

Third Supplement  
dated 2 September 2022  
to the Base Prospectus dated 4 April 2022

This third supplement (the "**Third Supplement**") constitutes a supplement within the meaning of Article 23 paragraph 1 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the "**Prospectus Regulation**") relating to two base prospectuses: (i) the base prospectus of BAWAG Group AG ("**BAWAG**", together with its consolidated subsidiaries, including BAWAG P.S.K. (as defined herein) "**BAWAG Group**") in respect of non-equity securities within the meaning of Article 2 point (c) of the Prospectus Regulation ("**Non-Equity Securities**") and (ii) the base prospectus of BAWAG P.S.K. Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft ("**BAWAG P.S.K.**", together with its consolidated subsidiaries, "**BAWAG P.S.K. Group**" and BAWAG and BAWAG P.S.K. the "**Issuers**" and each an "**Issuer**") in respect of Non-Equity Securities (together, the "**Debt Issuance Programme Prospectus**" or the "**Base Prospectus**").



**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 –

**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 securities dated 16 July 2019 (*Loi du 16 juillet 2019 relative aux prospectus pour valeurs mobilières et portant mise en œuvre du règlement (UE) 2017/1129*), as amended (the "**Luxembourg Law**") to approve this Third Supplement and to provide the competent authorities in the Federal Republic of Germany and the Republic of Austria with a certificate of approval attesting that this Third Supplement has been drawn up in accordance with the Prospectus Regulation (the "**Notification**"). The Issuer may request the CSSF to provide competent authorities in additional host Member States within the European Economic Area with a Notification.

This Third Supplement has been prepared following the publication of BAWAG's quarterly financial information and in order to account for recent regulatory requirements for own funds and eligible liabilities instruments and to add some further recent developments.

The Prospectus was published on 4 April 2022, in accordance with Article 21 paragraph 2 of the Prospectus Regulation in electronic form on the website of the BAWAG Group AG ([www.bawaggroup.com](http://www.bawaggroup.com)). The First Supplement was published on 10 May 2022 and the Second Supplement was published on 8 August 2021, each in accordance with Article 23 paragraph 1 and Article 21 paragraph 2 of the Prospectus Regulation in electronic form on the website of BAWAG Group AG ([www.bawaggroup.com](http://www.bawaggroup.com)). This Third Supplement will also be published in accordance with Article 23 paragraph 1 and Article 21 paragraph 2 of the Prospectus Regulation in electronic form on the website of BAWAG Group AG ([www.bawaggroup.com](http://www.bawaggroup.com)) and will be available free of charge at the specified offices of the Issuers.

This Third Supplement has been approved by the CSSF, has been filed with said authority and will be published in electronic form on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and on the website of BAWAG Group ([www.bawaggroup.com](http://www.bawaggroup.com)).

This Third Supplement should only be distributed in connection with the Base Prospectus. It should only be read in conjunction with the Base Prospectus.

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

To the extent that there is any inconsistency between (a) any statement in this Third Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this 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.

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

**In accordance with Article 23 paragraph 2a of the Prospectus Regulation, investors who had already agreed to purchase or subscribe for the securities before this Third supplement was published and where the securities had not yet been delivered to the investors at the time when the significant new factor, material mistake or material inaccuracy arose or was noted, have the right, exercisable within three working days after the publication of this Supplement, to withdraw their acceptances. The final date of the right of withdrawal will be 7 September 2022. Investors should contact BAWAG Group's head of investor relations ([investor.relations@bawaggroup.com](mailto:investor.relations@bawaggroup.com)) for the exercise of the right of withdrawal.**

**This Third Supplement may only be used for the purpose for which it has been published as set out below. This Third 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 Third Supplement does not constitute an offer or an invitation to subscribe for or purchase any of the Notes.**

The following changes are made to the Base Prospectus:

1. In the section "2.1.4.1 Minimum requirements for own funds and eligible liabilities, both to be required by the relevant resolution authority under the BaSAG and the SRM Regulation, may adversely affect the profitability of BAWAG Group. The Issuers may not be able to meet minimum requirements for own funds and eligible liabilities." on page 26 of the Base Prospectus as supplemented by the First Supplement, the third paragraph shall be deleted and replaced by the following information:

"As of 30 June 2022, BAWAG reported MREL eligible instruments amounting to 25.7% of RWA (own funds 16.6%, senior non-preferred and other subordinated, that means not own funds, 2.8% and legacy MREL-eligible instruments 4.6%), thereby already exceeding the binding interim target applicable from 1 January 2022. Also as of 30 June 2022, the MREL requirement was EUR 5.1 billion (own funds 3.5, senior non-preferred and other subordinated, that means not own funds, 0.6 and legacy MREL-eligible instruments 1.0)."

2. In the section "2.1.4.3 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 27 to 28 of the Base Prospectus, the second paragraph shall be deleted and 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. 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 based on the allegation 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 (equaling approximately € 24.2 million for the purposes of the court procedure) plus interest and costs. BAWAG P.S.K. rejected these claims and has filed a counter-claim seeking payment of € 417.7 million plus interest and costs. This receivable has been written down to a carrying value of approximately € 254 million in the financial year 2011. Furthermore, the receivable has been fully provisioned from a capital standpoint in the financial year 2020. BAWAG P.S.K. based 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). In April 2019 the City of Linz filed a motion for an interim judgment (*Zwischenurteil*) to be rendered solely on the validity of the swap agreement with the aim to seek a final decision from the Austrian Supreme Court (*Oberster Gerichtshof*) on that question before continuing the main proceedings which will then deal with the mutual payment claims of BAWAG P.S.K. and the City of Linz. The main proceedings are still pending in the court of first instance. In a decision served on 29 August 2022, the Austrian Supreme Court (*Oberster Gerichtshof*) ruled in favor of the City of Linz and held that the swap agreement was void. As a result of the ruling, BAWAG will be taking a full write-off of € 254 million related to the receivable. No decision has yet been passed on the mutual claims though. The main proceedings will continue in the court of first instance which will have to decide on the mutual payment claims. Appeals against such further decision will be possible to the court of appeals and potentially also (again) to the Austrian Supreme Court (*Oberster Gerichtshof*). BAWAG will pursue damage claims against the City of Linz unless a reasonable settlement is achieved. Absent a settlement of the claims, depending on the outcome of the proceedings, BAWAG P.S.K. may be required to make the CHF payment as requested by the City of Linz without being awarded the damage claims it will pursue and to bear some or all of the court and legal fees of the City of Linz."

3. In the section "7.3.1 Statement of no material adverse change / significant changes", the second paragraph on page 306 of the Base Prospectus as supplemented by the Second Supplement shall be deleted and replaced by the following information:

"Other than as described in section "7.3.2 Recent developments and outlook" in relation to the Austrian Supreme Court Decision regarding the Swap Contract between City of Linz and BAWAG, there has been no significant change in the financial performance of BAWAG Group since 30 June 2022, the end of the last financial period for which financial information has been published."

4. In the section "7.3.2 Recent developments and outlook", on page 306 of the Base Prospectus a new first paragraph shall be added above the paragraph with the sub-heading "Recent funding activities" with the following information:

"Supreme Court Decision regarding Swap Contract between City of Linz and BAWAG

The Supreme Court, in an interim judgment served on 29 August 2022, has decided that the swap contract between the City of Linz and BAWAG P.S.K. is invalid. As a consequence, BAWAG P.S.K. will take a full write-off of € 254

million related to the City of Linz receivable on the balance sheet. This write-off will have no impact on the capital distribution plans of BAWAG Group, as the bank has fully absorbed the impact in regulatory capital in prior years."

5. **In the section "7.3.2 Recent developments and outlook", the first and the second paragraph under the sub-heading "Recent funding activities" on page 306 of the Base Prospectus as last supplemented by the Second Supplement shall be deleted and replaced by the following information:**

"Customer deposits (61 %) makes up the majority of funding (wholesale funding secured 13%, wholesale funding unsecured 5%, Targeted longer-term refinancing operation ("TLTRO") 12%, others 1% and equity 8%). Covered Bonds are an important capital market funding source. Following the accelerated change in composition of the P2R as part of the measures taken by the ECB, BAWAG Group optimized its capital structure by issuing € 175 million Additional Tier 1 capital. Further, BAWAG Group issued € 400 million Tier 2 capital under the Programme in the first quarter 2020 and € 200 million in the third quarter 2020. In addition, in the first quarter 2019, BAWAG P.S.K. issued senior non-preferred notes in the amount of € 400 million.

On the back of € 1.0 billion mortgage covered bond issuances in 2019, BAWAG P.S.K. issued notes covered by a mortgage-backed pool of assets in the amount of € 500 million and € 750 million under the Programme in the first and third quarter 2020, respectively, followed by further issuances: notes covered by a mortgage-backed pool of assets in the amount of € 500 million in the fourth quarter 2020 (both with 0.01% coupon), notes covered by a mortgage-backed pool of assets in the amount of € 500 million in the first quarter 2021 (due 2041 with 0.0375% coupon), notes covered by a mortgage-backed pool of assets in the amount of € 500 million in the second quarter 2021 (due 2031 with 0.100% coupon), notes covered by a mortgage-backed pool of assets in the amount of € 500 million in the third quarter 2021 (due 2029 with 0.01% coupon), notes covered by, a mortgage-backed pool of assets in the amount of € 500 million in the first quarter 2022 (due 2032 with 0.25% coupon), notes covered by a mortgage-backed pool of assets in the amount of € 750 million in the second quarter 2022 (due 2028 with 1.125% coupon) and notes covered by a mortgage-backed pool of assets in the amount of € 1,250 million in the third quarter 2022 (due 2032 with 2.000% coupon)."

6. **In the section "7.3.2 Recent developments and outlook", the fourth paragraph under the sub-heading "Recent funding activities" on page 306 of the Base Prospectus shall be deleted and replaced by the following information:**

"The full capacity of € 6.4 billion participates in TLTRO III. 13 benchmark bonds are outstanding with up to € 1,250 million issue size and maturities up to 2041. None of these bonds will mature in the remaining months of 2022. In 2023 € 279 million and in 2024 € 529 million will mature. BAWAG is targeting around 2% net cost-out with a CIR of under 38% in 2022. The expect risk cost ratio is around 20 bps in 2022 without benefit from any reserve releases entering normalized risk environment. It is planned to increase the volume of senior issuance starting in 2022, with around € 1.0 billion senior instruments to replace existing maturities, in order to meet the MREL requirement and to build a buffer until 2023."

7. **In the section "7.6 Legal and arbitration proceedings", the first paragraph under the sub-heading "Litigation with the City of Linz" on pages 309 to 310 of the Base Prospectus shall be deleted and 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. 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 based on the allegation 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. rejected these claims and has filed a counter-claim seeking payment of € 417.7 million plus interest and costs. This receivable has been written down to a carrying value of approximately € 254 million in the financial year 2011. Furthermore, the receivable has been fully provisioned from a capital standpoint in the financial year 2020. BAWAG P.S.K. based 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). In April 2019 the City of Linz filed a motion for an interim judgment (*Zwischenurteil*) to be rendered solely on the validity of the swap agreement with the aim to seek a final decision from the Austrian Supreme Court (*Oberster Gerichtshof*) on that question before continuing the main proceedings which will then deal with the mutual payment claims of BAWAG P.S.K. and the City of Linz. The main proceedings are still pending in the court of first instance. In a decision served on 29 August 2022, the Austrian Supreme Court (*Oberster Gerichtshof*) ruled in favor of the City of Linz and held that the swap agreement was void. As a result of the ruling, BAWAG will be taking a full write-off of € 254 million related to the receivable. No decision has yet been passed on the mutual claims though. This write-off will have no impact on the capital distribution plans of BAWAG, as the bank has fully absorbed the impact in regulatory capital in prior years. The main proceedings will continue in the court of first instance which will have to decide on the mutual payment claims. Appeals against such further decision will be possible to the court of appeals and potentially also (again) to the Austrian Supreme Court (*Oberster Gerichtshof*). BAWAG will pursue damage claims against the City of Linz unless a reasonable settlement is achieved. Absent a settlement of the claims, depending on the outcome of the

proceedings, BAWAG P.S.K. may be required to make the CHF payment as requested by the City of Linz without being awarded the damage claims it will pursue and to bear some or all of the court and legal fees of the City of Linz."

- 8. In the section "7.7 Significant change in the financial position of BAWAG Group", the first paragraph on page 310 of the Base Prospectus as supplemented by the Second Supplement shall be deleted and replaced by the following information:**

"Other than as described in section "7.3.2 Recent developments and outlook" in relation to the Austrian Supreme Court Decision regarding the Swap Contract between City of Linz and BAWAG, no significant change in the financial position of BAWAG Group has occurred since 30 June 2022."

- 9. In the section "8.3.1 Statement of no material adverse change / significant changes", the second paragraph on page 312 of the Base Prospectus shall be deleted and replaced by the following information:**

"Other than as described in section "7.3.2 Recent developments and outlook" in relation to the Austrian Supreme Court Decision regarding the Swap Contract between City of Linz and BAWAG, there has been no significant change in the financial performance of BAWAG P.S.K. Group since 30 June 2022, the end of the last financial period for which financial information has been published."

- 10. In the section "8.7 Significant change in the financial position of BAWAG P.S.K. Group", the first paragraph on page 314 of the Base Prospectus shall be deleted and replaced by the following information:**

"Other than as described in section "7.3.2 Recent developments and outlook" in relation to the Austrian Supreme Court Decision regarding the Swap Contract between City of Linz and BAWAG, no significant change in the financial position of BAWAG P.S.K. Group has occurred since 30 June 2022."

- 11. In the section "9.3.1 Growth in core markets focused on serving customers", the second paragraph on page 317 of the Base Prospectus shall be deleted and replaced by the following information:**

"BAWAG Group's core markets are defined by Austria, Germany, Switzerland, the Netherlands (DACH/NL region), Western Europe and the United States. The Company focuses on regions and countries with solid fiscal positions, represented by a sovereign rating of at least Single A, reliable legal systems, and a stable geopolitical environment. This will be even more important with evolving ESG and regulatory standards to ensure BAWAG Group meets the needs of their various stakeholders (see also the "(Consolidated) Non-Financial Report" in the Audited Consolidated Annual Financial Statements of BAWAG 2021 for further information on concepts, non-financial risks and opportunities and (ongoing) measures, as well as the performance indicators used to manage and steer BAWAG's key areas of action regarding environmental, social and employee issues). The pandemic has demonstrated the fiscal strength and capabilities of the countries BAWAG Group operates in, where governments have put in place extensive stimulus packages and support measures to support their citizens and their domestic economies."

- 12. In the section "11.2 Minimum requirement for own funds and eligible liabilities", the last paragraph on page 338 of the Base Prospectus as supplemented by the First Supplement shall be deleted and replaced by the following information:**

"As of 30 June 2022, BAWAG reported MREL eligible instruments amounting to 25.7% of RWA, thereby already exceeding the binding interim target applicable from 1 January 2022. In June 2022, a total of 24.0% of the 25.7% has been utilized, corresponding to EUR 5.1 billion (i.e., 4.6% or EUR 1 billion of legacy MREL-eligible instruments, 2.8% or EUR 0.6 billion of senior non-preferred & other subordinated instruments (not qualifying as own funds) and 16.6% or EUR 3.5 billion of own funds instruments)."

- 13. In the section "15. 2 Cross-reference list of documents incorporated by reference" under the sub-heading "1. The following information is set forth in the Audited Consolidated Annual Financial Statements of BAWAG 2021 and the respective Auditor's Opinion:", the table on page 359 of the Base Prospectus shall be deleted and replaced by the following information:**

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	Page(s)
Corporate social responsibility and ESG	54-56
Consolidated Profit or Loss Statement	63

Consolidated Statement of Comprehensive Income	64
Consolidated Statement of Financial Position	65-66
Consolidated Statement of Changes in Equity	67-68
Consolidated Statement of Cash Flows	69-70
Notes to the Consolidated Financial Statements	71-207
Auditor's Opinion	267-274
(Consolidated) Non-Financial Report	286-344
Definitions	345-347
Glossary	348

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