

**Fourth Supplement dated 10 January 2020  
to the Base Prospectus dated 18 March 2019  
as supplemented by  
the First Supplement dated 5 June 2019,  
the Second Supplement dated 19 August 2019, and  
the Third Supplement dated 20 December 2019**

*This document constitutes a supplement (the "Fourth Supplement") for the purposes of Article 13 of the Luxembourg Law on Prospectuses (as defined below) in connection with Article 46 para. 3 of Regulation (EU) 2017/1129 to two base prospectuses: (i) the base prospectus of BAWAG Group AG in respect of non-equity securities within the meaning of Article 22 (6) no.(4) of the Commission Regulation (EC) No. 809/2004 of 29 April 2004, as amended, ("Non-Equity Securities") and (ii) the base prospectus of BAWAG P.S.K. Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft in respect of Non-Equity Securities (together, the "Debt Issuance Programme Prospectus" or the "Base Prospectus").*

This Fourth Supplement is supplemental to, and should be read in conjunction with the Debt Issuance Programme Prospectus dated 18 March 2019, as supplemented by the First Supplement dated 5 June 2019 (the "First Supplement"), the Second Supplement dated 19 August 2019 (the "Second Supplement"), and the Third Supplement dated 20 December 2019 (the "Third Supplement").



**BAWAG Group AG**

Vienna, Republic of Austria  
– Issuer –

**BAWAG P.S.K. Bank für Arbeit und Wirtschaft und  
Österreichische Postsparkasse Aktiengesellschaft**

Vienna, Republic of Austria  
– Issuer –

**EUR 10,000,000,000  
Debt Issuance Programme  
(the "Programme")**

The Issuers have requested the *Commission de Surveillance du Secteur Financier* of the Grand Duchy of Luxembourg (the "CSSF") in its capacity as competent authority under the Luxembourg act relating to prospectuses for securities dated 10 July 2005 (*Loi du 10 juillet 2005 relative aux prospectus pour valeurs mobilières*), as amended (the "**Luxembourg Law on Prospectuses**"), to provide the competent authorities in the Federal Republic of Germany and the Republic of Austria as soon as possible after approval of this Fourth Supplement has been granted, with a certificate of such approval (the "**Notification**") attesting that the Fourth Supplement has been drawn up in accordance with the Luxembourg Law on Prospectuses. The Issuer may request the CSSF to provide competent authorities in additional host Member States within the European Economic Area with a Notification.

This Fourth Supplement has been prepared in order to account for recent developments.

This Fourth Supplement will be published in the same way as the Debt Issuance Programme Prospectus in electronic form on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and will be available free of charge at the specified offices of the Issuers.

**In accordance with Article 13 paragraph 2 of the Luxembourg Law on Prospectuses, where the Debt Issuance Programme Prospectus relates to an offer of Notes to the public, investors who have already agreed to purchase or subscribe for Notes before this Fourth Supplement is published have the right, exercisable within a time limit of two working days after the publication of this Fourth Supplement, until 14 January 2020, to withdraw their acceptances provided that the new factor, mistake or inaccuracy referred to in Article 13 paragraph 1 of the Luxembourg Law on Prospectuses arose before the final closing of the offer to the public and the delivery of the Notes.**

**This Fourth Supplement may only be used for the purpose for which it has been published as set out below. This Fourth Supplement may not be used for the purpose of an offer or solicitation by and to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.**

**This Fourth Supplement does not constitute an offer or an invitation to subscribe for or purchase any of the Notes.**

BAWAG with its registered office in Vienna, Austria, and BAWAG P.S.K. with its registered office in Vienna, Austria, accept responsibility for the information given in this Fourth Supplement.

Each Issuer hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Fourth Supplement is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Terms defined or otherwise attributed meanings in the Base Prospectus have the same meaning in this Fourth Supplement unless otherwise defined herein.

This Fourth Supplement shall only be distributed in connection with and should only be read in conjunction with the Base Prospectus.

To the extent that there is any inconsistency between any statement in this Fourth Supplement and any other statement in or incorporated by reference in the Base Prospectus, the statements in this Fourth Supplement will prevail.

Save as disclosed in this Fourth Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus which is capable of affecting the assessment of Notes issued under the Programme since the publication of the Base Prospectus.

Each Issuer has confirmed to the Dealers that the Base Prospectus and this Fourth Supplement contain all information with regard to the Issuers and the Notes which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuers and the rights attaching to the Notes which is material in the context of the Programme and the issue and offering of Notes thereunder; that the information contained therein with respect to the Issuers and the Notes is accurate and complete in all material respects and is not misleading; that the opinions and intentions expressed therein with respect to the Issuers and the Notes are honestly held; that there are no other facts with respect to the Issuers or the Notes the omission of which would make the Base Prospectus and this Fourth Supplement misleading in any material respect; and that all reasonable enquiries have been made to ascertain all facts and to verify the accuracy of all statements contained therein.

No person has been authorised to give any information which is not contained in or not consistent with the Base Prospectus or this Fourth Supplement or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as in the public domain and, if given or made, such information must not be relied upon as having been authorised by the Issuers, the Dealers or any of them.

To the extent permitted by the laws of any relevant jurisdiction, neither the Arranger nor any Dealer nor any other person mentioned in the Base Prospectus or this Fourth Supplement, excluding the Issuers, is responsible for the information contained in the Base Prospectus or this Fourth Supplement or any Final Terms or any other document incorporated therein by reference, and accordingly, and to the extent permitted by the laws of any relevant jurisdiction, none of these persons accepts any responsibility for the accuracy and completeness of the information contained in any of these documents.

**The following changes are made to the Base Prospectus**

**1. The following information shall supplement Element B.13 of the Summary on page 13 of the Base Prospectus (as replaced by the Third Supplement):**

"Since 2011 BAWAG P.S.K. and the City of Linz are involved in court proceedings in which the City of Linz seeks payment of an amount equal to approximately € 24.2 million and BAWAG P.S.K. seeks payment of € 417.7 million. Whether and to what extent these claims exist, depends, among other aspects, on whether a swap agreement entered into between BAWAG P.S.K. and the City of Linz was valid. On 7 January 2020, the court issued an interim judgment (*Zwischenurteil*) holding that the swap agreement was void. BAWAG P.S.K. appealed this decision. The interim judgment is not a decision on the mutual payment claims of BAWAG P.S.K. and the City of Linz."

**2. The following information shall replace Element B.13 of the Summary on page 19 of the Base Prospectus (as replaced by the Second Supplement):**

**"B.13 Recent Events** "Since 2011 BAWAG P.S.K. and the City of Linz are involved in court proceedings in which the City of Linz seeks payment of an amount equal to approximately € 24.2 million and BAWAG P.S.K. seeks payment of € 417.7 million. Whether and to what extent these claims exist, depends, among other aspects, on whether a swap agreement entered into between BAWAG P.S.K. and the City of Linz was valid. On 7 January 2020, the court issued an interim judgment (*Zwischenurteil*) holding that the swap agreement was void. BAWAG P.S.K. appealed this decision. The interim judgment is not a decision on the mutual payment claims of BAWAG P.S.K. and the City of Linz."

**3. The following information shall supplement Element B.13 of the German Translation of the Summary on page 40 of the Base Prospectus (as replaced by the Third Supplement):**

"Seit 2011 sind die BAWAG P.S.K. und die Stadt Linz Parteien von Gerichtsverfahren, in denen die Stadt Linz die Zahlung eines Betrages von umgerechnet rund € 24,2 Millionen und die BAWAG P.S.K. die Zahlung von € 417,7 Millionen fordert. Ob und in welcher Höhe diese Ansprüche bestehen, hängt unter anderem davon ab, ob ein zwischen der BAWAG P.S.K. und der Stadt Linz abgeschlossener Swap-Vertrag wirksam war. Am 7. Januar 2020 erließ das Gericht ein Zwischenurteil, das den Swap-Vertrag für nichtig erklärte. Die BAWAG P.S.K. hat gegen dieses Urteil Berufung eingelegt. Das Zwischenurteil ist keine Entscheidung über die wechselseitigen Zahlungsansprüche der BAWAG P.S.K. und der Stadt Linz."

**4. The following information shall replace Element B.13 of the German Translation of the Summary on pages 46 to 47 of the Base Prospectus (as replaced by the Second Supplement):**

**"B.13 Jüngste Entwicklungen** Seit 2011 sind die BAWAG P.S.K. und die Stadt Linz Parteien von Gerichtsverfahren, in denen die Stadt Linz die Zahlung eines Betrages von umgerechnet rund € 24,2 Millionen und die BAWAG P.S.K. die Zahlung von € 417,7 Millionen fordert. Ob und in welcher Höhe diese Ansprüche bestehen, hängt unter anderem davon ab, ob ein zwischen der BAWAG P.S.K. und der Stadt Linz abgeschlossener Swap-Vertrag wirksam war. Am 7. Januar 2020 erließ das Gericht ein Zwischenurteil, das den Swap-Vertrag für nichtig erklärte. Die BAWAG P.S.K. hat gegen dieses Urteil Berufung eingelegt. Das

Zwischenurteil ist keine Entscheidung über die wechselseitigen Zahlungsansprüche der BAWAG P.S.K. und der Stadt Linz."

**5. The text under the heading "3.1.2.1.21 BAWAG Group is, and may in the future be, subject to a number of legal and regulatory proceedings, the outcome of which could have a material adverse effect on BAWAG Group's business, financial condition, results of operations and prospects." on pages 91 to 93 of the Base Prospectus (as replaced by the Second Supplement) shall be replaced by the following information:**

"BAWAG Group is subject to a number of legal and regulatory proceedings that are often highly complex, take considerable time and are difficult to predict or estimate. Such proceedings include lawsuits with customers and consumer protection associations, such as the Chamber of Labor and the Consumer Information Association. Legal claims asserted against BAWAG Group may involve new or untested legal theories. The outcome of such proceedings is, therefore, difficult to predict or estimate until late in the proceedings, which may also last for several years.

Furthermore, the volume of claims and the amount of damages and penalties claimed in litigation, arbitration and regulatory proceedings against financial institutions are generally high. Proceedings brought against BAWAG Group may result in judgments, settlements, fines, penalties, injunctions, court orders, or other results adverse to BAWAG Group, which could have a material adverse effect on BAWAG Group's reputation, organization, business, financial condition, results of operations and prospects.

In general, any litigation could have a negative influence on the financial condition of BAWAG Group. The amounts ultimately incurred in relation to legal proceedings may be substantially higher or lower than the amounts reserved for by BAWAG Group and, if the amounts are higher, this could have a material adverse effect on BAWAG Group's business, financial condition, results of operations and prospects, and may therefore adversely affect the ability of the Issuer to meet its obligations under the Notes.

At present, BAWAG Group is party to the following proceedings which could have a significant financial impact on BAWAG Group:

- BAWAG Group is party to proceedings against the City of Linz before the Commercial Court of Vienna which could have a significant financial impact on BAWAG Group. In November 2011, the City of Linz sued BAWAG P.S.K. for payment of CHF 30.6 million (corresponds to an amount of approximately € 24.2 million for the purposes of the court procedure) plus interest and costs. The City of Linz bases its claim on the allegation that a swap transaction into which it entered with BAWAG P.S.K. was void. BAWAG P.S.K. rejects these claims and has filed a counter-claim seeking payment of € 417.7 million plus interest and costs from the City of Linz. For reasons of utmost precaution, this receivable has been written down to a carrying value of approximately € 254 million in the financial year 2011. BAWAG P.S.K. bases its claim on costs related to the termination of the swap transaction and an outstanding payment due under the swap transaction. In the past years several hearings took place during which witnesses testified. Further, the court appointed experts issued opinions on several issues deemed to be relevant by the court and the parties. On 7 January 2020, the court issued an interim judgment (*Zwischenurteil*) holding the swap transaction to be void. BAWAG P.S.K. appealed this decision. The interim judgment is not a decision on the mutual payment claims of BAWAG P.S.K. and the City of Linz. Eventually, BAWAG P.S.K. could be obligated to pay the claimed amount to the City of Linz in full or in part, and/or BAWAG P.S.K. may not be awarded, in full or in part, the payment sought and would then be required to further write down its claims. In addition, even if the courts ultimately would hold that the swap transaction was valid, BAWAG P.S.K. may still not be awarded, in full or in part, the payment sought, in which case it would also be required to further write down its claims. Finally, depending on the outcome of the proceedings, BAWAG P.S.K. may be required under statutory law to bear some or all of the court and legal fees of the City of Linz.
- BAWAG Group is a party to several proceedings before different courts relating to the insolvency of ALPINE, which could have a significant financial impact on BAWAG Group. BAWAG P.S.K. was joint lead manager or co-lead manager for bonds issued by ALPINE Holding GmbH from 2010 to 2012. In July 2013, insolvency proceedings were opened regarding this corporate issuer. Several claims have been filed against the banks involved in the issuance and the distribution of

ALPINE bonds, among them BAWAG P.S.K. Generally, these claims allege either erroneous investment advice or prospectus liability (or both). Following an internal assessment of the claims based on erroneous investment advice, BAWAG Group identified and consequently settled a limited number of cases that it believed were well founded. The remaining claims currently filed against BAWAG Group amount to approximately € 25.6 million which are (also) based on prospectus liability and in certain cases (amounting to an aggregate volume of € 9.3 million in dispute) are also grounded on allegedly erroneous investment advice. In addition, further claims based on prospectus liability could be brought against BAWAG P.S.K. In order to assess whether the prospectus liability claims against BAWAG Group as well as other involved banks are well founded, the competent court appointed an expert in April 2015. The expert opinion has not yet been finalized and there is no set date for its presentation. Based on the information shared to date, BAWAG Group believes that there is no substantiated indication that there will be a basis for a prospectus liability claim, while the outcome of the proceedings – which are still pending in the first instance – is not conclusively predictable. Furthermore, in May 2017, the public prosecutor's office denied continuation of the prosecution and investigation against unidentified members of the lead arrangers (*Anzeige gegen Unbekannt*) for criminal wrongdoing relating to the issuance of the bonds of ALPINE Holding GmbH. Following such decision, several investors had filed a request for the continuation of the investigations. On 24 January 2018, the regional court for criminal matters of Vienna (*Landesgericht für Strafsachen Wien*) dismissed such request and the decision of the public prosecutor's office is now final. In its reasoned statement, the public prosecutor held that there was no indication that members of the lead arrangers committed any unlawful acts in connection with the issuance or the distribution of the bonds of ALPINE Holding GmbH. However, it cannot be excluded that the civil law courts may find in favor of the claimants and order BAWAG P.S.K. to pay the entire amount claimed to the bond investors.

- On the other hand, BAWAG Group and other banks sued Austria to enforce guarantees which Austria had granted under the Act on the Strengthening of Company Liquidity (*Unternehmensliquiditätsstärkungsgesetz – "ULSG"*) with respect to certain repayment claims of these banks against ALPINE Bau GmbH. The claims of BAWAG Group amount to approximately € 19 million. The guarantee claims are being pursued by the banks in two separate legal proceedings. On 18 August 2017 BAWAG Group and the other banks obtained a favorable judgment from the court of first instance (*Handelsgericht Wien*) in the legal proceedings referred to as "ULSG II" obliging Austria to pay an amount equal to € 7.5 million (plus default interest) to BAWAG Group. The court of appeals (*Oberlandesgericht Wien*) repealed the judgment and remitted the case to the court of first instance for judgment after a supplementary taking of evidence. In the event that the court-appointed expert concludes that the prospectus liability claims were well founded and/or that the banks knew, or should have known, about the unsound financial situation of the ALPINE Group, this may also negatively impact the cases against Austria, which could force BAWAG Group to write off the repayment claim of approximately € 19 million.

If these risks were to materialize, this could have a material adverse effect on BAWAG Group's business, financial condition, results of operations and prospects, and may therefore adversely affect the respective Issuer's ability to meet its obligations under the Notes."

**6. The text under the heading "10.6.1 Litigation with the City of Linz" on pages 330 to 331 of the Base Prospectus (as replaced by the Second Supplement) shall be replaced by the following information:**

"On 12 February 2007, BAWAG P.S.K. entered into a resettable CHF linked swap agreement with the City of Linz based on the Austrian framework agreement for derivatives transactions. The swap was based on a nominal value of CHF 195 million. This corresponded to the nominal value of a CHF bond that the City of Linz had issued. The swap had a term of ten years. While the swap originally resulted in payments from BAWAG P.S.K. to the City of Linz, after the financial market crisis in 2008 and the appreciation of the CHF against the euro, the City of Linz was required to make payments to BAWAG P.S.K.

In October 2011, the City of Linz refused to make further payments. Consequently BAWAG P.S.K. terminated the swap agreement. In November 2011, the City of Linz sued BAWAG P.S.K. asserting that the swap agreement was void alleging that the resolutions adopted by the city council did not cover such a transaction and an approval by the Austrian province of Upper Austria (*Oberösterreich*) would have been required. The City of Linz sought payment of CHF 30.6 million (equalling

approximately € 24.2 million for the purposes of the court procedure) plus interest and costs. BAWAG P.S.K. rejects these claims and has filed a counter-claim seeking payment of € 417.7 million plus interest and costs. For reasons of utmost precaution, this receivable has been written down to a carrying value of approximately € 254 million in the financial year 2011 and is reported in the Corporate Center segment (risk-weighted assets ("**RWA**"): € 254 million). BAWAG P.S.K. bases its claim on costs related to the termination of the swap transaction (€ 397.7 million) and an outstanding payment due under the swap transaction (€ 20 million). The court proceedings are still pending in the first instance. While the judge originally had assumed that the swap agreement is valid, now after having obtained an expert opinion, informed the parties that such validity cannot necessarily be assumed and requested a supplementary expert opinion. The experts submitted the supplementary opinion to the court on 29 December 2017 and answered questions by the court and the parties in hearings in the course of 2019. On 8 April 2019, the City of Linz filed a motion for an interim judgment (*Zwischenurteil*) with respect to their CHF 30.6 million claim to determine whether the swap transaction is valid. The court responded to such motion with a separation of the previously combined two proceedings and for the time being suspended BAWAG Group's (counter) claim pending the outcome of a potential interim judgment. BAWAG Group responded to City of Linz' motion with a brief dated 4 June 2019. On 7 January 2020, the court issued its interim judgment (*Zwischenurteil*) holding the swap agreement to be void. BAWAG P.S.K. appealed this decision. The interim judgment is not a decision on the mutual payment claims of BAWAG P.S.K. and the City of Linz. Further, appeals will be possible to the court of appeals and potentially also to the Austrian Supreme Court (*Oberster Gerichtshof*). Eventually, BAWAG P.S.K. could be obligated to pay the claimed amount to the City of Linz in full or in part, and/or BAWAG P.S.K. may not be awarded, in full or in part, the payment sought and would then be required to write-down its claims further. Whether and to what extent the mutual claims of the parties exist depends, among other aspects, on whether the swap agreement entered into between BAWAG P.S.K. and the City of Linz was valid. In addition, even if the courts ultimately would hold that the swap transaction was valid, BAWAG P.S.K. may still not be awarded, in full or in part, the payment sought, in which case it would also be required to further write down its claims. Finally, depending on the outcome of the proceedings, BAWAG P.S.K. may be required under statutory law to bear some or all of the court and legal fees of the City of Linz."

**7. The text under the heading "10.3.2 Recent developments and outlook" on pages 325 to 327 of the Base Prospectus (as replaced by the Third Supplement) shall be supplemented by the following information:**

**"Litigation with the City of Linz**

Since 2011 BAWAG P.S.K. and the City of Linz are involved in court proceedings in which the City of Linz seeks payment of an amount equal to approximately € 24.2 million and BAWAG P.S.K. seeks payment of € 417.7 million. Whether and to what extent these claims exist, depends, among other aspects, on whether a swap agreement entered into between BAWAG P.S.K. and the City of Linz was valid. On 7 January 2020, the court issued an interim judgment (*Zwischenurteil*) holding that the swap agreement was void. BAWAG P.S.K. appealed this decision. The interim judgment is not a decision on the mutual payment claims of BAWAG P.S.K. and the City of Linz."

**ADDRESSES**

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