Second Supplement dated 19 August 2019
to the Base Prospectus dated 18 March 2019
as supplemented by
the First Supplement dated 5 June 2019

*This document constitutes a supplement (the "**Second 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 Second 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**").

BAWAG Group AG	**BAWAG P.S.K. Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft**
Vienna, Republic of Austria – Issuer –	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 Second Supplement has been granted, with a certificate of such approval (the "**Notification**") attesting that the Second 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 Second Supplement has been prepared following the publication of the half-year financial reports by BAWAG Group AG and BAWAG P.S.K. Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft, respectively, and in order to account for recent changes of regulatory banking laws.

This Second 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) 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 Second Supplement is published have the right, exercisable within a time limit of two working days after the publication of this Second Supplement, until 21 August 2019, 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 Second Supplement may only be used for the purpose for which it has been published as set out below. This Second 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 Second 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 Second Supplement.

Each Issuer hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Second 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 Second Supplement unless otherwise defined herein.

This Second 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 Second Supplement and any other statement in or incorporated by reference in the Base Prospectus, the statements in this Second Supplement will prevail.

Save as disclosed in this Second 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 Second 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 Second 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 Second 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 Second Supplement, excluding the Issuers, is responsible for the information contained in the Base Prospectus or this Second 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 paragraph "BENCHMARK REGULATION - STATEMENT IN RELATION TO ADMINISTRATOR'S REGISTRATION" on page 4 of the Base Prospectus shall be replaced by the following information:**

   "**BENCHMARK REGULATION - STATEMENT IN RELATION TO ADMINISTRATOR'S REGISTRATION** – Interest amounts payable under the Notes may be calculated by reference to (i) EURIBOR (Euro Interbank Offered Rate) which is provided by the European Money Markets Institute (EMMI) or (ii) LIBOR (London Interbank Offered Rate) which is provided by the ICE Benchmark Administration Limited (IBA). EMMI and IBA appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (ESMA) pursuant to Article 36 of Regulation (EU) 2016/1011 ("**Benchmarks Regulation**")."

2. **The following information shall supplement Element B.12 – "Selected historical key financial information" of the Summary on pages 11 to 13 of the Base Prospectus:**

"The following key financial figures are taken from the unaudited consolidated interim financial statements as of and for the six-month period ended 30 June 2019 (the "**Unaudited Consolidated Interim Financial Statements**") of BAWAG and from the Consolidated Annual Financial Statements of BAWAG (each in accordance with IFRS as adopted by the EU).

Statement of financial position	**30 June 2019**	**31 December 2018**
(in € million)	**(unaudited)**	**(audited, unless otherwise indicated)**
Total assets..	**44,463**	**44,698**
Customer loans and receivables.................	**31,062**	**30,482**
Customer deposits and own issues	**35,286**	**34,620**
IFRS equity[1)]..	3,688	3,706
IFRS tangible equity	3,118	3,202[3)]
Risk-weighted assets[2)]...................................	20,727	20,465

1) Equity attributable to the owners of the parent; excl. minorities and AT1 capital.

2) Based on regulatory IFRS CRR figures (BAWAG Group, fully loaded).

3) Unaudited.

	For the six-month period ended 30 June	
Profit or loss statement	**2019**	**2018**
(in € million)	**(unaudited)**	
Net interest income..	435.1	411.2
Net fee and commission income......................	142.6	146.0
Core Revenues	**577.7**	**557.2**
Gains and losses on financial instruments and other operating income and expenses.......	33.6	25.1
Operating income...	**611.3**	**582.3**
Operating expenses[1)]......................................	**(262.3)**	**(254.7)**
Regulatory charges[1)]	(37.1)	(39.4)
Total risk costs...	(27.2)	(20.7)

Profit before tax	**287.1**	**269.6**
Income taxes	(68.5)	(66.4)
Net profit[2)]	**218.6**	**203.2**

1) In accordance with IFRS, the item other operating income and operating expenses also includes regulatory charges. However, BAWAG's management considers regulatory charges as a separate expense. Accordingly, it is shown in a separate expense line in the Unaudited Consolidated Interim Financial Statements.

2) Profit after tax attributable to owners of the parent.

Key ratios	**30 June 2019**	**31 December 2018**
	(unaudited, unless otherwise indicated)	
Common Equity Tier 1 (CET 1) ratio (fully loaded)	15.1%[1)]	14.5%[2)]
Total capital ratio (fully loaded)	18.9%	16.3%[2)]

1) Considering normalized regulatory charges (85% of the regulatory charges for the financial year 2019 were booked in the first quarter of 2019), the proposed share buyback in a total amount of € 400 million (pending approvals), the dividend payment in a total amount of approximately € 215 million for the financial year 2018 in 2019 and the dividend accrual for the first quarter of 2019, the Common Equity Tier 1 (CET 1) ratio (fully loaded) of BAWAG Group would have been 12.7% as of 30 June 2019.

2) Audited.

	For the six-month period ended 30 June	
Key ratios	**2019**	**2018**
	(unaudited)	
Return on common equity[1)]	11.9%	11.6%
RoTCE[2)]	13.8%[3)]	13.5%
Net Interest Margin	2.28%	2.15%
Cost-Income Ratio	42.9%	43.7%

1) Prior to 1 January 2019, BAWAG reported this key ratio as 'Return on equity' or 'RoE'. The method of calculation has remained unchanged.

2) Return on Tangible Common Equity. Prior to 1 January 2019, BAWAG reported this key ratio as 'Return on Tangible Equity' or 'RoTE'. The method of calculation has remained unchanged.

3) Considering normalized regulatory charges (85% of the regulatory charges for the financial year 2019 were booked in the first quarter of 2019), the proposed share buyback in a total amount of € 400 million (pending approvals) and the dividend accrual for the first quarter of 2019, the Common Equity Tier 1 (CET 1) ratio (fully loaded) of BAWAG Group would have been 12.7% as of 30 June 2019. On this basis, RoTCE would have been 17.8% as of 30 June 2019."

3. The following information shall replace Element B.12 – "Significant changes in the financial or trading position" of the Summary on page 13 of the Base Prospectus:

"**Significant changes in the financial or trading**	Not applicable. There has been no significant change in the financial or trading position of the Issuer since 30 June 2019."

position

4. The following information shall replace Element B.13 of the Summary on page 13 of the Base Prospectus (as replaced by the First Supplement):

"B.13	**Recent Events**	Not applicable. There have been no relevant events since 30 June 2019."

5. The following information shall supplement Element B.12 – "Selected historical key financial information" of the Summary on pages 17 to 19 of the Base Prospectus:

"The following key financial figures are taken from the unaudited consolidated interim financial statements as of and for the six-month period ended 30 June 2019 (the "**Unaudited Consolidated Interim Financial Statements**") of BAWAG P.S.K. and from the Consolidated Annual Financial Statements of BAWAG P.S.K. (each in accordance with IFRS as adopted by the EU).

Statement of financial position	**30 June 2019**	**31 December 2018**
(in € million)	**(unaudited)**	**(audited, unless otherwise indicated)**
Total assets	**44,180**	**44,388**
Customer loans and receivables	**31,062**	**30,482**
Customer deposits and own issues	**35,798**	**34,620**
IFRS equity[1)]	2,940	3,262
IFRS tangible equity	2,648	3,038[3)]
Risk-weighted assets[2)]	20,575	20,331

1) Equity attributable to the owners of the parent; excl. minorities and AT1 capital.

2) Based on regulatory IFRS CRR figures (BAWAG P.S.K. Group, fully loaded).

3) Unaudited.

	For the six-month period ended 30 June	
Profit or loss statement	**2019**	**2018**
(in € million)	**(unaudited)**	
Net interest income	434.8	411.2
Net fee and commission income	142.6	146.0
Core Revenues	**577.4**	**557.2**
Gains and losses on financial instruments and other operating income and expenses[3)]	33.7	25.0
Operating income	**611.1**	**582.2**
Operating expenses[1)]	**(261.2)**	**(243.7)**
Regulatory charges[1)]	(37.1)	(39.4)
Total risk costs	(27.2)	(20.7)
Profit before tax	**288.0**	**280.5**
Income taxes	(78.8)	(79.9)
Net profit[2)]	**209.2**	**200.6**

1) In accordance with IFRS, the item other operating income and operating expenses also includes regulatory charges. However, BAWAG P.S.K.'s management considers regulatory charges as a separate expense. Accordingly, it is shown in a separate expense line in the Unaudited Consolidated Interim Financial Statements.

2) Profit after tax attributable to owners of the parent."

6. The following information shall replace Element B.12 – "Significant changes in the financial or trading position" of the Summary on page 19 of the Base Prospectus:

"**Significant changes in the financial or trading position**	Not applicable. There has been no significant change in the financial or trading position of the Issuer since 30 June 2019."

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

"B.13	**Recent Events**	Not applicable. There have been no relevant events since 30 June 2019."

8. The following information shall supplement Element B.12 – "Ausgewählte historische Finanzinformationen." of the German Translation of the Summary on pages 38 to 40 of the Base Prospectus:

"Die folgenden Finanzkennzahlen sind dem ungeprüften Konzernzwischenbericht zum und für den am 30. Juni 2019 endenden 6-Monats-Zeitraum (der "**Ungeprüfte Konzernzwischenbericht**") der BAWAG und den Konzernabschlüssen der BAWAG entnommen (jeweils erstellt gemäß den von der EU angenommenen IFRS).

Bilanz (in Mio. €)	**30. Juni 2019**	**31. Dezember 2018**
	(ungeprüft)	**(geprüft, soweit nicht anders angegeben)**
Bilanzsumme	**44.463**	**44.698**
Kredite und Forderungen an Kunden	**31.062**	**30.482**
Kundeneinlagen und eigene Emissionen	**35.286**	**34.620**
IFRS-Eigenkapital[1)]	3.688	3.706
IFRS-Eigenkapital abzgl. Immaterieller Vermögenswerte	3.118	3.202[3)]
Risikogewichtete Aktiva[2)]	**20.727**	**20.465**

1) Eigenkapital, das den Eigentümern des Mutterunternehmens zurechenbar ist; exklusive nicht beherrschende Anteile.

2) Basierend auf regulatorischen Werten nach IFRS CRR (BAWAG Gruppe, fully loaded).

3) Ungeprüft.

Erfolgsrechnung (in Mio. €)	Für den 6-Monats-Zeitraum bis zum 30. Juni 2019	2018
	(ungeprüft)	
Nettozinsertrag	435,1	411,2
Provisionsüberschuss	142,6	146,0
Operative Kernerträge	**577,7**	**557,2**
Gewinne und Verluste aus Finanzinstrumenten und sonstige betriebliche Erträge und Aufwendungen	33,6	25,1
Operative Erträge	**611,3**	**582,3**
Operative Aufwendungen[1)]	**(262,3)**	**(254,7)**
Regulatorische Aufwendungen[1)]	(37,1)	(39,4)
Risikokosten	(27,2)	(20,7)
Gewinn vor Steuern	**287,1**	**269,6**
Steuern vom Einkommen	(68,5)	(66,4)
Nettogewinn[2)]	**218,6**	**203,2**

1) Dieser Posten umfasst nach IFRS auch die regulatorischen Aufwendungen. Das Management der BAWAG betrachtet die regulatorischen Aufwendungen jedoch als gesonderten Aufwandsposten. Die regulatorischen Aufwendungen werden daher im Ungeprüften Konzernzwischenbericht separat dargestellt.

2) Jahresüberschuss nach Steuern, der den Eigentümern des Mutterunternehmens zurechenbar ist.

Kennzahlen	30. Juni 2019	31. Dezember 2018
	(ungeprüft)	
Common Equity Tier 1 (CET 1) Quote (fully loaded)	15,1%[1)]	14,5%[2)]
Gesamtkapitalquote (fully loaded)	18,9%	16,3%[2)]

1) Unter Berücksichtigung normalisierter regulatorischer Aufwendungen (85% der regulatorischen Aufwendungen für das Geschäftsjahr 2019 wurden bereits im ersten Quartal 2019 verbucht), dem vorgeschlagenen Aktienrückkauf in einem Gesamtbetrag von € 400 Millionen (Genehmigungen ausstehend) und der Abgrenzung für Dividenden im ersten Quartal 2019 würde die Common Equity Tier 1 (CET 1) Quote (fully loaded) 12,7% zum 30. Juni 2019 betragen.

2) Geprüft.

Kennzahlen	Für den 6-Monats-Zeitraum bis zum 30. Juni 2019	2018
	(ungeprüft)	
Return on common equity[1)]	11,9%	11,6%
RoTCE[2)]	13,8%[3)]	13,5%
Net Interest Margin	2,28%	2,15%
Cost-income Ratio	42,9%	43,7%

1) Vor dem 1. Januar 2019 berichtete die BAWAG diese Kennzahl als 'Return on equity' or

'RoE'. Die Berechnungsmethode ist unverändert geblieben.

2) Return on Tangible Common Equity. Vor dem 1. Januar 2019 berichtete die BAWAG diese Kennzahl als 'Return on Tangible Equity' or 'RoTE'. Die Berechnungsmethode ist unverändert geblieben.

3) Unter Berücksichtigung normalisierter regulatorischer Aufwendungen (85% der regulatorischen Aufwendungen für das Geschäftsjahr 2019 wurden bereits im ersten Quartal 2019 verbucht), dem vorgeschlagenen Aktienrückkauf in einem Gesamtbetrag von € 400 Millionen (Genehmigungen ausstehend) und der Abgrenzung für Dividenden im ersten Quartal 2019 würde die Common Equity Tier 1 (CET 1) Quote (fully loaded) 12,7% zum 30. Juni 2019 betragen. Auf dieser Basis würde der RoTCE zum 30. Juni 2019 17,8% betragen. "

9. The following information shall replace Element B.12 – "Wesentliche Veränderungen bei Finanzlage oder Handelsposition" of the German Translation of the Summary on page 40 of the Base Prospectus:

"**Wesentliche Veränderungen bei Finanzlage oder Handelsposition**	Entfällt. Seit dem 30. Juni 2019 sind keine wesentlichen Veränderungen in der Finanzlage oder der Handelsposition der Emittentin eingetreten."

10. The following information shall replace Element B.13 of the German Translation of the Summary on page 40 of the Base Prospectus:

"**B.13**	**Jüngste Entwick-lungen**	Entfällt. Seit dem 30. Juni 2019 gab es keine relevanten Entwicklungen."

11. The following information shall supplement Element B.12 – "Ausgewählte historische Finanzinformationen." of the German Translation of the Summary on pages 45 to 46 of the Base Prospectus:

"Die folgenden Finanzkennzahlen sind dem ungeprüften Konzernzwischenbericht zum und für den am 30. Juni 2019 endenden 6-Monats-Zeitraum (der "**ungeprüfte Konzernzwischenbericht**") der BAWAG P.S.K. und den Konzernabschlüssen der BAWAG P.S.K. entnommen (jeweils erstellt gemäß den von der EU angenommenen IFRS).

Bilanz (in Mio. €)	**30. Juni 2019**	**31. Dezember 2018**
	(ungeprüft)	**(geprüft, soweit nicht anders angegeben)**
Bilanzsumme	**44.180**	**44.388**
Kredite und Forderungen an Kunden	**31.062**	**30.482**
Kundeneinlagen und eigene Emissionen	**35.798**	**34.620**
IFRS-Eigenkapital[1)]	2.940	3.262

IFRS-Eigenkapital abzgl. Immaterieller Vermögenswerte	2.648	3.038[3]
Risikogewichtete Aktiva[2]	20.575	20.331

[1] Eigenkapital, das den Eigentümern des Mutterunternehmens zurechenbar ist; exklusive nicht beherrschende Anteile.

[2] Basierend auf regulatorischen Werten nach IFRS CRR (BAWAG P.S.K. Gruppe, fully loaded).

[3] Ungeprüft.

Erfolgsrechnung (in Mio. €)	**Zum und für den 6-Monats-Zeitraum bis zum 30. Juni 2019**	**2018**
	(ungeprüft)	
Nettozinsertrag	434,8	411,2
Provisionsüberschuss................................	142,6	146,0
Operative Kernerträge.............................	**577,4**	**557,2**
Gewinne und Verluste aus Finanzinstrumenten und sonstige betriebliche Erträge und Aufwendungen.....	33,7	25,0
Operative Erträge	**611,1**	**582,2**
Operative Aufwendungen[1]	**(261,2)**	**(243,7)**
Regulatorische Aufwendungen[1]................	(37,1)	(39,4)
Risikokosten	(27,2)	(20,7)
Gewinn vor Steuern.................................	**288,0**	**280,5**
Steuern vom Einkommen	(78,8)	(79,9)
Nettogewinn[2]	**209,2**	**200,6**

[1] Dieser Posten umfasst nach IFRS auch die regulatorischen Aufwendungen. Das Management der BAWAG P.S.K. betrachtet die regulatorischen Aufwendungen jedoch als gesonderten Aufwandsposten. Die regulatorischen Aufwendungen werden daher im Ungeprüften Konzernzwischenbericht separat dargestellt.

[2] Jahresüberschuss nach Steuern, der den Eigentümern des Mutterunternehmens zurechenbar ist."

12. The following information shall replace Element B.12 – "Wesentliche Veränderungen bei Finanzlage oder Handelsposition" of the German Translation of the Summary on page 46 of the Base Prospectus:

"**Wesentliche Veränderungen bei Finanzlage oder Handelsposition**	Entfällt. Seit dem 30. Juni 2019 sind keine wesentlichen Veränderungen in der Finanzlage oder der Handelsposition der Emittentin eingetreten."

13. The following information shall replace Element B.13 of the German Translation of the Summary on pages 46 to 47 of the Base Prospectus:

"**B.13**	**Jüngste Entwick-lungen**	Entfällt. Seit dem 30. Juni 2019 gab es keine relevanten Entwicklungen."

14. The text under the heading "3.1.1.27 Resignation or loss of key personnel, including members of the Management Board, and possible difficulties in recruiting or retaining qualified employees could adversely affect BAWAG Group's ability to execute its strategy." on pages 80 to 81 of the Base Prospectus shall be replaced by the following information:

"BAWAG Group's key personnel, i.e. the management of BAWAG Group and other members of its senior management, have been essential in establishing and implementing BAWAG Group's key strategies. In addition, BAWAG Group needs to attract new talent to be able to compete in the national and international banking market. Limitations on the remuneration policies of credit institutions, in particular on the variable elements of remuneration, as set forth in Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms ("**CRD IV**"), as amended by the Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures (the CRD IV, as amended, "**CRD V**") and as implemented in the Austrian Banking Act (*Bundesgesetz über das Bankwesen* – "**BWG**") and the local regulations applicable to credit institutions, could impede BAWAG Regulatory Group's efforts to retain or recruit highly qualified personnel. Furthermore, emerging competitors from the FinTech industry as well as employers in other industries competing for talent with BAWAG Group (such as consulting firms or auditors) or employers in other jurisdictions may not be subject to these limits on remuneration policies and could therefore be able to offer more attractive remuneration packages than BAWAG Regulatory Group. If BAWAG Regulatory Group is unable to retain the services of one or more members of its management, it may not succeed in attracting individuals with equal qualifications and comparable experience within a suitable time period and at adequate terms. The loss of management or other key personnel and failure in recruiting new replacing personnel 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."

15. The text under the heading "3.1.2.1.1 Past, ongoing and uncertain future reforms and initiatives in legislation or supervision, including additional and more stringent regulation and public sector influence on the financial sector, could have a material adverse effect on BAWAG Group's business, financial condition, results of operations and prospects." on pages 81 to 83 of the Base Prospectus shall be replaced by the following information:

"The business activities of BAWAG Group, including those of BAWAG P.S.K., are subject to national, European and international legal frameworks as well as supervision by regulatory authorities in the relevant markets. The financial crisis has prompted the supervisory practice to act more rigorously, and the international standard setters such as, for example, the BCBS and the Financial Stability Board ("**FSB**") as well as national and European legislators, governments and regulatory authorities have adopted a variety of financial regulation reforms to improve the ability of the financial sector to withstand future crises. Further reforms are pending or may still be proposed. The wide range of new laws, regulations, guidelines and other papers or current proposals includes, but is not limited to:

- early intervention and resolution powers of supervisory and resolution authorities to intervene in, and prior to, a crisis of banks, including the forced participation of creditors to bear losses and participate in a recapitalization (so-called 'bail-in');
- restrictions on the remuneration policies and practices of institutions;
- more stringent rules for the annual supervisory review and evaluation process ("**SREP**") by which the ECB assesses and measures the risks for each bank and assesses its adequacy of

own funds, liquidity, business model and internal governance and institution-wide controls and subsequently may require the banks to hold additional own funds and liquidity;

- the establishment of the Single Supervisory Mechanism ("**SSM**") with the ECB as the central prudential supervisor directly supervising significant institutions including BAWAG P.S.K. and the creation of a Single Resolution Mechanism ("**SRM**") with, the Single Resolution Board ("**SRB**") as the central body in charge of, inter alia, the resolvability assessment, the resolution planning and resolution of, inter alia, institutions directly supervised by the ECB, including BAWAG P.S.K, both within the eurozone and any other EU countries that choose to participate in these mechanisms;

- revised frameworks to prevent market abuse, for investment services and markets in securities and other financial instruments;

- reporting and information requirements for securities financing transactions such as securities lending or repurchase transactions (so-called 'repos') as well as transparency and approval requirements for the reuse of collateral (so-called 're-hypothecation');

- a regulation on the production, use and supervision of financial benchmarks;

- new rules on payment services, including stricter security requirements for electronic payments and opening up the European payment market to non-banks offering account information or payment initiation services after the implementation of Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market (known as 'PSD2');

- due diligence, risk retention and transparency rules in connection with securitizations;

- more stringent and risk-sensitive capital requirements, in particular in relation to credit risk, counterparty credit risk and market risk, leverage and liquidity standards including, in particular, on the basis of the proposals of December 2017 made by the BCBS in relation to revisions to the standardized approach for credit risk, operational risk, constraining the use of internal models for credit risk, capital floors and revisions to the leverage ratio (also known as 'Basel IV') as adopted by Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures, Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (Regulation (EU) No 575/2013, the "**CRR**", and, as amended by Regulation (EU) 2019/876, "**CRR II**")(see also "*3.2.31 Resolution tools and powers of the SRB/the FMA as resolution authority under the SRM Regulation/the Austrian Federal Act on the Recovery and Resolution of Banks ("**BaSAG**"), including the write-down or conversion of equity and debt may severely affect the rights of Noteholders other than Covered Bonds and may result in a total loss.*" and "*3.1.2.1.3 Increased capital and liquidity requirements, including leverage ratio requirements and enhanced supervisory powers to demand further own funds or liquidity under CRD IV/CRR and proposed amendments may adversely affect the profitability of BAWAG Group.*");

- transposition of the FSB standard on total loss-absorbing capacity ("**TLAC**") developed for global systemically important institutions into the European resolution regime applicable to all banks by integrating the more stringent TLAC requirements into the minimum requirements for own funds and eligible liabilities ("**MREL**") as laid out in Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms ("**BRRD**"), as amended by Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC (the BRRD, as amended, "**BRRD II**"), and in the Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single

Resolution Fund and amending Regulation (EU) No 1093/2010 (the "**SRM Regulation**"), as amended by Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 806/2014 as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms (the SRM Regulation, as amended, "**SRM Regulation II**") (see also "*3.1.2.1.3 Increased capital and liquidity requirements, including leverage ratio requirements and enhanced supervisory powers to demand further own funds or liquidity under CRD IV/CRR and proposed amendments may adversely affect the profitability of BAWAG Group.*");

- the envisaged revision of the regulations governing the European System of Financial Supervision with a possible view to impose fees on the supervised entities to finance the European supervisory authorities, namely the European Banking Authority ("**EBA**") and the European Securities and Markets Authority ("**ESMA**"); and
- a targeted review by the ECB as banking supervisory authority of the internal models used by banks within the eurozone, such as BAWAG Regulatory Group (the targeted review of internal models or "**TRIM**" project).

It is not yet fully clear if, when and how those reforms that have not yet been finalized could be implemented. Neither the final scope of the currently available proposals nor their full potential effect on BAWAG Regulatory Group may be determined at this stage. The likely possibility of other future changes of the regulatory framework causes uncertainty for BAWAG Regulatory Group and the financial sector as a whole. Likewise, recently adopted reforms such as Directive (EU) 2019/879 need to be implemented on a national level. The directly applicable Regulation (EU) 2019/876 and Regulation (EU) 2019/877 include provisions that are not in force, yet. Furthermore, the exact scope of the provisions of these legislative acts is, in the absence of an established supervisory practice, difficult to predict.

As a consequence of the financial and sovereign debt crisis, the Austrian State and governmental and regulatory authorities in the EU and Austria have increased their involvement in the financial sector by providing capital and funding to, as well as acquiring stakes in, financial institutions in the course of bail-outs. In Austria, related events have become the subject of increased public awareness, including investigations by legislative bodies. Continued and focused attention of the regulator and other authorities on the financial sector, and active involvement in strategic decisions of financial institutions in which the Austrian State holds participations is therefore to be expected.

In addition, regulatory authorities, in particular those with jurisdiction over BAWAG Regulatory Group, including the ECB under the SSM and the FMA for certain other matters, enjoy substantial discretion in their regulation of banks. The exercise of this discretion and the means available to the regulatory authorities, have been steadily increasing during recent years.

The aforementioned events and any other regulatory measures, as well as possibly a more stringent supervisory practice, including by the ECB, the FMA, and for the Issuers German subsidiaries, the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* – "**BaFin**"), in the future may, once adopted or implemented, influence the profitability of BAWAG Regulatory Group's business activities, require adjustments of its business practices and/or increase costs, including compliance costs. Implementing the required changes may also require the attention and substantial resources of BAWAG Regulatory Group's management. BAWAG Regulatory Group may face higher financing and/or capital costs and restrictions on its growth or permitted business activities. The business model of BAWAG Group as well as individual business areas could be endangered. Any reforms of regulatory law or practice could affect the financial position, assets, profitability and business prospects of BAWAG Group, and may therefore adversely affect the respective Issuer's ability to meet its obligations under the Notes."

16. The text under the heading "3.1.2.1.3 Increased capital and liquidity requirements, including leverage ratio requirements and enhanced supervisory powers to demand further own funds or liquidity under CRD IV/CRR and proposed amendments may adversely affect the profitability of BAWAG Group." on pages 84 to 85 of the Base Prospectus shall be replaced by the following information:

"In December 2010, the BCBS published a set of comprehensive changes to the international capital adequacy framework, known as 'Basel III', which have been implemented into EU law by a legislative package. This legislative package consists of the directly applicable CRR and the CRD IV (together, the "**CRD IV/CRR**" package) which has been implemented in Austria by amendments to the BWG. The implementation of Basel III into European and Austrian law brought stricter requirements on the eligibility of capital instruments and items as regulatory own funds, higher minimum capital ratios, introduced new capital buffers and a binding liquidity coverage ratio (the "**LCR**") and equipped the competent supervisors with discretion to a certain extent as regards additional buffers. The CRD IV/CRR package became effective on 1 January 2014, with some regulatory requirements gradually phasing in through 1 January 2023.

The minimum capital requirements (so-called 'Pillar 1 requirements') for EU and thus Austrian credit institutions are primarily set forth in the CRR. The CRR requires each credit institution to maintain an adequate level of regulatory capital in relation to its risks. Relevant risks include, in particular, credit risk, market risk and operational risk (including, among other things, risks related to certain external factors, as well as to technical errors and errors of employees). Common Equity Tier 1 ("**CET 1**") capital forms the key component of a credit institution's regulatory capital for compliance with the capital requirements under the CRR. CET 1 capital primarily consists of share capital, retained earnings and other reserves, subject to certain regulatory adjustments. Another component of regulatory capital is AT 1 capital which includes, for example, certain unsecured subordinated perpetual capital instruments and related share premium accounts. Generally, the terms and conditions of all instruments recognized as CET 1 capital must require that the principal amount of the instruments will be written down, or converted into CET 1 capital when the CET 1 capital ratio of the relevant institution falls below a minimum of 5.125% (or such higher level as the issuing institution may determine), although regulators may require a higher trigger, for example for stress-testing purposes. CET 1 capital and AT 1 capital together constitute "Tier 1" capital. Tier 1 capital requirements are aimed at ensuring the ability to absorb losses on a "going concern" basis. Tier 2 capital forms the lower tier of the regulatory capital and generally consists of long-term subordinated debt instruments with loss absorption capacity only on a "gone concern" basis. Tier 1 capital and tier 2 capital together constitute the "own funds" of a credit institution. The CRR gradually excludes certain existing capital instruments (which have been issued in the past) from their eligibility as own funds (so-called 'phasing out') or reclassifies those instruments to a lower own funds quality. For example, existing hybrid capital instruments will, over time, be phased out as AT 1 capital. Furthermore, the former Tier 3 capital is no longer recognized as own funds under the CRR.

The minimum requirements for Tier 1 capital amount to 6% since 1 January 2015. The total capital ratio without capital buffers has remained at 8% of risk-weighted assets.

The introduction of capital buffers is addressed in the CRD IV and implemented into Austrian law by the BWG and the Capital Buffers Regulation (*Kapitalpuffer-Verordnung – KP-V*). All capital buffers have to consist of CET 1 capital. The BWG requires Austrian credit institutions to have a permanent capital conservation buffer of 2.5% of risk-weighted assets. Furthermore, the following additional capital buffers may be prescribed by national legislators or supervisory authorities: (a) a countercyclical capital buffer of up to 2.5% of risk-weighted assets generated in the respective EU member state (for Austria and Germany, the relevant national countercyclical capital buffer rates have been set by the FMA and the BaFin at 0% as of 2018, respectively); (b) a systemic risk buffer (for Austrian credit institutions, the systemic risk buffer may be set between 1 and 2% and is relevant since 1 January 2016; for BAWAG Regulatory Group, a systemic risk buffer has been set by the FMA at 1%), and further (c) a buffer for global systemically important institutions (which does not apply to BAWAG Regulatory Group) and (d) a buffer for other systemically important institutions (which generally applies to BAWAG Regulatory Group, but is not materially relevant since the systemic risk buffer is higher than the buffer for other systemically important institutions and only the higher of those two buffers is applied). On a risk-weighted basis for the financial year 2018, the consolidated countercyclical buffer for BAWAG Regulatory Group amounted to 0.11%.

In addition, the regulatory authorities that oversee BAWAG Regulatory Group, in particular the ECB within the SSM, may, in connection with the SREP or otherwise, conduct stress tests and have discretion to impose additional capital requirements for risks that are not otherwise recognized in the statutory capital requirements or other surcharges depending on the individual situation of the bank and may also take or require to be performed, other measures such as restrictions on or changes to a bank's business. In this context, the ECB has imposed and is expected to impose in the future on an annual basis on BAWAG Regulatory Group individual capital requirements resulting from the SREP which are referred to as 'Pillar 2 requirements'. Pillar 2 requirements must be fulfilled with CET 1 capital in addition to the statutory capital and buffer requirements, and any non-compliance may have immediate legal consequences such as restrictions on dividend payments and other distributions. For 2018, the Pillar 2 requirement has been set at 2.25% and will stay at this level for 2019.

In sum, BAWAG Regulatory Group must fulfill a SREP capital ratio (fully loaded) of 10.36% (comprising the 4.5%, Pillar 1 base requirement (minimum CET 1 capital ratio), the capital conservation buffer of 2.5% of risk-weighted assets, the countercyclical buffer of 0.11% (based on risk-weighted assets as of 31 December 2018), the systemic risk buffer of 1% and the 2.25% additional Pillar 1 requirement).

Also following the SREP, the ECB may communicate to individual banks or banking groups, including BAWAG Regulatory Group, (and has done so in the past) an expectation to hold further CET 1 capital, the so-called 'Pillar 2 guidance'. Although the Pillar 2 guidance is not legally binding and failure to meet the Pillar 2 guidance does not automatically trigger legal action, the ECB has stated that it expects banks to meet the Pillar 2 guidance. For 2018, the Pillar 2 guidance has been set at 1% and will stay at this level for 2019.

On 20 May 2019, the European Union adopted legislative acts to reform the CRD IV and the CRR as well as the BRRD and the SRM Regulation (such legislative acts together the "**Banking Reform Package**"). The Banking Reform Package introduces CRD V, CRR II, BRRD II and SRM Regulation II and came into force on 27 June 2019, with certain provisions gradually being phased-in and other provisions being subject to national implementation. The Banking Reform Package introduces, *inter alia*, a binding leverage ratio of 3% of Tier 1 capital in order to prevent institutions to excessively increase their leverage. In addition, it introduces a binding minimum net stable funding ratio (the "**NSFR**"), more risk-sensitive capital requirements for counterparty credit risk, market risk and exposures to central counterparties and tighter regulation of large exposures, including disclosure or reporting obligations. With regard to the recovery and resolution framework, the Banking Reform Package, *inter alia*, aligns the FSB's standard on a TLAC applying to global systemically important banks with the MREL requirements and changes the ranking of unsecured debt instruments in the insolvency hierarchy by introducing a new class of unsecured non-preferred debt instruments. While BAWAG Regulatory Group does not qualify as a global systemically important banking group subject to TLAC requirements, the SRM Regulation II and the implementation of the BRRD II will impact the MREL requirements applicable to BAWAG Regulatory Group in the future.

The need to comply with the aforementioned existing and proposed requirements and the change in ranking of certain debt instruments issued or to be issued by BAWAG Regulatory Group could have a material adverse effect on BAWAG Group's profitability, 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. In particular, if the above-mentioned requirements are not met, the Issuers may be required to cancel the payment of distributions on their respective Notes that are scheduled to be paid pursuant to the Terms and Conditions of their respective Notes."

17. The text under the heading "3.1.2.1.4 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 pages 85 to 86 of the Base Prospectus (as replaced by the First Supplement) shall be replaced by the following information:

"In order for banks to have available sufficient amounts of equity and debt eligible to absorb losses in resolution and to be utilized in case of a bail-in so that resolution can occur without recourse to public financial support, banks are required under the SRM Regulation and BaSAG to meet MREL requirements at all times. MREL requirements are determined on case-by-case basis for each institution or banking group by the competent resolution authority, which in the case of BAWAG Regulatory Group is the SRB. Under the legal regime after SRM Regulation II coming into force and implementation of the BRRD II, MREL ratios, which are currently expressed as a percentage of the total liabilities and own funds of the relevant institution, will be expressed as percentages of the total risk exposure amount and the leverage ratio exposure measure. The SRB as the competent resolution authority for BAWAG Regulatory Group under the current SRM Regulation and future SRM Regulation II may also require that such percentage is wholly or partially composed of own funds or of a specific type of liabilities. On 3 June 2019, an MREL requirement of 11.94%, defined as a percentage of total liabilities and own funds (TLOF), was set for BAWAG P.S.K. and is applicable on the consolidated level of BAWAG P.S.K. The minimum requirement was set to correspond to approximately 25.6% of risk-weighted assets (RWA) based on BAWAG P.S.K.'s financial statements as of 31 December 2017.

BAWAG P.S.K. presently already fulfils this MREL requirement. BAWAG P.S.K. expects a new MREL requirement to be set for 2020, which could also include a formal subordination requirement as well as the MREL eligibility of instruments being restricted to instruments issued by BAWAG P.S.K. only. Any future MREL requirements and their required structure will presumably have an effect on the balance sheet structure and the composition of funding of BAWAG Regulatory Group and they could have a material adverse effect on BAWAG Regulatory Group's profitability, 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.

If BAWAG Regulatory Group is not able to meet any future MREL requirements specified by the SRB, this could result in higher financing costs, regulatory measures and, if resolution measures were imposed on members of BAWAG Regulatory Group, including the Issuers, could significantly affect its business operations, could lead to losses for creditors (including Noteholders) and could result in restrictions on, or materially adversely affect the respective Issuer's ability to meet its obligations under the Notes."

18. The text under the heading "3.1.2.1.19 Changes in the Issuers' financial reporting, such as changes to IFRS, could materially affect the Issuers' financial results and regulatory capital ratios." on page 91 of the Base Prospectus (as replaced by the First Supplement) shall be replaced by the following information:

"BAWAG and BAWAG P.S.K. prepare their consolidated financial statements in accordance with IFRS. Future amendments to the IFRS or their interpretation, as announced by the International Accounting Standards Board ("**IASB**") (an increased amount of amendments has been proposed since the financial crisis) will have to be applied by both Issuers and could have a material adverse effect on the Issuers' financial reporting, their own funds, 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. For example, the new IFRS 16 "Leases", which replaced IAS 17 and is effective from 1 January 2019, resulted in a decrease of BAWAG Group's Common Equity Tier 1 capital ratio (fully loaded) by approximately 0.20 percentage points."

19. 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 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. The court of first instance has not yet taken a decision. Were the court to hold that the swap transaction was void, BAWAG P.S.K. could be obligated to pay the claimed amount to the City of Linz in full or in part, and 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 court holds 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 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."

20. The text under the heading "3.1.2.2.1 BAWAG, as a financial holding company which is currently indirectly subject to consolidated supervision, may become subject to direct and more stringent supervision in the future." on page 94 of the Base Prospectus shall be replaced by the following information:

"BAWAG conducts its business via subsidiary companies, some of which qualify as credit institutions. BAWAG qualifies as a parent financial holding company and, together with its subsidiaries, constitutes a regulatory banking group (*Kreditinstitutsgruppe*) within the meaning of § 30 BWG but is not subject to prudential banking regulation and supervision itself. Pursuant to § 30(5) and (6) BWG, BAWAG P.S.K. must comply with the prudential requirements of the BWG on a consolidated basis. Therefore, at present, the Issuer is under no direct obligation to comply with prudential banking regulations. It is, however, indirectly subject to consolidated supervision. The Banking Reform Package introduces, *inter alia*, an approval requirement to bring financial holding companies directly within the scope of the prudential regulation framework. In diverging from the current legal situation, financial holding companies will be directly responsible to comply with consolidated prudential requirements under the proposal where consolidated supervision applies. In addition, financial holding companies are required to obtain approval to operate a banking group from the ECB, which may be coupled with additional requirements in relation to the risk management and compliance system. Certain exemptions apply, *inter alia*, in case a financial holding company's principal activity is to acquire subsidiaries, is not designated as the resolution entity of any of its resolution groups, a subsidiary is designated as responsible to ensure the group's compliance with prudential requirements on a consolidated basis and the financial holding company does not engage in taking management, operational or financial decisions affecting its group or subsidiaries qualifying as credit institutions or financial institutions. EU member states must implement these requirements by 28 December 2020.

If BAWAG were not able to rely on an exemption from the approval requirement after implementation of the approval requirement, a direct and more stringent supervision of BAWAG could materially and adversely affect BAWAG's business, financial condition, results of operations and prospects, and may therefore adversely affect the ability of BAWAG to meet its obligations under the Notes."

21. The text under the heading "3.3.10 The Subordinated Notes' eligibility for the respective Issuer's tier 2 capital under the CRR could be contested by the competent authority and the re-classification of their regulatory capital status may entitle the respective Issuer to Early Redemption. Market making for the Notes requires the prior approval of the competent authority and is subject to certain conditions and thresholds." on page 106 of the Base Prospectus shall be replaced by the following information:

"Provided they comply with strict requirements under the CRR II, Subordinated Notes can be credited towards the respective Issuer's tier 2 capital. The said requirements are stipulated in Article 63 CRR II and, inter alia, prohibit a repurchase or redemption of eligible instruments by the issuing institution before five years after the date of issuance, unless certain exemptions under Article 78 para 4 CRR II apply (e.g., not reasonably foreseeable change in the regulatory classification or change in the applicable tax treatment) and the competent authority approves a repurchase/redemption. Any repurchase or redemption, including after 5 years, requires the competent authority's consent. These restrictions could impair the respective Issuer's market making capacities. However, under Article 78 para 4 CRR II, the competent authority may permit repurchases for market making purposes.

Where the competent authority's approval would not be granted, such restrictions may have a negative impact on the liquidity of the Notes and may lead to an inadequate or delayed market price of the Notes.

If the respective Issuer should not be entitled to count the Subordinated Notes as tier 2 capital under CRR II, the respective Issuer is entitled to Early Redemption of the Notes (Regulatory Event). Furthermore, the competent authority may give its permission in advance in accordance with the criteria set out in Article 78 CRR to call, redeem, repay or repurchase tier 2 instruments for a certain predetermined amount when the amount of own funds instruments to be called, redeemed or repurchased is immaterial in relation to the outstanding amounts after such call, redemption or repurchase has taken place. Therefore Noteholders should not rely on holding the Subordinated Notes until maturity. In case of an Early Redemption the Noteholders might not be able to re-invest their funds at similar conditions (re-investment risk). On this risk, refer to the risk factor "*3.2.17 The Noteholders may not be able to re-invest amounts repaid prior to the maturity date (re-investment risk)*"."

22. The text under the heading "3.3.12 Subordinated Notes may not be early redeemed at the option of the Noteholders, and any rights of the respective Issuer to early redeem or repurchase Subordinated Notes are subject to the prior permission of the competent authority." on page 107 of the Base Prospectus shall be replaced by the following information:

"The Noteholders of Subordinated Notes will have no rights to call for the early redemption of their Subordinated Notes and should not invest in the Subordinated Notes in the expectation that any early redemption right will be exercised by the respective Issuer. The respective Issuer may, at its sole discretion, early redeem the Subordinated Notes at any time either for tax or regulatory reasons at the Early Redemption Amount plus interest accrued until the date fixed for redemption. In addition, if such right is foreseen in the Terms and Conditions, the respective Issuer may at its sole discretion redeem Subordinated Notes before their stated maturity, but not before five years after the date of their issuance, on a specified Call Redemption Date at the applicable Call Redemption Amount plus accrued interest.

Any early redemption and any repurchase of the Subordinated Notes is subject to the prior permission of the Competent Authority pursuant to Article 4(1)(40) CRR II and/or Article 9(1) SSM Regulation, in each case, which is responsible to supervise BAWAG Regulatory Group and/or (as the case bay be) the relevant Issuer and compliance with regulatory capital rules applicable from time to time to the relevant Issuer. Under the CRR II, the Competent Authority may only permit institutions to early redeem or repurchase tier 2 instruments such as the Notes if certain conditions prescribed by the CRR II are complied with. These conditions, as well as a number of other technical rules and standards relating to regulatory capital requirements applicable to the relevant Issuer, should be taken into account by the Competent Authority in its assessment of whether or not to permit any early redemption or repurchase. It is uncertain how the Competent Authority will apply these criteria in practice and such rules and standards may change during the maturity of the Notes. It is therefore difficult to predict whether, and if so, on what terms, the Competent Authority will grant its prior permission for any early redemption or repurchase of the Notes.

Furthermore, even if the relevant Issuer would be granted the prior permission of the Competent Authority, any decision by the relevant Issuer as to whether it will early redeem the Subordinated Notes will be made at the absolute discretion of the relevant Issuer with regard to external factors such as the economic and market impact of exercising an early redemption right, regulatory capital requirements and prevailing market conditions. The relevant Issuer disclaims, and investors should therefore not expect, that the relevant Issuer will exercise any early redemption right in relation to the Subordinated Notes.

Notwithstanding if the respective Issuer exercises an early redemption right in relation to Subordinated Notes with the prior permission of the Competent Authority, Noteholders of Subordinated Notes are exposed to the risk that due to such early redemption their investments may a different than expected yield and maturity.

Noteholders of the Subordinated Notes should therefore be aware that they may be required to bear the financial risks of an investment in the Subordinated Notes until their final maturity."

23. The text under the heading "3.3.13 The qualification of Unsubordinated Notes (which are not Covered Bonds) and Senior Non-Preferred Notes as eligible liabilities for purposes of MREL is subject to uncertainty." on pages 107 to 108 of the Base Prospectus shall be replaced by the following information:

"Unsubordinated Notes (which are not Covered Bonds) and Senior Non-Preferred Notes are intended to be eligible liabilities for MREL purposes under the BaSAG and in the future under SRM Regulation II. However, there is uncertainty regarding the final substance and interpretation and application of the MREL framework under the SRM Regulation II, once in force, and the national implementation of the

BRRD II, once enacted, and the respective Issuer cannot provide any assurance that Unsubordinated Notes (which are not Covered Bonds) and Senior Non-Preferred will be (or thereafter remain) instruments eligible for MREL purposes.

The Banking Reform Package aligns MREL with the TLAC concept (see also "*3.1.2.1.1 Past, ongoing and uncertain future reforms and initiatives in legislation or supervision, including additional and more stringent regulation and public sector influence on the financial sector, could have a material adverse effect on BAWAG Group's business, financial condition, results of operations and prospects.*" above). While the Terms and Conditions of Unsubordinated Notes (which are not Covered Bonds) and Senior Non-Preferred Notes are intended to be consistent with the regulations under the Banking Reform Package, the BRRD II has not yet been implemented, the SRM Regulation II has not come into force yet and no established supervisory practice has developed so far in relation to the changes introduced by CRR II. Therefore, the exact scope of the provisions of these legislative acts is difficult to predict.

Because of the uncertainty surrounding the substance of final regulation on MREL eligibility and interpretation of directly applicable rules, the respective Issuer cannot provide any assurance that the Unsubordinated Notes (which are not Covered Bonds) or Senior Non-Preferred Notes will ultimately be instruments eligible for MREL purposes. If for any reasons they are not instruments eligible for MREL purposes or if they initially are instruments eligible for MREL purposes and subsequently become ineligible, then the respective Issuer may be required to issue other debt instruments to fulfil its MREL requirements (see also "*3.1.2.1.4 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.*" above) and the Unsubordinated Notes (which are not Covered Bonds) or Senior Non-Preferred Notes may be redeemed by the respective Issuer, in accordance with the Terms and Conditions of the Unsubordinated Notes (which are not Covered Bonds) or Senior Non-Preferred Notes and applicable regulation (see also "*3.1.2.1.4 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.*" below)."

24. The text under the heading "3.3.14 Unsubordinated Notes (which are not Covered Bonds) and Senior Non-Preferred Notes may be redeemed prior to maturity for regulatory reasons." on page 108 of the Base Prospectus shall be replaced by the following information:

"The respective Issuer may, at its option, redeem Unsubordinated Notes (which are not Covered Bonds) and Senior Non-Preferred Notes in whole, but not in part, at any time at their Early Redemption Amount, together with interest (if any) accrued to the date fixed for redemption, if there is a change in the regulatory classification of the Unsubordinated Notes (which are not Covered Bonds) or Senior Non-Preferred Notes that would be likely to result or has resulted in *their* exclusion in full or in part from liabilities eligible for MREL purposes pursuant to BaSAG, and, in the future, SRM Regulation II, and in each case if the conditions for redemption and repurchase are met.

The early redemption of Notes which qualify as eligible liabilities are subject to the prior permission of the resolution authority under the CRR II. The CRR II (intended to be reflected under the Terms and Conditions of the Unsubordinated Notes (which are not *Covered* Bonds) and Senior Non-Preferred Notes) provide that the redemption of eligible liabilities prior to the date of their contractual maturity is subject to the prior permission of the resolution authority in accordance with the relevant terms of the CRR II, if and to the extent such prior permission is required at this time.

Notwithstanding the above conditions, if, at the time of any early redemption, the prevailing supervisory regulations applicable to the respective Issuer permit the early redemption only after compliance with one or more alternative or additional pre-conditions to those set out in the first paragraph above, the respective Issuer shall comply with such other and/or, as appropriate, additional pre-conditions, if any.

It is not possible to predict whether or not Unsubordinated Notes (which are not Covered Bonds) and Senior Non-Preferred Notes will qualify as instruments eligible for MREL purposes (see also "*3.3.13 The qualification of Unsubordinated Notes (which are not Covered Bonds) and Senior Non-Preferred Notes as eligible liabilities for purposes of MREL is subject to uncertainty.*" above) or if any further change in the laws or regulations of Austria or the European Union will occur and so lead to the circumstances in which the respective Issuer is able to elect to redeem the Unsubordinated Notes (which are not Covered Bonds) or Senior Non-Preferred Notes, and, if so, whether or not the respective Issuer will elect to exercise such option to redeem the Unsubordinated Notes (which are not Covered Bonds) or Senior Non-Preferred Notes or any prior consent of the competent authority and/or the resolution authority, if required, will be given. The respective Issuer may be expected to redeem Unsubordinated Notes (which are not Covered Bonds) or Senior Non-Preferred Notes on this basis, when its cost of borrowing is lower than the interest rate on the Unsubordinated Notes (which are not Covered Bonds) or Senior Non-Preferred Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Unsubordinated Notes (which are not Covered Bonds) or Senior Non-Preferred Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time. Early redemption features are also likely to limit the market price of the Unsubordinated Notes (which are not Covered Bonds) or Senior Non-Preferred Notes. During any period when the respective Issuer can redeem the Senior Non-Preferred Notes, the market price of the Unsubordinated Notes (which are not Covered Bonds) or Senior Non-Preferred Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period if the market believes that the Unsubordinated Notes (which are not Covered Bonds) or Senior Non-Preferred Notes may become eligible for redemption in the near term."

25. The text under the heading "4.1 Documents incorporated by reference" on page 110 of the Base Prospectus shall be replaced by the following information:

"The following documents which have previously been published or are published simultaneously with this Base Prospectus and have been filed with the CSSF shall be incorporated by reference in, and form part of, this Base Prospectus to the extent set out in the paragraph entitled "*"4.2 Cross-reference list of documents incorporated by reference*" below:

in relation to BAWAG,

(a) the audited consolidated annual financial statements for the financial year ended 31 December 2018;

(b) the audited consolidated annual financial statements for the financial year ended 31 December 2017; and

(c) the unaudited consolidated interim financial statements for the six-month period ended 30 June 2019;

in relation to BAWAG P.S.K.,

(a) the original German language version of the audited consolidated annual financial statements for the financial year ended 31 December 2018;

(b) the original German language version of the audited consolidated annual financial statements for the financial year ended 31 December 2017

(c) the original German language version of the unaudited consolidated interim financial statements for the six-month period ended 30 June 2019; and

(d) the Articles of Association of BAWAG P.S.K;

save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Base Prospectus. For the avoidance of doubt, the content of any website referred to in this Base Prospectus does not form part of this Base Prospectus.

This Base Prospectus, any Final Terms relating to Notes listed on the official list of the Luxembourg Stock Exchange and/or Vienna Stock Exchange as well as copies of the documents incorporated by reference in this Base Prospectus may be obtained from the relevant Issuer's office as set out at the end of this Base Prospectus and from the Listing Agent in Luxembourg as set out at the end of this Base Prospectus and are also available on a website of the Vienna Stock Exchange (www.wbag.at) and the website of the Luxembourg Stock Exchange (www.bourse.lu). In addition, the Articles of Association of BAWAG may be obtained from BAWAG's office as set out at the end of this Base Prospectus."

26. The text under the heading "4.2 Cross-reference list of documents incorporated by reference" on pages 110 to 112 of the Base Prospectus shall be replaced by the following text:

"**The following information is set forth in the unaudited consolidated interim financial statements for the six-month period ended 30 June 2019 for BAWAG:**

	Page(s)
Unaudited Consolidated Interim Financial Statements 2019	
Consolidated Accounts	19–25
Notes	26–80

The following information is set forth in the audited consolidated annual financial statements for the financial year ended 31 December 2018 for BAWAG:

	Page(s)
Audited Consolidated Annual Financial Statements 2018	
Consolidated Profit or Loss Statement	59–60
Consolidated Statement of Comprehensive Income	61
Consolidated Statement of Financial Position	62–63
Consolidated Statement of Changes in Equity	64–65
Consolidated Statement of Cash Flows	66–68
Notes to the Consolidated Financial Statements	69–237
Auditor's Opinion	238–244

The following information is set forth in the audited consolidated annual financial statements for the financial year ended 31 December 2017 for BAWAG:

	Page(s)
Audited Consolidated Annual Financial Statements 2017	
Consolidated Profit or Loss Statement	65–66
Consolidated Statement of Comprehensive Income	67
Consolidated Statement of Financial Position	68–69

Consolidated Statement of Changes in Equity	70
Consolidated Statement of Cash Flows	71–73
Notes to the Consolidated Financial Statements	74–218
Auditor's Opinion	219–225

The following information is set forth in the unaudited consolidated interim financial statements for the six-month period ended 30 June 2019 for BAWAG P.S.K.:

	Page(s)
Unaudited Consolidated Interim Financial Statements 2019	
Consolidated Accounts (*Konzernrechnung*)	16–21
Notes (*Anhang*)	22–59

The following information is set forth in the audited consolidated annual financial statements for the financial year ended 31 December 2018 for BAWAG P.S.K.:

	Page(s)
Audited Consolidated Annual Financial Statements 2018	
Consolidated Profit or Loss Statement (*Gewinn- und Verlustrechnung*)	36
Consolidated Statement of Comprehensive Income (*sonstiges Ergebnis*)	37
Consolidated Statement of Financial Position (*Bilanz*)	38–39
Consolidated Statement of Changes in Equity (*Entwicklung des Eigenkapital*)	40
Consolidated Statement of Cash Flows (*Kapitalflussrechnung*)	41–43
Notes to the Consolidated Financial Statements (*Anhang zum Jahresabschluss*)	44–161
Auditor's Opinion (*Bestätigungsvermerk*)	209–215

The following information is set forth in the audited consolidated financial statements for the financial year ended 31 December 2017 for BAWAG P.S.K.:

	Page(s)
Audited Consolidated Annual Financial Statements 2017	
Consolidated Profit or Loss Statement (*Gewinn- und Verlustrechnung*)	41
Consolidated Statement of Comprehensive Income (*sonstiges Ergebnis*)	42

	Page(s)
Consolidated Statement of Financial Position (*Bilanz*)	43–44
Consolidated Statement of Changes in Equity (*Entwicklung des Eigenkapitals*)	45
Consolidated Statement of Cash Flows (*Kapitalflussrechnung*)	46–47
Notes to the Consolidated Financial Statements (*Anhang zum Jahresabschluss*)	49–150
Auditor's Opinion (*Bestätigungsvermerk*)	193–199

The audited Consolidated Annual Financial Statements for the financial year ended 31 December 2018 and for the financial year ended 31 December 2017 and the Unaudited Consolidated Interim Financial Statements for the six-month period ended 30 June 2019 are available on the Issuers' respective websites: https://www.bawaggroup.com/BAWAGGROUP/IR/EN/Financial-Results for BAWAG and under https://www.bawagpsk.com/BAWAGPSK/Ueber_uns/Weitere%20Informationen/Finanzberichte/401438/jahresfinanzberichte.html for BAWAG P.S.K.

The information incorporated by reference that is not included in the cross-reference lists above is considered as additional information and is not required by the relevant annexes of the Commission Regulation (EC) No 809/2004, as amended, or covered elsewhere in this Base Prospectus. However, the following information set forth in the audited consolidated annual financial statements for the financial years ended 31 December 2017 and 31 December 2018, respectively, and the Unaudited Consolidated Interim Financial Statements for the six-month period ended 30 June 2019 for BAWAG and BAWAG P.S.K. is explicitly excluded from the incorporation by reference as it is not relevant for investors:

	Pages
Audited Consolidated Annual Financial Statements 2017 for the financial year ended 31 December 2017 for BAWAG	5, 10, 60
Audited Consolidated Annual Financial Statements 2018 for the financial year ended 31 December 2018 for BAWAG	2, 10, 54
Audited Consolidated Annual Financial Statements 2017 for the financial year ended 31 December 2017 for BAWAG P.S.K.	36, 239
Audited Consolidated Annual Financial Statements 2018 for the financial year ended 31 December 2018 for BAWAG P.S.K.	31, 253
Unaudited Consolidated Interim Financial Statements 2019 for BAWAG	17
Unaudited Consolidated Interim Financial Statements 2019 for BAWAG P.S.K.	14

27. The section under the heading "4.3 Alternative Performance Measures" on pages 113 to 115 of the Base Prospectus shall be replaced by the following text:

"Monitoring and management at BAWAG Group are based on a consistent and integrated key performance indicator system (KPI system), which assists executives in the management of BAWAG Group. The KPI system comprises the dimensions of profitability, growth in the segments, risk limitation, liquidity and capital. As is customary in BAWAG Group's industry, some of these figures are based on IFRS, whereas others are used in addition to the IFRS financial measures and measures under Austrian generally accepted accounting principles, in order to evaluate, monitor and manage the business ("**APM**").

Such financial information must be considered only in addition to, and not as a substitute for or superior to, financial information prepared in accordance with IFRS included elsewhere in this Base Prospectus. Investors are cautioned not to place undue reliance on these APMs and are also advised to review them in conjunction with the financial statement and related notes included elsewhere in this Base Prospectus. The following list includes explanations of the definitions of certain APMs based on BAWAG Group's and BAWAG P.S.K. Group's financial statements, as well as information regarding such APMs relevance:

APM	**Definition**	**Relevance of its use / reasons for changes to the definition**
Return on Equity ("RoE") / Return on common equity	Calculated by dividing net profit by the average equity attributable to the owners of the parent set forth in the financial statements ("**IFRS Equity**"). The average IFRS Equity is calculated by adding the end values of the current and the preceding period and dividing the sum by two. Since 1 January 2019, the figure is presented as Return on common equity. The method of calculation has remained unchanged.	These metrics provide a profitability measure for both management and investors by expressing the net profit as presented in the financial statements as a percentage of the respective underlying. RoE / Return on common equity and RoTE / RoTCE demonstrate profitability of the bank on the equity invested by its shareholders and thus the success of their investment. RoE (@12% CET 1) and RoTE (@12% CET 1) provide a normalized profitability measure for both management and investors by expressing the net profit as presented in the financial statements as a percentage of the respective underlying at a stable fully loaded CET 1 ratio of 12%
RoE (@12% CET1) ("RoE (@12% CET 1)")	RoE calculated at a ratio of 12% Common Equity Tier 1 capital ("**CET 1**") as defined in the Regulation (EU) No 575/2013 of the European Parliament and of the Council of June 26, 2013 on prudential requirements for credit institutions and investment firms (the "**CRR**") on a fully loaded basis, i.e. excluding any transitional capital (fully loaded). RoE (@12% CET 1) was reported until 1 January 2019.	
Return on Tangible Equity ("RoTE") / Return on Tangible Common Equity ("RoTCE")	Calculated by dividing net profit by the average IFRS Equity minus the carrying amount of intangible non-current assets set forth in the financial statements ("**IFRS Tangible Equity**"). The average IFRS Tangible Equity is calculated by adding the end values of the current and the preceding period and dividing the sum	

APM	Definition	Relevance of its use / reasons for changes to the definition
	by two. Since 1 January 2019, the figure is presented as Return on Tangible Common Equity (RoTCE). The method of calculation has remained unchanged.	
RoTE (@12% CET 1) ("RoTE (@12% CET 1)")	Return on tangible equity calculated at a fully loaded CET 1 ratio of 12%. RoTE (@12% CET 1) was reported until 1 January 2019.	
Net Interest Margin ("Net Interest Margin")	The line item net interest income divided by average interest-earning assets. The average balance of interest-earning assets is calculated by adding the balance at the end of each month of the financial year and dividing the sum by 12.	Net Interest Margin is a performance measure and is expressed as a percentage of what BAWAG Group or (as the case may be) BAWAG P.S.K. Group earns on loans and other interest-earning assets in a time period less the interest it pays on deposits and other liabilities during such period divided by average interest-earning assets. It is used for external comparison with other banks as well as internal profitability measurement of products and segments
Cost-Income Ratio ("Cost-Income Ratio")	Calculated by dividing operating expenses by operating income. Numbers for operating expenses do not include certain regulatory charges that are otherwise included in the line item other operating income and expenses reported on the level of BAWAG Group or (as the case may be) BAWAG P.S.K. Group in the financial statements. Consequently, such regulatory charges are disregarded for the calculation of the cost-income-ratio.	Shows operating expenses in relation to operating income, so giving a view of operation efficiency. Management uses the Cost-Income Ratio as a measure of BAWAG Group's or (as the case may be) BAWAG P.S.K. Group's efficiency and to compare its efficiency with other financial institutions
Core Revenues ("Core Revenues")	Calculated as the sum of net interest income and net fee and commission income.	Core Revenues demonstrate the success of the bank in its core activities
Balance Sheet Leverage ("Balance Sheet Leverage")	Calculated by dividing total assets divided by IFRS Equity.	The Balance Sheet Leverage expresses the relationship between BAWAG Group's or BAWAG P.S.K. Group's IFRS Equity and its total assets not on a risk-weighted basis. The ratio provides a metric to judge how leveraged a bank is. The lower the ratio, the lower a bank is leveraged and the higher the likelihood of a bank withstanding negative shocks to its balance sheet

The table below sets out the figures for APMs that are based on BAWAG's consolidated annual and interim financial statements:

	As of and for the six-month period ended 30 June		As of and for the financial years ended 31 December	
	2019	2018	2018	2017
	(unaudited)		(unaudited, unless otherwise indicated)	
RoE / Return on common equity	11.9%	11.6%	12.2%	13.4%[2)]
RoE (@12% CET 1)	–	–	14.3%	15.1%[2)]
RoTE / RoTCE	13.8%[4)]	13.5%	14.2%	15.4%[2)]
RoTE (@12% CET 1)	–	–	17.1%	17.6%[2)]
Net Interest Margin	2.28%	2.15%	2.21%	2.24%[2)]
Cost-Income Ratio	42.9%	43.7%	44.2%	47.2%[1), 2)]
Core Revenues (in € millions)	577.7	557.2	1,123.3[3)]	1,010.0[2), 3)]
Balance Sheet Leverage	12.1x	12.4x	12.1x	12.8x[2)]

1) Including parts of the long-term incentive program ("LTIP") for members of the Management Board and the senior leadership team.
2) Based on adjusted numbers originally reported by BAWAG.
3) Audited.
4) Considering normalized regulatory charges (85% of the regulatory charges for the financial year 2019 were booked in the first quarter of 2019), the proposed share buyback in a total amount of € 400 million (pending approvals) and the dividend accrual for the first quarter of 2019, the Common Equity Tier 1 (CET 1) ratio (fully loaded) of BAWAG Group would have been 12.7% as of 30 June 2019. On this basis, RoTCE would have been 17.8% as of 30 June 2019.

The table below sets out the figures for APMs that are based on BAWAG P.S.K.'s consolidated annual and interim financial statements:

	As of and for the six-month period ended 30 June		As of and for the financial years ended 31 December	
	2019	2018	2018	2017
	(unaudited)		(unaudited, unless otherwise indicated)	
RoE / Return on common equity	–	–	13.7%	15.1%[2)]
RoE (@12% CET 1)	–	–	14.7%	16.5%[2)]
RoTE / RoTCE	–	–	14.7%	16.0%[2)]
RoTE (@12% CET 1)	–	–	15.8%	17.6%[2)]
Net Interest Margin	–	–	2.25%	2.32%[2)]
Cost-Income Ratio	–	–	42.5%	41.9%[1), 2)]
Core Revenues (in € millions)	577.4	557.2	1,123.2[3)]	1,010.2[2), 3)]
Balance Sheet Leverage	–	–	14.0x	13.6x[2)]

1) Including parts of the long-term incentive program ("LTIP") for members of the Management Board and the senior leadership team.
2) Based on adjusted numbers originally reported by BAWAG P.S.K.
3) Audited."

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

"There have been no relevant events since 30 June 2019 particular to any of the Issuers which are to a material extent relevant to the evaluation of the Issuers' solvency.

Economic Developments

Macro trends

Economic developments continued to be solid in Austria throughout 2018. Austria's real gross domestic product growth stood at around 2.7% and Germany's at around 1.5% (sources: Austrian Institute of Economic Research, Press release, 30 January 2019; International Monetary Fund, World Economic Outlook Update, January 2019). In Austria, growth was driven by increasing investment activity, solid growth in private consumption and a recovery in demand for Austrian exports. Corporates as well as private households continued to prove financially sound.

Market developments

The Austrian lending market saw solid loan demand by private households in 2018. The outstanding volume of loans increased in line with real estate prices. Growing investments by Austrian corporations led to increasing loan demand. The overall balance sheet of the Austrian banking sector increased driven by growth in customer assets and customer liabilities.

Outlook

Economic outlook

Based on the performance of BAWAG Group over previous years and the positive development of profits before tax (in particular driven by an increase of net interest income) in 2018, BAWAG Group continues to aim for further growth in the coming years.

The recently closed acquisitions of EOS Health Honorarmanagement AG, Zahnärztekasse AG, BFL Leasing GmbH and of start:bausparkasse AG (Hamburg, Federal Republic of Germany) will contribute to the expected growth. Moreover, BAWAG Group will invest in organic growth and pursue earnings-accretive M&A opportunities whose expected return profiles are consistent with the BAWAG Group targets.

Maintaining a strong focus on cost efficiency, BAWAG Group targets a Cost-Income Ratio of below 43% in 2019 and below 40% in 2020. Over the period 2019–2020, BAWAG Group aims to maintain its RoTCE in a range of 15% to 20% and to maintain a CET 1 ratio (fully loaded) between 12% and 13%.

It should be noted that BAWAG Group's targets do not constitute forecasts or projections, and in no event BAWAG Group may be held responsible if the targets referred to herein are not met. Even if future results of BAWAG Group meet the targets expressed herein, they may not be indicative of the results of any succeeding periods.

CRD V / CRR II / BRRD II / SRM Regulation II reform package

In May 2019, the European Union adopted legislative acts to amend the CRD IV (Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC), the CRR (Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012) and the BRRD (Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms) and the SRM Regulation (Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010) (the amended acts "**CRD V**", "**CRR II**", "**BRRD II**" and "**SRM Regulation II**", respectively). The amendments include, inter alia, pillar 2 add-ons, liquidity requirements, a binding leverage ratio and a minimum net stable fund ratio. CRD V, CRR II, BRRD II and SRM II came into force in June 2019, with certain provisions coming into force at later points in time. BAWAG Group expects only a de minimis impact from the implementation of CRD V and CRR II as well as BRRD II and SRM Regulation II.

MREL and capital structure

On 3 June 2019, BAWAG and BAWAG P.S.K. received MREL requirements applicable on the consolidated level of BAWAG P.S.K. The MREL requirement has been set at 11.94%, defined as a percentage of total liabilities and own funds (TLOF). Based on BAWAG P.S.K.'s financial statements as of 31 December 2017, the MREL requirement is 25.6% in terms of risk-weighted assets (RWA). As of 30 June 2019, BAWAG P.S.K. was in full compliance with the MREL requirement (13.8% of TLOF as of 30 June 2019). MREL-eligible instruments of € 5.3 billion comprised € 3.3 billion own funds, € 0.6 billion MREL-eligible instruments issued by BAWAG P.S.K. and € 1.9 billion MREL-eligible instruments issued by subsidiaries of BAWAG P.S.K. as of 30 June 2019. No subordination requirement has been set. BAWAG P.S.K. expects a new MREL requirement to be set for 2020, which could also include a formal subordination requirement as well as the MREL eligibility of instruments being restricted to instruments issued by BAWAG P.S.K. only.

In accordance with BAWAG Group's "safe and secure" strategy (see "*12.3.4 Safe and secure*" below) and to optimize its capital structure within the regulatory requirements, BAWAG Group intends to issue senior non-preferred instruments in a volume of approximately € 0.5 to 1 bn within the next 12 to 18 month and intends to issue senior preferred instruments in a volume of approximately € 0.5 to 1 bn, depending on regulatory requirements.

Proposal to repurchase and cancel own shares

On 30 April 2019, the general meeting of BAWAG Group AG passed a resolution enabling BAWAG Group AG to repurchase own shares for the purpose of cancelling such shares. The Management Board plans to exercise such resolution in a total consideration of up to € 400 million. However, no actual repurchase and cancellation of own shares has been announced so far. Any actual repurchase and cancellation of own shares by BAWAG Group AG will depend on (i) competent regulatory authorities having granted their approval and (iii) the Management Board determining, with the approval of the Supervisory Board and within the limits of the approvals of competent regulatory authorities and the general meeting, the timing, volume and manner of such share repurchase and cancelation. Any actual repurchase and cancellation of own shares would lead to a corresponding decrease of BAWAG Group AG's (and BAWAG Regulatory Group's) CET 1 capital and, on the basis of its risk-weighted assets as of 30 June 2019, its CET 1 capital ratio. Assuming an actual repurchase and cancellation of own shares in an amount of € 400 million, BAWAG Group AG's (and BAWAG Regulatory Group's) CET 1 capital ratio would be negatively impacted by approximately 190 bps.

'Brexit'

By 31 October 2019, the United Kingdom will withdraw from the European Union, unless the withdrawal is further postponed or rescinded. BAWAG P.S.K. operates a branch in the United Kingdom. According to BAWAG Group's latest information, a transitional regime may be in place for credit institutions carrying-out cross border activities in the United Kingdom. BAWAG Group is assessing the impact of "Brexit" on its business in the United Kingdom and expects that a so-called "hard Brexit", e.g., without a withdrawal agreement between the EU and the United Kingdom, would have only minor organizational impact on BAWAG P.S.K.'s branch in the United Kingdom."

29. The text under the heading "10.6.1 Litigation with the City of Linz" on pages 330 to 331 of the Base Prospectus 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, which the court envisages to clarify upfront before dealing with the amount of the claim of the City of Linz and the counterclaim of BAWAG Group. 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. The court of first instance has not yet taken a decision. Appeals will be possible to the court of appeals and potentially also to the Austrian Supreme Court (*Oberster Gerichtshof*). Were the court to hold that the swap transaction was void, BAWAG P.S.K. could be obligated to pay the claimed amount to the City of Linz in full or in part, and 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. In addition, even if the court holds 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 may be required to write-down its claims further. 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."

30. The text under the heading "10.6.2 Proceedings in Austrian courts relating to ALPINE" on pages 331 to 332 of the Base Prospectus shall be replaced by the following information:

"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 Holding GmbH's 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 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 favour 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 Liability

(*Unternehmensliquiditätsstärkungsgesetz* – "**ULSG**") with respect to certain repayment claims of these banks against the corporate group of ALPINE Holding GmbH. The ULSG was adopted after the financial crisis and allowed Austria to guarantee the repayment of loans which credit institutions granted to Austrian companies. Such guarantees were also provided for repayment claims under loans that were granted by BAWAG P.S.K. to members of ALPINE Holding GmbH's corporate group. After the insolvency of ALPINE Bau GmbH, Austria argued that the guarantees were invalid because ALPINE Bau GmbH did not fulfil the application requirements pursuant to the ULSG since ALPINE Bau GmbH was insolvent at the time when the loans were granted. The claims BAWAG Group asserts against Austria amount to approximately € 19 million. The guarantee claims are sued for by the banks in two separate legal proceedings. On 18 August 2017 BAWAG Group and the other banks obtained a favourable judgment from the court of first instance (*Handelsgericht Wien*) in the legal proceedings referred to as "ULSG II" obliging Austria to pay to BAWAG Group an amount equal to € 7.5 million (plus default interest). On 26 February 2018, the court of appeals (Oberlandesgericht Wien) repealed the judgement and remitted the case to the court of first instance for judgement after a supplementary taking of evidence.

In the event that the court-appointed expert in the ALPINE Holding GmbH investor litigation cases 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 ALPINE Holding GmbH's corporate 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. However, the competent court in the proceedings against Austria also appointed an expert, who has to analyse, whether ALPINE Holding GmbH fulfilled the relevant guarantee application requirements.

Save as disclosed in this section and section "*10.6 Legal and arbitration proceedings*" and based on BAWAG Group's current assessment of the facts and legal implication, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months prior to the date of this Base Prospectus, which may have, or have had in the recent past, significant effects on the financial position or profitability of BAWAG Group."

31. The first paragraph under the heading "12.3.4 Safe and secure" on page 342 of the Base Prospectus (as replaced by the First Supplement) shall be replaced by the following information:

"BAWAG Group's management is committed to operating the business in a safe and secure way. A strong capital position, stable deposits and low and predictable risk costs across its products are fundamental cornerstones for the execution of its business strategy. BAWAG Group regularly engages in a detailed analysis of appropriate risk-adjusted returns on its capital utilisation in each business unit and new product initiative. Evidence of this strategy is that BAWAG Group has no relevant exposure to Central and Eastern European or emerging markets, no exposure to the Turkish and Russian markets and no operations in jurisdictions with increased money laundering and terrorism financing risks. As of 30 June 2019, BAWAG Group's average risk cost ratio (calculated as risk costs over average interest-bearing assets) stood at 0.14% (30 June 2019: 0.11%). BAWAG Group's capital base is already fully compliant with the CRR with no reliance on any transitional provisions. A key element of its strategy is to retain strong CET 1 and total capital positions and a conservative leverage ratio as BAWAG Group aims to maintain its position as one of the best capitalised banks in Austria and Europe measured by the fully loaded CET 1 ratio of 15.1% as of 30 June 2019 (30 June 2018: 15.2%). This is complemented by a conservative risk weight density of 47% (defined as risk-weighted assets over total assets) as of 31 March 2019 (31 March 2018: 46%)."

32. The fifth paragraph under the heading "12.3.4 Safe and secure" on page 342 of the Base Prospectus (as replaced by the First Supplement) shall be replaced by the following information:

"BAWAG Group has a solid liquidity profile, with its liquidity coverage ratio standing at 179% at year-end 2018 and at 148% as of 30 June 2019. Additionally, BAWAG Group is managed with a low balance sheet leverage of 12.1x as of 30 June 2019 (31 December 2018: 12.1x) and a fully loaded regulatory leverage ratio of 7.4% as of 30 June 2019 (31 December 2018: 7.1%)."

33. The section under the heading "12.4 Overview of Segments" on pages 342 to 344 of the Base Prospectus (as replaced by the First Supplement) shall be replaced by the following information:

"BAWAG Group operates one of Austria's largest retail banks (source: Statista, Leading banks in Austria in 2017, by total assets, 2018) serving, as of 31 March 2019, over 2.5 million customers. BAWAG Group is a major player in the Austrian direct banking market through its easybank business and online and mobile platforms, and it also operates a centralised branch network with a focus on key urban growth areas of Austria, particularly in Vienna. The geographic focus of the business is placed on the DACH region (comprising Austria, Germany and Switzerland), and in particular on BAWAG Group's home market of Austria and, to a lesser extent, Germany. However, BAWAG Group also has corporate and commercial real estate lending and portfolio financing activities in Western Europe outside the DACH region and in the United States. In line with BAWAG Group's focus on developed countries, as of 31 March 2019, approx. 73% of its customer loans were granted to customers in the DACH region and approx. 27% to customers in Western Europe and the United States. BAWAG Group manages the liquidity from its core funding franchise through an investment portfolio of financial securities, with no direct exposure to China, Russia, Hungary or Southeastern European countries.

12.4.1 Re-Segmentation

Until 2019, BAWAG Group and BAWAG Group P.S.K. had seven reportable segments, reflecting, among others, BAWAG P.S.K.'s operating subsidiaries, namely (i) BAWAG P.S.K. Retail, (ii) easygroup, (iii) Südwestbank, (iv) DACH Corporates & Public Sector, (v) International Business, (vi) Treasury Services & Markets and (vii) Corporate Center.

For the financial year 2019, BAWAG and BAWAG P.S.K. changed their reportable segments. The former business segments DACH Corporates & Public Sector, International Business, the corporate business from "Südwestbank" and the SME business (formerly in the segment BAWAG P.S.K. Retail) were merged into one new segment Corporates & Public. The segments BAWAG P.S.K. Retail, easygroup and the retail business of Südwestbank were merged into one new segment Retail & SME. The segments Treasury Services & Markets and Corporate Center remained unchanged. BAWAG Group first published segment reporting after the changes for the first quarter of 2019 on 14 May 2019.

12.4.2 Business segments until 2019

Until 2019, BAWAG Group's reportable business segments were (i) BAWAG P.S.K. Retail, (ii) easygroup, (iii) Südwestbank and (iv) DACH Corporates & Public Sector.

12.4.2.1.BAWAG P.S.K. Retail

The BAWAG P.S.K. Retail segment was operated through a centralised branch network and a digital platform supported by a customer care center. The segment's strategy was to offer simple, transparent and easy to understand products and services using a data-driven approach to product offering and customer relationships through branch, online and direct sales channels and capitalising on BAWAG P.S.K.'s well-recognized national brand. The segment's focus was on the Austrian mass market and aimed at providing a targeted suite of products for its customers to save, invest and achieve their financial goals. This approach relied on the loyalty of the segment's customer base. In addition, the segment offered small and medium enterprises (SMEs) same-day business financing.

12.4.2.1 easygroup

easygroup is, in its own assessment, Austria's leading direct banking group and includes the direct banking subsidiary easybank AG. easygroup's clients are retail customers and small business customers. Through online and mobile channels, easygroup offers a full banking product suite ranging from current accounts and savings products to credit cards, consumer loans, housing loans, auto, mobile and real estate leases, investment products, building society loans and savings, as well as lending to international retail borrowers, including own issues covered with an international mortgage portfolio. easygroup seeks to provide its customers with a one-stop solution for all their banking needs, with a core focus on making its customers' lives easier through digital solutions. easygroup's objective is to continue to be, in its own assessment, a leading direct bank in Austria, while expanding into larger Western markets, particularly Germany. easygroup obtained regulatory clearance to open a branch in Germany. The acquisitions of Südwestbank and start:bausparkasse Germany (until January 2019 named DEUTSCHER RING Bausparkasse AG) will further advance and accelerate easybank's expansion in Germany by providing easygroup with a German toehold from which to expand into this country.

12.4.2.3 Südwestbank

Südwestbank, founded in 1922, is a universal bank with a long history of serving customers in the Baden-Württemberg region of southwest Germany and is headquartered in Stuttgart, Germany. Südwestbank offers a wide range of lending and deposit products and services. Besides the lending and deposit business, Südwestbank offers additional products including insurance, savings contracts with building societies and brokerage services. In 2018, Südwestbank launched BAWAG P.S.K.'s digital consumer lending platform 'Qlick'. Customers are serviced through a physical branch network and online service capabilities. Südwestbank uses different strategic partnerships with other German banks and insurance companies as a complement to its own product offering.

12.4.2.4 DACH Corporates & Public Sector

This segment comprised BAWAG Group's corporate and public lending activities and other fee-driven financial services, with a focus on term loans, payment services products and security sales. The segment mainly serviced Austrian customers, as well as selected client relationships in Germany and Switzerland. The DACH Corporates & Public Sector segment served corporate and public sector customers, providing financing, investment and foreign exchange products as well as payment service products. In addition, the segment established an originate-to-sell platform in which it organises public sector loans with a view to sell the investments to insurance companies.

12.4.2.5 International Business

This segment included BAWAG Group's international corporate lending and international real estate financing business outside the DACH region, with a focus on developed countries within Western Europe as well as the United States. The segment aimed at international corporate, real estate and portfolio lending with a preference for secured or unsecured investment grade loans and senior secured non-investment grade loans. The international corporate lending business focused primarily on lending to free cash flow generating companies with defensive business profiles and appropriate capital structures. The international real estate financing business focused on senior loan positions in cash flow generating properties. The segment had a strong credit profile across international assets. BAWAG Group's International Business segment offered a competitive service in terms of response times, reliability and flexibility while maintaining premium pricing. It had limited exposure to land, development and construction financings.

12.4.3 Business segments after 2019

From 2019, BAWAG Group's reportable business segments are (i) Retail & SME and (ii) Corporates & Public.

12.4.3.1 Retail & SME

The segment Retail & SME covers all physical, online, mobile, phone and broker channels which BAWAG Group offers to its retail clients and is split in the following sub segments:

- *BAWAG P.S.K. Retail.* The sub-segment includes savings, payment, card and lending activities, investment and insurance services for Austrian private customers, small business lending and social housing activities as well as building society savings and loans (for the latter acting as broker) serving 1.2 million private and small business customers through a centralized branch network as well as online and mobile sales channels supported by a customer care center. The sub-segment focuses on funding through its deposit base, while expanding its lending business and broadening the range of its financial product offerings with strategic partnerships. Growth is focused on its core market in Austria. This sub-segment also includes the volume of own issues covered with retail assets and bonds of BAWAG P.S.K. Wohnbaubank AG.

- *easygroup.* The sub-segment services approximately 1.4 million private and small business customers and borrowers and includes easybank AG, a digital bank, which offers customers financial products ranging from savings and current accounts, consumer loans, housing loans, credit cards (including the acquired business from PayLife), payment solutions and investment products for private and small business customers. easyleasing GmbH, a subsidiary of easybank AG is focused on the distribution of leasing products including vehicle leases, floor plan financing for vehicle dealerships and various other leases of moveable assets for private and business customers as well as the run-off portfolio of real estate leasing. The sub-segment also includes the building societies start:bausparkasse AG, Austria, and start:bausparkasse AG, Germany (until January 2019 named DEUTSCHER RING Bausparkasse AG), a small German building society, both offering building society savings and loans. The international retail business of the sub-segment consists of international performing loan portfolios secured by residential mortgages and the RMBS refinancing volumes.

- *Südwestbank Retail.* This sub-segment includes the business volumes of the fully owned subsidiary Südwestbank AG including savings, payment, card and lending activities, investment and asset management services for private and small business customers in Germany.

12.4.3.2 Corporates & Public

The segment Corporate & Public includes the Austrian, German and international non-retail business:

- *Austrian Corporate business*. The sub-segment – serviced in BAWAG P.S.K. – includes the corporate and public sector lending business and other fee-driven financial services, with a focus on term loans, payment service products and security sales focusing on mainly Austrian customers; it also supports clients in their cross-border activities. The sub-segment services approximately 2,500 commercial clients with a turnover exceeding € 5 million and select real estate clients as well as approximately further 3,500 public sector clients, including the Austrian government, municipalities, public sector entities and social and pension insurance companies and also provides payment services to institutional and major corporate clients in which public sector entities hold a stake. The volume of own issues covered with corporate or public sector assets are included as well.

- *German Corporate business*. The sub-segment – serviced in Südwestbank AG – includes the corporate sector lending business and other fee-driven financial services, with a focus on term loans, payment service products and security sales focusing on mainly German customers.

- *International Business*. This sub-segment includes the international corporate lending and international real estate financing business outside the DACH region with a focus on developed countries within Western Europe as well as the United States. The international corporate lending business focuses primarily on lending to free cash flow generating companies with defensive business profiles and, what BAWAG Group believes to be, appropriate capital structures and strong market positions. The international real estate financing business focuses on senior loan positions in cash flow generating properties and is primarily sponsor-driven, focusing on international private equity investments.

12.4.4 Treasury Services & Markets

BAWAG Group's Treasury Services & Markets segment acts as a service center for all BAWAG Group entities, customers and partners and includes any treasury activities associated with providing trading and investment services such as certain asset-liability management transactions (i.e. the management of interest rates, collateral, capital and FX), funding (secured and unsecured) and the investment results of BAWAG Group's portfolio of financial securities as well as liquidity management, including managing the liquidity reserve of BAWAG Group. The segment maintains a diversified book of investment grade credits with no direct exposure to China, Russia, Hungary, or Southeastern European countries.

12.4.5 Corporate Center

The Corporate Center contains central functions for BAWAG Group, including providing legal services and managing risks and group asset-liability management. It also includes unallocated expenses such as restructuring expenses, regulatory charges (except contributions to the deposit guarantee scheme) and corporate tax.

12.4.6 Overview of certain key segment figures

12.4.6.1 Financial year ended 31 December 2018

The following table provides an overview of Core Revenues and profit before tax generated by BAWAG Group's seven segments reportable until 2019, namely BAWAG P.S.K. Retail, easygroup, DACH Corporates & Public Sector, International Business, Corporate Center and Treasury Services & Markets, as of and for the financial year ended 31 December 2018:

	BAWAG P.S.K. Retail	easy group	Südwestbank	DACH Corporates & Public Sector	International Business	Treasury Services & Markets	Corporate Center	Total
Core Revenues (in € million, audited)[1]	543.4	222.5	114.9	95.4	134.3	48.7	(35.9)	1,123.3
Core Revenues % (unaudited)	48%	20%	10%	8%	12%	4%	(3%)	100%
Profit before tax (in € million, audited)	243.2	145.1	49.5	46.1	122.9	45.0	(79.1)	572.7
Profit before tax % (unaudited) ...	42%	25%	9%	8%	21%	8%	(14%)	100%
Cost-Income Ratio[1]	44.9%	31.5%	60.2%	53.3%	19.5%	n/a	n/a	44.2%

1) The number or ratio is an APM. For a description, see "*4.3 Alternative Performance Measures*".

The following table provides an overview of Core Revenues and profit before tax generated by BAWAG Group's four reportable segments from 2019, namely Retail & SME, Corporates & Public, Treasury Services & Markets and Corporate Center, as of and for the financial year ended 31 December 2018 (retrospective application of the re-segmentation and allocation of regulatory charges and taxes to business segments, unaudited):

	Retail & SME	Corporates & Public	Treasury Services & Markets	Corporate Center	Total
Core Revenues (in € million)[1]..........	811.5	299.0	48.7	(35.9)	1,123.3
Core Revenues % ..	72%	27%	4%	(3%)	100%
Profit before tax (in € million)...........	390.9	198.7	39.8	(56.7)	572.7
Profit before tax %.....................	68%	35%	7%	(10%)	100%
Cost-Income Ratio[1]	42.3%	38.7%	n/a	n/a	44.2%

1) The number or ratio is an APM. For a description, see "*4.3 Alternative Performance Measures*".

12.4.6.2 Six-month period ended 30 June 2019

The following table provides an overview of Core Revenues and profit before tax generated by BAWAG Group's four reportable segments Retail & SME, Corporates & Public, Corporate Center and Treasury Services & Markets after re-segmentation as of 30 June 2019 (unaudited) and 30 June 2018 (retrospective application of the re-segmentation and allocation of regulatory charges and taxes to business segments, unaudited):

	Retail & SME		Corporates & Public		Treasury Services & Markets		Corporate Center		Total	
	As of and for the six-month period ended 30 June		As of and for the six-month period ended 30 June		As of and for the six-month period ended 30 June		As of and for the six-month period ended 30 June		As of and for the six-month period ended 30 June	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Core Revenues (in € million)[1].........	425.8	407.2	147.7	149.3	23.7	23.9	(19.5)	(23.2)	577.7	557.2
Core Revenues %..	74%	73%	26%	27%	4%	4%	(3%)	(4%)	100%	100%
Profit before tax (in € million)...........	184.9	183.8	94.8	92.5	44.3	34.8	(36.9)	(41.5)	287.1	269.6
Profit before tax %.....................	64%	68%	33%	34%	15%	13%	(13%)	(15%)	100%	100%
Cost-Income Ratio[1]	43.5%	41.7%	35.7%	40.5%	n/a	n/a	n/a	n/a	42.9%	43.7%

[1] The number or ratio is an APM. For a description, see "*4.3 Alternative Performance Measures*"."

34. Section "13.1 Selected financial information of BAWAG" on pages 346 to 348 of the Base Prospectus shall be supplemented by the following text:

"The following key financial figures are taken from the Consolidated Interim Financial Statements as of and for the period ended 30 June 2019 of BAWAG and from the Consolidated Annual Financial Statements 2018 of BAWAG:

Statement of financial position	**30 June 2019**	**31 December 2018**	**Change in %**
(in € million)	**(unaudited, unless otherwise indicated)**		**(unaudited)**
Total assets..	**44,463**	**44,698**[9]	**(0.5)**
Customer loans and receivables.................	**31,062**	**30,482**[9]	**1.9**
Customer deposits and own issues............	**35,286**	**34,620**[9]	**1.9**
IFRS equity[1]...	3,688	3,706[9]	(0.5)
IFRS tangible equity	3,118	3,202	(2.6)
Risk-weighted assets[2]....................................	20,727	20,465[9]	1.3

	For the six-month period ended 30 June		
Profit or loss statement	**2019**	**2018**	**Change in %**
(in € million)	**(unaudited)**		**(unaudited)**
Net interest income...	435.1	411.2	5.8
Net fee and commission income.....................	142.6	146.0	(2.3)
Core Revenues[5]	**577.7**	**557.2**	3.7
Gains and losses on financial instruments and other operating income and expenses[3]....	33.6	25.1	33.9
Operating income	**611.3**	**582.3**	**5.0**
Operating expenses[3]	**(262.3)**	**(254.7)**	**3.0**
Regulatory charges[3]	(37.1)	(39.4)	(5.8)
Total risk costs..	(27.2)	(20.7)	31.4

Profit or loss statement	For the six-month period ended 30 June 2019	2018	Change in %
(in € million)	(unaudited)		(unaudited)
Profit before tax	**287.1**	**269.6**	**6.5**
Income taxes	(68.5)	(66.4)	3.2
Net profit[4)]	**218.6**	**203.2**	**7.6**

Key ratios	30 June 2019	31 December 2018	Change in pts.
	(unaudited, unless otherwise indicated)		
Common Equity Tier 1 (CET 1) ratio (fully loaded)[2)]	15.1%[8)]	14.5%[9)]	0.6
Total capital ratio (fully loaded)[2)]	18.9%	16.3%[9)]	2.6
Balance Sheet Leverage[5)]	12.1x	12.1x	–

Key ratios	For the six-month period ended 30 June 2019	2018	Change in pts.
	(unaudited)		(unaudited)
Return on common equity[6)]	11.9%	11.6%	0.3
RoTCE[7)]	13.8%[8)]	13.5%	0.3
Net Interest Margin[5)]	2.28%	2.15%	0.13
Cost-Income Ratio[5)]	42.9%	43.7%	(0.8)

1) Equity attributable to the owners of the parent; excl. minorities and AT1 capital.
2) Based on regulatory IFRS CRR figures (BAWAG Group, fully loaded).
3) In accordance with IFRS, the item other operating income and expenses also includes the regulatory charges. However, BAWAG's management considers the regulatory charges as a separate expense. Accordingly, it is shown in a separate expense line.
4) Profit after tax attributable to owners of the parent.
5) The number or ratio is an APM. For a description, see "*4.3 Alternative Performance Measures*".
6) Prior to 1 January 2019, BAWAG reported this key ratio as 'Return on equity'. The method of calculation has remained unchanged. The ratio is an APM. For a description, see "*4.3 Alternative Performance Measures*".
7) Return on Tangible Common Equity. Prior to 1 January 2019, BAWAG reported this key ratio as 'Return on Tangible Equity (RoTE) '. The method of calculation has remained unchanged. The ratio is an APM. For a description, see "*4.3 Alternative Performance Measures*".
8) Considering normalized regulatory charges (85% of the regulatory charges for the financial year 2019 were booked in the first quarter of 2019), the proposed share buyback in a total amount of € 400 million (pending approvals) and the dividend accrual for the first quarter of 2019, the Common Equity Tier 1 (CET 1) ratio (fully loaded) of BAWAG Group would have been 12.7% as of 30 June 2019. On this basis, RoTCE would have been 17.8% as of 30 June 2019.
9) Audited."

35. Section "13.2 Selected financial information of BAWAG P.S.K." on pages 347 to 348 of the Base Prospectus shall be supplemented by the following text:

"The following key financial figures are taken from the Consolidated Interim Financial Statements as of and for the period ended 30 June 2019 of BAWAG P.S.K. and from the Consolidated Annual Financial Statements 2018 of BAWAG P.S.K. **(in each case, the original German language version is controlling and binding)**:

Statement of financial position	30 June 2019	31 December 2018	Change in %
(in € million)	**(unaudited, unless otherwise indicated)**		
Total assets	**44,180**	**44,388**[6)]	**(0.5)**
Customer loans and receivables	**31,062**	**30,482**[6)]	**1.9**
Customer deposits and own issues	**35,798**	**34,620**[6)]	**3.4**
IFRS equity[1)]	2,940	3,262[6)]	(9.9)
IFRS tangible equity	2,648	3,038	(12.8)
Risk-weighted assets[2)]	20,575	20,331[6)]	1.2

	For the six-month period ended 30 June		
Profit or loss statement	**2019**	**2018**	**Change in %**
(in € million)	**(unaudited)**		**(unaudited)**
Net interest income	434.8	411.2	5.7
Net fee and commission income	142.6	146.0	(2.3)
Core Revenues[5)]	**577.4**	**557.2**	**3.6**
Gains and losses on financial instruments and other operating income and expenses[3)]	33.7	25.0	34.8
Operating income	**611.1**	**582.2**	**5.0**
Operating expenses[3)]	**(261.2)**	**(243.7)**	**7.2**
Regulatory charges[3)]	(37.1)	(39.4)	(5.8)
Total risk costs	(27.2)	(20.7)	31.4
Profit before tax	**288.0**	**280.5**	**2.7**
Income taxes	(78.8)	(79.9)	(1.4)
Net profit[4)]	**209.2**	**200.6**	**4.3**

1) Equity attributable to the owners of the parent; excl. minorities and AT1 capital.
2) Based on regulatory IFRS CRR figures (BAWAG P.S.K. Group, fully loaded).
3) In accordance with IFRS, the item other operating income and expenses also includes the regulatory charges. However, BAWAG P.S.K.'s management considers the regulatory charges as a separate expense. Accordingly, it is shown in a separate expense line.
4) Profit after tax attributable to owners of the parent.
5) The number or ratio is an APM. For a description, see "*4.3 Alternative Performance Measures*".
6) Audited."

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