

BAWAG P.S.K. decisively refutes allegations by the City of Linz and feels confident about any potential lawsuit

Pursuant to Austrian banking secrecy – one of the strictest pieces of banking legislation in the world – BAWAG P.S.K. is generally not allowed to reveal information about bank details, specific transactions or details about agreements in this context. However, as a result of media reporting – not least statements made by high-ranking political officials – it is no secret that the City of Linz is a customer of BAWAG P.S.K.

BAWAG P.S.K. decisively refutes all allegations spread in the media by the City of Linz. All business relations between BAWAG P.S.K. and the City of Linz are properly documented and are based on legally binding contracts that were verified by both sides. The foreign currency transaction (swap from February 2007) was verified both internally by the Bank and by two Austrian law firms, which have confirmed BAWAG P.S.K.'s strong legal position regarding the allegations made by the City of Linz. Against this backdrop, BAWAG P.S.K. feels confident about any potential lawsuit by the City of Linz.

As a partner to the City of Linz, BAWAG P.S.K. took the utmost care to fully comply with its legally required obligations at all times. It is evident that the City of Linz understood the mechanisms and also the risk of this transaction, was informed on an ongoing basis and therefore accepted the risks.

As the City of Linz has stated of its own accord, it profitably liquidated a similar transaction, namely the first swap from 2006, at a time that was favourable for itself. In contrast to this first transaction, the City of Linz decided not to liquidate the second transaction (from February 2007) at any point in time.

BAWAG P.S.K. reserves the right to take all legal measures with regard to today's press release by the City of Linz and the untrue accusations contained therein.

Enquiries:**BAWAG P.S.K. Group Press Office****Tel. 0043 (0) 5 99 05 – 31210****E-mail: presse@bawagpsk.com**

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