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BAWAG GROUP PLANS IPO IN 2017

- ▶ **BAWAG Group AG, the holding company of BAWAG P.S.K., plans an initial public offering and the listing of its shares on the Vienna Stock Exchange (IPO).**
- ▶ **BAWAG Group is one of Austria's largest and best capitalized banks with a significant market position in Austria and growth opportunities in the DACH region.**
- ▶ **Management is committed to an annual dividend pay-out of 50% of net profit and deploying excess capital generated of over EUR 1 billion (above 12% CET1) through 2020 in organic growth and pursuing earnings-accretive M&A transactions at returns consistent with BAWAG Group's Return on Tangible Equity target (RoTE @ 12% CET1) to enhance the customer franchise and drive profitable growth. To the extent excess capital is not deployed via such organic growth and M&A, management is committed to distributing excess capital to shareholders based on a yearly assessment.**
- ▶ **The IPO will provide BAWAG Group with a public listing in its home market, access to the equity capital markets, a new shareholder structure and independence.**
- ▶ **The offering will consist of existing ordinary shares.**

VIENNA, Austria – September 27, 2017 – BAWAG Group AG (together with its subsidiaries, “BAWAG Group” or the “Group”), the holding company of BAWAG P.S.K., today announced its intention to pursue an initial public offering and the listing of its shares on the Vienna Stock Exchange in Austria, its home market. Market conditions permitting, the listing is expected to occur in the fourth quarter 2017.

Anas Abuzaakouk, CEO of BAWAG Group AG, said: *“Today, BAWAG Group is one of Austria's largest and best capitalized banks. As such, our place is on the Vienna Stock Exchange. We are committed to further developing a best-in-class customer franchise and to expanding our presence in the DACH region. Our planned listing will be a major milestone for BAWAG Group and our existing shareholders. We look forward to continuing our success story as a publicly listed company and thank everyone who has contributed to our Group's transformation.”*

One of Austria's largest and best capitalized banks

BAWAG Group is one of Austria's largest and best capitalized banks with a more than 130-year history, serving over 2.2 million customers. The Group offers financial products and services through a multi-channel strategy, combining a centrally managed branch network with a convenient digital banking offering, which results in a seamless and transparent customer experience. Since 2012, BAWAG Group has invested approximately EUR 200 million in technology-based solutions and other infrastructure.

In Austria, the Group benefits from a well-recognized brand across the country and has become a major player in the direct banking market through its *easybank* business as well as online and mobile platforms. It offers comprehensive savings, payment, lending, leasing, investment, building society and insurance products and services to retail, small business and corporate customers across the country.

BAWAG Group has successfully addressed the challenges that banks are facing across Europe in terms of changing their overall business models and cost structures to become more efficient in their operations. Over the past few years, the Group has fixed structural cost imbalances, implemented a focused business strategy and made significant technological investments.

BAWAG Group has recorded an increase in core revenues of 19% and a decrease in operating expenses of 32% over the past five years, covering the period 2012 to 2016. Additionally, the BAWAG P.S.K. Retail segment alone has added around 470,000 new customers since 2014, continually expanding its customer franchise.

Today, the Group features a best-in-class financial profile and ranks among the top 5% of European banks across key profitability and efficiency metrics.¹⁾ As of the first half 2017, BAWAG Group showed a Return on Tangible Equity (@12% CET1) of 16.9%²⁾, a cost-income ratio of 41.7%, a non-performing loan (NPL) ratio of 1.9%, a fully loaded CET1 ratio of 15.5%²⁾, a fully loaded leverage ratio of 7.0% and a liquidity coverage ratio of 146%.

BAWAG P.S.K. is the best-rated bank in Austria. The rating agency Moody's has upgraded the bank three times since 2015 to A2 with a continued positive outlook. The rating agency Fitch has assigned BAWAG P.S.K. an A-senior unsecured rating in February 2017 with a stable outlook.

Growth opportunities in the DACH region

BAWAG Group's Austria-centered strategy is complemented by its international presence in other developed economies, specifically the DACH region.

Against the backdrop of increasing consolidation in the DACH banking landscape, BAWAG Group continuously seizes acquisition opportunities to enhance its successful growth path. The Group's track record of organic and inorganic growth in the DACH region includes five acquisitions over the past two years. Most recently, it agreed to acquire Südwestbank (based in Stuttgart, Germany) in July 2017.

At the same time, BAWAG Group leverages market trends, such as big data and new technologies, to further improve the customer banking experience. The Group aims to continue optimizing its multi-channel distribution network, focusing on addressing changing customers' behaviors and investing in expanding its digital footprint. BAWAG Group also intends to use easygroup as a platform to drive cross-border retail expansion into Western European markets with a primary focus on the DACH region.

Capital generation & dividend pay-out targets

In the coming years, BAWAG Group targets growth in its profit before tax (PBT) at a greater than 5% compound annual growth rate.³⁾ With an ongoing focus on cost efficiency, BAWAG Group aims to achieve a cost-income ratio of below 40% in the mid-term. It further targets maintaining a Return on Tangible Equity (RoTE @12% CET1) in the mid-to-high teens and a solid capital position with a fully loaded CET1 ratio of at least 12%.

With its high earnings generation capability and solid balance sheet, BAWAG Group plans to implement a capital distribution strategy for its shareholders with a targeted annual dividend payout of 50% of net profit⁴⁾ and by deploying additional excess capital of over EUR 1 billion (above 12% CET1) through 2020 in organic growth and pursuing earnings-accretive M&A transactions at returns consistent with BAWAG Group's Return on Tangible Equity target (RoTE @ 12% CET1) to enhance the customer franchise and drive profitable growth. To the extent excess capital is not deployed via such organic growth and M&A, management is committed to distributing excess capital to shareholders based on a yearly assessment. In respect of the financial year 2017, BAWAG Group targets a distribution of 50% of net profit from Q4 2017, calculated on the basis of the average quarterly profits of 2017.

Details of the offering

The offering will consist of existing ordinary shares in BAWAG Group AG from selling shareholders, including selling shareholders owned and controlled by several funds and accounts under management by Cerberus Capital Management, L.P. and its affiliates, selling shareholders owned and controlled by several funds and accounts under management by, or whose holdings in BAWAG Group are subject to an investment management agreement with, GoldenTree Asset Management LP and certain minority shareholders of BAWAG Group AG. The offering will also include a market standard greenshoe option from certain of the selling shareholders. It will entail an initial public offering to retail and institutional investors in Austria as well as private placements to institutional investors in certain other jurisdictions outside Austria, including a private placement within the United States of America.

As of today, all shares in BAWAG Group AG are held by Promontoria Sacher Holding B.V. Approximately 54% of the shares in Promontoria Sacher Holding B.V. are held by holders owned and controlled by several funds and accounts under management by Cerberus Capital Management, L.P. and its affiliates and approximately 40% by holders owned and controlled by several funds and accounts under management by, or whose holdings in BAWAG Group are subject to an investment management agreement with, GoldenTree Asset Management LP. The remaining approximately 6% of the shares in Promontoria Sacher Holding B.V. are held by a variety of Austrian and non-Austrian minority shareholders.

Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Goldman Sachs International, J.P. Morgan Securities plc, and Morgan Stanley & Co. International plc have been mandated to act as Joint Global Coordinators and Joint Bookrunners. BofA Merrill Lynch, Barclays Bank PLC and UBS Limited have been mandated as additional Joint Bookrunners. Commerzbank AG and Raiffeisen Centrobank AG act as Co-Lead Managers and Rothschild & Co. as IPO advisor.

About BAWAG Group

BAWAG Group AG is the holding company of BAWAG P.S.K., with its headquarters in Vienna.

About BAWAG P.S.K.

With more than 2.2 million customers, BAWAG P.S.K. is one of Austria's largest and best capitalized banks operating under a well-recognized national brand. BAWAG P.S.K. applies a low-risk, efficient, simple and transparent business model focused on Austria and other developed markets – with two-thirds of its customer loans within Austria. The remaining customer loans are predominantly in Western Europe and the United States. BAWAG P.S.K. serves Austrian retail, small business and corporate customers across the country, offering comprehensive savings, payment, lending, leasing, investment, building society and insurance products and services. BAWAG P.S.K.'s Austrian business is complemented by international activities focused on retail, corporate, commercial real estate and portfolio lending in developed countries within Western Europe. This strategy provides BAWAG P.S.K. with earnings diversification and growth opportunities, while maintaining a conservative risk profile with disciplined underwriting.

BAWAG P.S.K. is run in a safe and secure manner with a solid balance sheet and capitalization as well as low leverage. Delivering simple, transparent and best-in-class products and services that meet its customers' needs is its consistent strategy across all business units.

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Any offer will be made exclusively through and on the basis of a prospectus published in Austria, as supplemented by additional information related to the offer outside of Austria.

No money, securities, or other consideration is being solicited, and, if sent in response to the information contained herein, will not be accepted.

The Joint Bookrunners are acting exclusively for BAWAG Group and the selling shareholders (other than the minority shareholders) and no-one else in connection with the offering. They will not regard any other person as their respective client in relation to the offering and will not be responsible to anyone other than BAWAG Group and the selling shareholders (other than the minority shareholders) for providing the protections afforded to their respective clients, nor for providing advice in relation to the offering, the contents of this announcement or any other matter referred to herein.

Cautionary note regarding forward-looking statements

This press release may contain projections or other forward-looking statements regarding future events or the future financial performance of BAWAG Group AG. These statements are based on the current views, expectations, assumptions and information of the management of BAWAG Group AG. You can identify projections or other forward looking statements by terms such as "expect," "believe," "anticipate," "estimate," "intend," "will," "could," "may" or "might," or, in each case, the negative of such terms or other similar expressions. Projections or other forward-looking statements are only predictions and shall not be construed as a promise for the materialization of future results and developments and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those described in such statements due to, among other things, changes in the general economic and competitive environment, risks associated with capital markets, currency exchange rate fluctuations, changes in international and national laws and regulations, in particular with respect to tax laws and regulations, affecting BAWAG Group AG, and other factors. Neither BAWAG Group AG nor any of its affiliates assume any obligations to update any forward-looking statements.