

First Supplement
dated 25 April 2023
to the Base Prospectus dated 3 April 2023

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



BAWAG Group AG

Vienna, Republic of Austria
– Issuer –

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

Vienna, Republic of Austria
– Issuer –

**Debt Issuance Programme
(the "Programme")**

The Issuers have requested the *Commission de Surveillance du Secteur Financier* of the Grand Duchy of Luxembourg (the "**CSSF**") in its capacity as competent authority under the Luxembourg act relating to prospectuses for securities dated 16 July 2019 (*Loi du 16 juillet 2019 relative aux prospectus pour valeurs mobilières et portant mise en œuvre du règlement (UE) 2017/1129*), as amended (the "**Luxembourg Law**") to approve this First Supplement and to provide the competent authorities in the Federal Republic of Germany and the Republic of Austria with a certificate of approval attesting that the First Supplement has been drawn up in accordance with the Prospectus Regulation (the "**Notification**"). The Issuer may request the CSSF to provide competent authorities in additional host Member States within the European Economic Area with a Notification.

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

The Prospectus was published on 3 April 2023, in accordance with Article 21 paragraph 2 of the Prospectus Regulation in electronic form on the website of the BAWAG Group AG (www.bawaggroup.com). This First Supplement will also be published in accordance with Article 23 paragraph 1 and Article 21 paragraph 2 of the Prospectus Regulation in electronic form on the website of BAWAG Group AG (www.bawaggroup.com) and will be available free of charge at the specified offices of the Issuers.

This First Supplement has been approved by the CSSF, has been filed with said authority and will be published in electronic form on the website of the Luxembourg Stock Exchange (www.luxse.com) and on the website of BAWAG Group (www.bawaggroup.com).

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

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

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

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

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

In accordance with Article 23 paragraph 2 of the Prospectus Regulation, investors who had already agreed to purchase or subscribe for the securities before the supplement was published and where the securities had not yet been delivered to the investors at the time when the significant new factor, material mistake or material inaccuracy arose or was noted, have the right, exercisable within two working days after the publication of this Supplement, to withdraw their acceptances. The final date of the right of withdrawal will be 27 April 2023. Investors should contact BAWAG Group's head of investor relations (investor.relations@bawaggroup.com) for the exercise of the right of withdrawal.

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

The following changes are made to the Base Prospectus:

1. In the section "7.3.2 Recent developments and outlook", the second paragraph under the sub-heading "Recent funding activities" on page 295 of the Base Prospectus shall be deleted and replaced by the following information:

"On the back of EUR 1.0 billion mortgage covered bond issuances in 2019, BAWAG P.S.K. issued notes covered by a mortgage-backed pool of assets in the amount of EUR 500 million and EUR 750 million under the Programme in the first and third quarter 2020, respectively, followed by further issuances: notes covered by a mortgage-backed pool of assets in the amount of EUR 500 million in the fourth quarter 2020 (both with 0.01% coupon), notes covered by a mortgage-backed pool of assets in the amount of EUR 500 million in the first quarter 2021 (due 2041 with 0.0375% coupon), notes covered by a mortgage-backed pool of assets in the amount of EUR 500 million in the second quarter 2021 (due 2031 with 0.100% coupon), notes covered by a mortgage-backed pool of assets in the amount of EUR 500 million in the third quarter 2021 (due 2029 with 0.01% coupon), notes covered by, a mortgage-backed pool of assets in the amount of EUR 500 million in the first quarter 2022 (due 2032 with 0.25% coupon), notes covered by a mortgage-backed pool of assets in the amount of EUR 750 million in the second quarter 2022 (due 2028 with 1.125% coupon), notes covered by a mortgage-backed pool of assets in the amount of EUR 750 million in the second quarter 2022 (due 2030 with 1.750% coupon), notes covered by a mortgage-backed pool of assets in the amount of EUR 1,250 million in the third quarter 2022 (due 2032 with 2.000% coupon), senior preferred notes in the amount of CHF 125 million also in the third quarter 2022 (due 2025 with 2.870% coupon), senior preferred notes in the amount of EUR 25 million in the fourth quarter 2022 (due 2026 with 4.085% coupon), senior preferred notes in the amount of CHF 175 million also in the fourth quarter 2022 (due 2027 with 2.955% coupon), notes covered by a mortgage-backed pool of assets in the amount of EUR 750 million also in the fourth quarter 2022 (due 2027 with 3.000% coupon), notes covered by a mortgage-backed pool of assets in the amount of EUR 800 million in the first quarter 2023 (due 2029 with 3.125% coupon), notes covered by a mortgage-backed pool of assets in the amount of CHF 140 million also in the first quarter 2023 (due 2026 with 1.585% coupon), notes covered by a mortgage-backed pool of assets in the amount of EUR 20 million also in the first quarter 2023 (due 2028 with a floating rate), green senior preferred notes in the amount of EUR 500 million also in the first quarter 2023 (due 2027 with 4.125% coupon) and notes covered by a mortgage-backed pool of assets in the amount of EUR 50,000,000 in the second quarter 2023 (due 2029 with 3.125% coupon)."

2. In the section "7.3.1 Statement of no material adverse change / significant changes" on page 294 to 295 of the Base Prospectus, the second paragraph shall be deleted and replaced by the following information:

"There has been no significant change in the financial performance of BAWAG Group since 31 March 2023, the end of the last financial period for which financial information has been published, to the date of this Base Prospectus."

3. In the section "7.7 Significant change in the financial position of BAWAG GROUP", the first paragraph on page 299 of the Base Prospectus shall be deleted and replaced by the following information:

"No significant change in the financial position of BAWAG Group has occurred since 31 March 2023."

4. The section "9.4.2 Asset decomposition and asset split by region" on page 311 of the Base Prospectus shall be supplemented by the following information:

"Asset decomposition as of 31 March 2023

The following table provides an overview of the asset decomposition of BAWAG Group's segments Retail & SME and Corporates, Real Estate & Public Sector:

Asset decomposition	31 March 2023
(in € million)	(unaudited)
Retail & SME	
Housing loans.....	15,796
Consumer and SME	6,386
Total	22,182
Corporates, Real Estate & Public Sector	
Corporates ¹⁾	3,838
Real Estate	5,669
Public Sector	4,311

Asset decomposition	31 March 2023
Short-term/money market lending ¹⁾	486
Total	14,304

¹⁾ Until 30 June 2021, the sub-category was reported within the sub-categories "Corporates" and "Public Sector".

Source: Company information.

Asset split by region as of 31 March 2023

The following table provides an overview of the asset split by region of BAWAG Group's segments Retail & SME and Corporates, Real Estate & Public Sector:

Asset split by region	31 March 2023
(in € million)	(unaudited)
Retail & SME	
DACH/NL.....	20,115
Western Europe / USA.....	2,067
Total	22,182
Corporates, Real Estate & Public Sector	
DACH/NL.....	6,645
Western Europe / USA.....	7,659
Total	14,305

Source: Company information."

5. In the section "10.1.3 Selected financial information" on pages 314 to 318 of the Base Prospectus, after the sub-heading "Selected financial information for the financial years ended 31 December 2022 and 31 December 2021", a new sub-heading "Selected financial information for the three months period ended 31 March 2023" is inserted with the following information:

"The following tables show selected financial information of BAWAG Group that is taken from the internal reporting of BAWAG Group:

Financial position	31 March 2023
(in € million)	(unaudited)
Total assets	
Cash reserves.....	656
Financial assets held for trading.....	114
Financial assets at fair value through profit or loss	542
Fair value through other comprehensive income	2,707
Financial assets at amortised cost.....	49,726
thereof: Customers	35,255
Debt instruments	3,261
Credit institutions.....	11,210
Valuation adjustment on interest rate risk hedged portfolios.....	(562)
Hedging derivatives	157
Tangible non-current assets.....	354
Intangible non-current assets.....	517
Tax assets for current taxes.....	24
Tax assets for deferred taxes.....	17

Financial position	31 March 2023
Other assets	256
Non-current assets held for sale	5
Total assets	54,513
Average interest-bearing assets¹⁾ ...	43,290
Total liabilities	50,687
Financial liabilities designated at fair value through profit or loss	169
Financial liabilities held for trading	597
Financial liabilities at amortized cost ...	48,515
thereof: Customers	32,249
Issued bonds, subordinated and supplementary capital	11,885
Credit institutions	4,381
Financial liabilities associated with transferred assets	396
Valuation adjustment on interest rate risk hedged portfolios	(800)
Hedging derivatives	238
Provisions	283
Tax liabilities for current taxes	81
Tax liabilities for deferred taxes	85
Other obligations	1,122
Total equity	3,827
thereof: Equity attributable to the owners of the parent (ex AT 1 capital)	3,356
AT 1 capital	471
Non-controlling interests ...	0
Total liabilities and equity	54,513

¹⁾ Average interest-bearing assets as of the end of a quarterly period ending on the dates shown in the table above are calculated by adding the amount of interest-bearing assets as of the end of such quarterly period and the amount of interest-bearing assets as of the end of the immediately preceding quarterly period and dividing such sum by two.

Source: Company information.

(in € million)	31 March 2023
	(unaudited)
Customer deposits and own issues ¹⁾ ..	44,303
Customer loans (average)	35,481
Customer deposits (average)	32,249

¹⁾ Calculated by adding the line items 'financial liabilities designated at fair value through profit or loss', 'financial liabilities – at amortized costs – customers' and 'financial liabilities – at amortized costs – issued bonds, subordinated and supplementary capital' from BAWAG Group's financial statements or internal reporting.

Source: Company information.

Profit and loss statement	For the 3-month period ended
	31 March 2023
(in € million)	(unaudited)

Profit and loss statement	For the 3- month period ended 31 March 2023
Net interest income	290.0
Net fee and commission income	76.2
Core Revenues ¹⁾	366.3
Gains and losses on financial instruments and other operating income and expenses ²⁾	0.6
Operating income	366.9
Operating expenses ²⁾	(119.4)
Pre-Provision Profit ¹⁾	247.5
Regulatory charges ²⁾	(41.0)
Total risk costs.....	(20.6)
ECL Management overlay.....	100
Share of the profit or loss of associates accounted for using the equity method.....	0.4
Profit before tax	186.4
Income taxes.....	(46.8)
Net profit	139.6

¹⁾ The number or ratio is an APM. For a definition, see "10.1.4 Alternative performance measures" below.

²⁾ In accordance with IFRS, the item 'Other operating income and expenses' also includes regulatory charges. The item 'Operating expenses' includes regulatory charges as well. However, BAWAG Group's management considers regulatory charges as a separate expense. Accordingly, they are shown separately.

Source: Company information.

The following tables show selected financial information from the segment reporting of BAWAG Group for its business segments Retail & SME and Corporates, Real Estate & Public Sector:

Retail & SME	For the 3- month period ended 31 March 2023
(in € million)	(unaudited)
Net interest income	207.7
Net fee and commission income	68.1
Core Revenues ¹⁾	275.9
Operating income	277.2
Operating expenses	(86.5)
Pre-Provision Profit ²⁾	190.7
Regulatory charges.....	(13.9)
Total risk costs.....	(19.7)
Profit before tax	157.2
Income taxes.....	(39.3)
Net profit	117.9

¹⁾ Calculated as the total of the line item 'net interest income' and 'net fee and commission income'.

²⁾ Calculated as the line item 'Operating income' less the line item 'Operating expenses'.

Source: Company information.

Corporates, Real Estate & Public Sector	For the 3-month period ended 31 March 2023
(in € million)	(unaudited)
Net interest income	68.6
Net fee and commission income	8.7
Core Revenues¹⁾	77.3
Operating income	76.6
Operating expenses	(18.4)
Pre-Provision Profit²⁾	58.2
Regulatory charges.....	(9.0)
Total risk costs.....	(0.1)
Profit before tax	49.1
Income taxes.....	(12.3)
Net profit	36.8

¹⁾ Calculated as the total of the line item 'net interest income' and 'net fee and commission income'.

²⁾ Calculated as the line item 'Operating income' less the line item 'Operating expenses'.

Source: Company information.

The table below sets out certain per share data that are based on the internal reporting of BAWAG Group:

(in €, unaudited, unless otherwise stated)	31 March 2023
Book value (per share)	39.84
Tangible book value (per share)	33.55
Shares outstanding (in million)	82.298

Source: Company information."

6. In the section "10.1.4 Alternative performance measures" on pages 319 to 321 of the Base Prospectus, after the sub-heading "*Financial years ended 31 December 2022 and 31 December 2021*", a new sub-heading "*Financial information for the three months period ended 31 March 2023*" is inserted with the following information:

"The tables below set out certain APMs that are based on the internal reporting, including segment reporting, of BAWAG Group:

(in € million)	31 March 2023
BAWAG Group	(unaudited)
Equity attributable to the owners of the parent (ex AT 1 capital).....	3,356
Intangible non-current assets.....	517

Source: Company information.

(in € million)	For the 3-month period ended 31 March 2023
	(unaudited)

	For the 3- month period ended 31 March 2023
BAWAG Group	
Return on common equity	17.2%
Return on Tangible Common Equity	20.5%
Net Interest Margin	2.72%
Cost-Income Ratio	32.5%
Core Revenues (in € million)	366.3
Pre-Provision Profit (in € million) ..	247.5
Risk Costs / interest-bearing assets	0.19%

Source: Company information.

	For the 3- month period ended 31 March 2023
Retail & SME	
Return on Common Equity	29.4%
Return on Tangible Common Equity	34.6%
Core Revenues (in € million)	275.9
Pre-Provision Profit (in € million) ..	190.7
Cost-Income Ratio	31.2%
Risk Costs / interest-bearing assets	0.35%
Corporates, Real Estate & Public Sector	
Return on Common Equity	15.3%
Return on Tangible Common Equity	19.0%
Core Revenues (in € million)	77.3
Pre-Provision Profit (in € million) ..	58.2
Cost-Income Ratio	24.0%
Risk Costs / interest-bearing assets	0.00%

Source: Company information."

7. After the section "11.1.2 Regulatory figures and ratios for the financials years ended 31 December 2022 and 31 December 2021" on pages 326 to 327 of the Base Prospectus, a new section "11.1.3 Regulatory figures and ratios for the three month period ended 31 March 2023" is inserted with the following information:

"The following table shows key regulatory figures and ratios of BAWAG Regulatory Group, including information for the business segments Retail & SME and Corporates, Real Estate & Public:

Regulatory figures and ratios¹⁾	As of 31 March 2023 (unaudited)
BAWAG Group	
Common Equity Tier 1 capital (in € million) ¹⁾	2,845
Own funds (in € million) ¹⁾	3,865
Total risk-weighted assets (in € million)	20,247
Common equity tier 1 (CET 1) ratio (fully loaded) ¹⁾	14.1%
Tier 1 ratio ¹⁾	16.1%
Total capital ratio ¹⁾	19.1%
Leverage ratio (fully loaded) ²⁾	5.9%
Liquidity coverage ratio ³⁾	215%
NPL ratio ⁴⁾	0.9%
Retail & SME	
NPL ratio ⁴⁾	1.7%
Risk-weighted assets (in € million)	9,453
Corporates, Real Estate & Public	
NPL ratio ⁴⁾	0.7%
Risk-weighted assets (in € million)	7,325

¹⁾ Calculated in accordance with regulatory requirements.

¹⁾ Includes deductions of approximately EUR 305 million dividend earmarked for the financial year 2022 that are subject to shareholder approval.

²⁾ The leverage ratio is calculated pursuant to Article 429 CRR II as an institution's capital measure divided by that institution's total exposure measure, expressed as a percentage, and is designed to discourage the build-up of excessive leverage by the Issuer.

³⁾ Calculated in accordance with Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirement for Credit Institutions. The liquidity coverage ratio, according to Article 412 (1) CRR II, is designed to promote short-term resilience of the BAWAG Regulatory Group's liquidity risk profile and aims to ensure that the Issuer has an adequate stock of unencumbered high quality liquid assets (HQLA) to meet its liquidity needs for a 30 calendar day liquidity stress scenario.

⁴⁾ Calculated as the sum of non-performing loans and advances divided by total gross loans and advances (exposure) in accordance with the European Banking Associations' Implementing Technical Standard (ITS) on Supervisory Reporting (Forbearance and non-performing exposures).

Source: Company information."

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