



## **BAWAG Group AG**

**(incorporated as a stock corporation under the laws of Austria, registered number FN 269842 b)  
Offering of up to 40,250,000 Offer Shares  
Price Range: € 47.00 to € 52.00  
per Offer Share**

This supplement (the "**Supplement**") constitutes a prospectus supplement pursuant to article 16 (1) of the Prospectus Directive and section 6 paragraph 1 Capital Markets Act and is supplemental to, and should be read in conjunction with, the prospectus dated October 11, 2017 (the "**Original Prospectus**") relating to the offering of up to 40,250,000 Offer Shares and the listing of the Existing Shares on the Official Market of the Vienna Stock Exchange.

The Original Prospectus was approved on October 11, 2017 by the FMA.

This Supplement is filed for approval with the FMA in its capacity as competent authority under the Capital Markets Act. This Supplement is filed with the Vienna Stock Exchange, which is expected to admit the Existing Shares to the Official Market. This Supplement has been published in electronic form on the website of the Company at <http://www.bawaggroup.com> under the section "investor relations". In addition, copies of the Supplement are available free of charge during regular business hours at the offices of the Company (Wiesingerstraße 4, 1010 Vienna, Austria).

Terms defined in the Original Prospectus shall have the same meaning when used in this Supplement.

To the extent that there is any inconsistency between a) any statement in this Supplement and b) any other statement in the Original Prospectus, the statements in a) above will prevail.

Save as disclosed in this Supplement, no other significant new factor, material mistake or inaccuracy relating to information in the Original Prospectus has arisen or been noted, as the case may be, since the publication of the Original Prospectus.

**In accordance with article 16 Prospectus Directive and section 6 Capital Markets Act, investors who have offered to purchase Offer Shares before the publication of this Supplement have a right to withdraw their acceptances until and including October 20, 2017. Investors who have offered to purchase Offer Shares before the publication of this Supplement and who wish to exercise their right to withdraw their acceptances shall address their declarations of withdrawal to the depositary bank or the financial institution through which they have offered to purchase Offer Shares.**

**This Supplement is filed with the FMA in its capacity as competent authority under the Capital Markets Act for approval pursuant to section 6 Capital Markets Act. The accuracy of the information contained in this Supplement does not fall within the scope of examination by the FMA under applicable Austrian law and the Prospectus Directive.**

The date of this Supplement is October 18, 2017

*No person has been authorized to give any information or to make any representation other than those contained in this Supplement in connection with the Offering and, if given or made, such information or representation must not be relied upon as having been authorized by the Company or any of the Underwriters. Neither the delivery of the Original Prospectus and/or this Supplement nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Company or BAWAG Group since the date hereof or that there has been no adverse change in the financial position of the Company or BAWAG Group since the date hereof or that any other information supplied in connection with the Offering is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.*

*The distribution of this Supplement and the offering or sale of the Offer Shares in certain jurisdictions may be restricted by law. Persons into whose possession this Supplement comes are required by the Company and the Underwriters to inform themselves about and to observe any such restriction.*

*The Offer Shares have not been and will not be registered under the securities laws of any jurisdiction other than Austria, and, in particular, have not been and will not be registered under the Securities Act. The Offer Shares will be offered or sold in the United States only to QIBs as defined in Rule 144A and outside the United States in reliance on Regulation S. Prospective investors are hereby notified that sellers of the Offer Shares may be relying on the exemptions from the provisions of section 5 of the Securities Act provided by Rule 144A. Neither the SEC nor any state securities commission has approved or disapproved these securities or passed upon the adequacy or accuracy of the Original Prospectus and this Supplement. Any representation to the contrary is a criminal offence. The Offer Shares are transferable only in accordance with the restrictions described under "NOTICE TO INVESTORS IN THE U.S." and "TRANSFER AND SELLING RESTRICTIONS" in the Original Prospectus.*

*This Supplement does not constitute an offer of, or an invitation by or on behalf of the Company and the Underwriters to purchase Offer Shares.*

*None of the Underwriters have independently verified the information contained in this Supplement. None of the Underwriters makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Supplement. Neither this Supplement nor any financial statements supplied in connection with the Offer Shares are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Company or the Underwriters that any recipient of this Supplement or any financial statements should purchase the Offer Shares. Each potential purchaser of the Offer Shares should determine for itself the relevance of the information contained in this Supplement or any financial statements and its purchase of the Offer Shares should be based upon any such investigation as it deems necessary. None of the Underwriters undertakes to review the financial condition or affairs of the Company or BAWAG Group during the life of the arrangements contemplated by this Supplement nor to advise any investor or potential investor in the Offer Shares of any information coming to the attention of any of the Underwriters.*

In deviation from the description in the Original Prospectus, Moody's changed the outlooks of its credit ratings from "positive" to "stable". In the Company's perception, this deviation from the description in the Original Prospectus constitutes a significant new factor (as referred to in article 16 (1) Prospectus Directive and section 6 paragraph 1 Capital Markets Act) which is capable of affecting the assessment of the Offer Shares, and is thus herewith included in the Original Prospectus as follows:

## 1. Introductory Section

On page VII of the Original Prospectus, the following new bullet point text is inserted after the eleventh bullet point text reading *"IPE Research, "TOP 400 asset managers" (based on assets under management as at December 2016) June 2017, available at <https://www.ipe.com/Uploads/2015/06/16/c/II/IPE-TOP-400-List-2015.pdf>;"*:

"Moody's Investor Service, "Rating Action: Moody's affirms BAWAG's long-term ratings at A2; changes outlook to stable from positive" released by Moody's Deutschland GmbH, October 18, 2017, available at: [https://www.bawaggroup.com/BAWAGGROUP/IR/EN/Ratings](https://www.bawaggroup.com/BAWAGGROUP/IR/EN/Ratings;);"

## 2. Main body of the Prospectus

In the section *"3.1.6 A downgrading of BAWAG P.S.K.'s credit rating or the rating relating to specific instruments issued by it (such as covered bonds) could increase its refinancing costs and could have a material adverse effect on BAWAG Group's liquidity, profitability, business, financial condition, results of operations and prospects."* on page 89 of the Original Prospectus, the first paragraph shall be replaced by the following paragraph:

"BAWAG Group's operating subsidiary BAWAG P.S.K. Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft ("BAWAG P.S.K.") is rated by Moody's Deutschland GmbH ("Moody's") with a long-term issuer rating of A2 with a stable outlook and Fitch Ratings Limited ("Fitch") with a long-term issuer rating of A- with a stable outlook."

In the section *"3.1.6 A downgrading of BAWAG P.S.K.'s credit rating or the rating relating to specific instruments issued by it (such as covered bonds) could increase its refinancing costs and could have a material adverse effect on BAWAG Group's liquidity, profitability, business, financial condition, results of operations and prospects."* on page 89 of the Original Prospectus, the first sentence of the second paragraph shall be replaced by the following sentence:

"Despite these ratings and "stable" outlooks, BAWAG P.S.K.'s credit ratings could be subject to downgrades in the future."

In the section *"10.8.4 Credit Ratings"* on page 222 of the Original Prospectus, the first paragraph shall be replaced by the following paragraph:

"On April 20, 2017, Moody's announced upgrades to BAWAG P.S.K.'s credit ratings. The long-term senior unsecured debt, issuer and deposit ratings were all raised by one notch to A2 while the positive outlook on these ratings was maintained. At the same time, BAWAG P.S.K.'s standalone rating (baseline credit assessment) as well as its subordinate debt rating were also upgraded by one notch to Baa1 and Baa2, respectively. On October 18, 2017, Moody's affirmed these ratings but changed its outlook for these ratings from "positive" to "stable"."

In the section *"13.2.2 Successful Transformation Resulting in a strong Financial Profile"* on page 260 of the Original Prospectus, the last paragraph shall be replaced by the following paragraph:

"BAWAG Group successful transformation is also evidenced by the recent upgrade of BAWAG P.S.K.'s rating by Moody's in April 2017 to "A2" and the receipt of Fitch's "A-" rating in February 2017. Taking BAWAG P.S.K.'s ratings from Moody's and Fitch together, BAWAG P.S.K. currently holds the best ratings from Moody's and Fitch among BAWAG Group's Austrian competitors."

In the section *"18.10 Ratings"* beginning on page 384 of the Original Prospectus, the first sentence at the top of page 385 of the Original Prospectus shall be replaced by the following sentence:

"As at October 18, 2017, BAWAG P.S.K.'s credit ratings by Moody's are as follows:"

In the section "18.10 Ratings" beginning on page 384 of the Original Prospectus, the table and the footnotes 1) to 4) at the top of page 385 of the Original Prospectus shall be replaced by the following table and footnotes 1) to 4):

<b>" Category</b>	<b>Rating</b>
<i>Outlook</i> .....	Stable <sup>1)</sup>
<i>Baseline Credit Assessment</i> .....	Baa1 <sup>2)</sup>
<i>Issuer Rating</i> .....	A2 <sup>3)</sup>
<i>Senior Unsecured</i> .....	A2 <sup>3)</sup>
<i>Senior Subordinate Rating</i> .....	Baa2 <sup>2)</sup>
<i>Short-term Issuer / Bank Deposits Rating</i> .....	P-1 <sup>4)</sup>

<sup>1)</sup> According to the definitions published by Moody Investors Services Inc. on its website "a negative, positive or developing outlook indicates a higher likelihood of a rating change over the medium term. A rating committee that assigns an outlook of stable, negative, positive, or developing to an issuer's rating is also indicating its belief that the issuer's credit profile is consistent with the relevant rating level at that point in time." See [https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBC\\_79004](https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBC_79004).

<sup>2)</sup> According to the definitions published by Moody Investors Services Inc. on its website "obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category." See [https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBC\\_79004](https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBC_79004).

<sup>3)</sup> According to the definitions published by Moody Investors Services Inc. on its website "obligations rated A are judged to be upper-medium grade and subject to low credit risk. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category." See [https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBC\\_79004](https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBC_79004).

<sup>4)</sup> According to the definitions published by Moody Investors Services Inc. on its website "Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations." See [https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBC\\_79004](https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBC_79004).

## RESPONSIBILITY STATEMENT OF BAWAG GROUP AG

BAWAG Group AG with its corporate seat in Vienna, Austria, is responsible for this Supplement and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplement is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information.

BAWAG Group AG  
as issuer (*als Emittentin*)

Vienna, October 18, 2017

/s/ Stefan Barth  
CRO

/s/ Satyen Shah  
COO