 million of Basel 3 compliant Tier 2 capital in institutional and retail placements in the 4th quarter 2013

In March and December 2013 the Bank already redeemed a total of EUR 200 million out of the EUR 550 million issued participation capital subscribed by the Republic of Austria in 2009.

The entire early redemption of the remaining participation capital outstanding in the amount of EUR 350 million is based on the resolution of the shareholders' meeting as of March 12th, 2014. The Austrian Financial Market Authority (FMA) has also granted approval for the redemption of the remaining participation capital.

Since the issuance of the participation capital in 2009, the Bank's total payment to the Republic of Austria will be EUR 784 million after the entire early redemption of the remaining amount, thereof dividend payments of EUR 234 million. These amounts include all dividend payments with a coupon of 9.3% each year and the payment for 2014.

Byron Haynes, CEO of BAWAG P.S.K. comments: *"This full early redemption of participation capital reflects the significant and successful strengthening of the capital position of BAWAG P.S.K. over the last years through the reduction of non-core assets, de-risking activities and core earnings growth. A solid capital position remains the cornerstone of our strategic and operational plans.*

At the same time, we continuously invest in our core retail and corporate franchises while also addressing the necessary cost restructuring actions which allow the Bank to be competitive on a sustainable basis in a challenging environment.

On behalf of BAWAG P.S.K. I would like to thank the Republic of Austria and the Austrian tax payers and citizens who entrusted us with capital over the last years as we took proactive actions to materially strengthen the Bank, invest in our core business and provide leading products and services to our customers across Austria.”

**Further inquiries:
BAWAG P.S.K. group press office
Tel. 0043 (0) 5 99 05 – 31210
E-Mail: presse@bawagpsk.com**

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