



BAWAG Group AG

(Vienna, Republic of Austria)

EUR 500,000,000 Undated Non-Cumulative Fixed to Reset Rate Additional Tier 1 Notes of 2024

ISIN XS2819840120, Common Code 281984012, WKN A3LYV6

Issue Price: 100%

This prospectus (the "**Prospectus**") relates to the issue of the EUR 500,000,000 Undated Non-cumulative Fixed to Reset Rate Additional Tier 1 Notes with a First Reset Date on 18 March 2030 in the denomination of EUR 200,000 each (the "**Notes**"), to be issued by BAWAG Group AG (the "**Issuer**" "**BAWAG Group AG**", or "**BAWAG**"), on 18 September 2024 (the "**Issue Date**"). The issue price of the Notes is 100% of their principal amount (the "**Issue Price**").

The Notes will bear distributions on the Current Principal Amount (as defined below) at the rate of 7.250% *per annum* (the "**First Rate of Distributions**") from and including 18 September 2024 (the "**Distribution Commencement Date**") to but excluding 18 March 2030 (the "**First Reset Date**") and thereafter at the relevant Reset Rate of Distributions from and including each Reset Date to but excluding the next following Reset Date. "**Reset Date**" means the First Reset Date and each fifth anniversary thereof for as long as the Notes remain outstanding. The "**Reset Rate of Distributions**" for each reset period will be the sum of the Reference Rate, converted from an annual basis to a semi-annual basis, and the Margin (both as defined in the terms and conditions of the Notes (the "**Terms and Conditions**")).

Distributions will be scheduled to be paid semi-annually in arrear on 18 March and 18 September in each year, commencing on 18 March 2025.

Distribution payments are subject to cancellation, in whole or in part, and, if cancelled, are non-cumulative and distribution payments in following years will not increase to compensate for any shortfall in distribution payments in any previous year.

"**Current Principal Amount**" will mean initially EUR 200,000 (the "**Original Principal Amount**") which from time to time, on one or more occasions, may be reduced upon occurrence of a Trigger Event (as defined in the Terms and Conditions) by a write-down and, subsequent to any such reduction, may be increased by a write up, if any (up to the Original Principal Amount) subject to limitations and conditions (as defined in the Terms and Conditions). If the relevant resolution authority exercises write-down and conversion powers, the principal amount of the Notes may be (permanently) written down, including to zero, or the Notes may be converted to CET 1 instruments.

The Notes are perpetual and have no scheduled maturity date. The Notes are redeemable by the Issuer at its discretion on (i) each Business Day (as defined in the Terms and Conditions) during the period from (and including) 18 September 2029 to (but excluding) the First Reset Date, (ii) the First Reset Date and (iii) each Distribution Payment Date (as defined in the Terms and Conditions) following the First Reset Date, or in other limited circumstances and, in each case, subject to limitations and conditions as described in the Terms and Conditions. The "**Redemption Amount**" per Note will be the Current Principal Amount per Note.

The Notes, as to form and content, and all rights and obligations of the holders and the Issuer will be governed by the laws of the Federal Republic of Germany ("**Germany**"). The status provisions of the Notes will be governed by, and will be construed exclusively in accordance with, the laws of the Republic of Austria ("**Austria**").

The Notes will be issued in bearer form and initially be represented by a Temporary Global Note without coupons which will be exchangeable for Notes represented by a Permanent Global Note without coupons (both as defined in the Terms and Conditions).

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the regulated market "*Bourse de Luxembourg*" of the Luxembourg Stock Exchange, which is a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments (as amended) ("**MiFID II**").

This Prospectus constitutes a prospectus within the meaning of Regulation (EU) No 1129/2017 of the European Parliament and of the Council of 14 June 2017 (as amended, the "**Prospectus Regulation**"). This Prospectus was approved on 16 September 2024 by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") of the Grand Duchy of Luxembourg in its capacity as competent authority for purposes of the approval of the Prospectus under the Prospectus Regulation. **The CSSF only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the CSSF should not be considered as an endorsement of the Issuer or the quality of the Notes that are the subject of this Prospectus. In accordance with Article 6(4) of the Luxembourg Law of 16 July 2019 on Prospectuses for Securities (*loi du 16 juillet 2019 relative aux prospectus pour valeurs mobilières*; the "**Luxembourg Prospectus Act**"), by approving this Prospectus, the CSSF assumes no responsibility for the economic or financial soundness of the transactions contemplated by this Prospectus or the quality and solvency of the Issuer. Investors should make their own assessment as to the suitability of investing in the Notes.**

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, the Notes in any jurisdiction where such offer or solicitation is unlawful.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States and are being sold pursuant to an exemption from the registration requirements of the Securities Act. Subject to certain exceptions, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act).

The Notes are not intended to be offered, sold or otherwise made available and should not be offered, sold or otherwise made available to retail clients in the European Economic Area ("EEA"), the United Kingdom ("UK") or in any other jurisdiction. Prospective investors are referred to the section headed "Important Notices" of this Prospectus for further information.

NOTIFICATION UNDER SECTION 309B(1) OF THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE (THE "SFA") – *The Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in the Monetary Authority of Singapore (the "MAS") Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).*

Prospective purchasers of the Notes should ensure that they understand the nature of the Notes and the extent of their exposure to risks and that they consider the suitability of the Notes as an investment in the light of their own circumstances and financial condition. Investing in the Notes involves certain risks. Please review the section entitled "1 Risk Factors" beginning on page 10 of this Prospectus.

This Prospectus will be valid for a period of twelve months from its date of approval, *i.e.*, until 16 September 2025. In case of a significant new factor, material mistake or material inaccuracy relating to the information included in this Prospectus which may affect the assessment of the Notes and which arises or is noted between the time when this Prospectus is approved and the time when trading of the Notes begins on the regulated market "*Bourse de Luxembourg*" of the Luxembourg Stock Exchange, the Issuer will prepare and publish a supplement to this Prospectus without undue delay in accordance with Article 23 of the Prospectus Regulation. The obligation to supplement this Prospectus in the event of a significant new factor, material mistake or material inaccuracy shall not apply once trading of the Notes on the regulated market of the Luxembourg Stock Exchange has begun or this Prospectus is no longer valid, whichever occurs earlier.

This Prospectus will be published in electronic form together with all documents incorporated by reference on the website of the Luxembourg Stock Exchange (www.luxse.com).

Global Coordinator

UBS Europe SE

Joint Lead Managers

Citigroup

Jefferies GmbH

J.P. Morgan

Morgan Stanley

UBS Europe SE

RESPONSIBILITY STATEMENT

The Issuer, having its registered office in Vienna, Austria, accepts responsibility for the information contained in this Prospectus and hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information.

The Issuer further confirms that: (i) this Prospectus contains all information with respect to the Issuer and its consolidated subsidiaries taken as a whole ("**BAWAG Group**" or the "**Group**", which includes BAWAG P.S.K. Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft ("**BAWAG P.S.K.**") and BAWAG P.S.K.'s consolidated subsidiaries (together the "**BAWAG P.S.K. Group**")) and to the Notes which is material in the context of the issue and offering of the Notes, including all information which, according to the particular nature of the Issuer and of the Notes is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and BAWAG Group and of the rights attached to the Notes; (ii) the statements contained in this Prospectus relating to the Issuer, BAWAG Group and the Notes are in every material particular true and accurate and not misleading; (iii) there are no other facts in relation to the Issuer, BAWAG Group or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in this Prospectus misleading in any material respect; and (iv) reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements.

NOTICE

No person is authorised to give any information or to make any representation other than that contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer or the Joint Lead Managers (as defined in the section "*6 Subscription and Sale*").

This Prospectus should be read and understood in conjunction with any supplement hereto and with any documents incorporated herein or therein by reference (see the section "*8 Documents Incorporated by Reference*").

Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and BAWAG Group. This Prospectus does not constitute an offer of Notes or an invitation by or on behalf of the Issuer or the Joint Lead Managers to purchase any Notes. Neither this Prospectus nor any other information supplied in connection with the Notes should be considered as a recommendation by the Issuer or the Joint Lead Managers to a recipient hereof and thereof that such recipient should purchase any Notes.

This Prospectus reflects the status as of its date. The offering sale and delivery of the Notes and the distribution of this Prospectus may not be taken as an implication that the information contained herein is accurate and complete subsequent to the date hereof or that there has been no adverse change in the financial condition of the Issuer since the date hereof.

To the extent permitted by the laws of any relevant jurisdiction, neither the Joint Lead Managers nor any of their affiliates nor any other person mentioned in this Prospectus, except for the Issuer, accepts responsibility for the accuracy and completeness of the information contained in this Prospectus or any document incorporated by reference, and accordingly, and to the extent permitted by the laws of any relevant jurisdiction, none of these persons accept any responsibility for the accuracy and completeness of the information contained in any of these documents. The Joint Lead Managers have not independently verified any such information and accept no responsibility for the accuracy thereof.

The Notes are complex instruments. Potential investors in the Notes must determine the suitability (either alone or with the help of a financial adviser) of that investment in light of their own circumstances and the complexity of the Notes. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement hereto;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation and the investment(s) it is considering, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or distribution payments is different from the potential investor's currency;
- understand thoroughly the Terms and Conditions of the Notes and be familiar with the behaviour of financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, rate of distributions and other factors that may affect its investment and its ability to bear the applicable risks.

Prior to making an investment decision, each potential investor should consider carefully, in light of its own financial circumstances and investment objectives all the information contained in this Prospectus or incorporated by reference herein, and should have sufficient financial resources and liquidity to bear the risks of an investment in the Notes, including the possibility that the entire principal amount of the Notes could be lost. A potential investor should not invest in the Notes unless he/she has the knowledge and expertise (either alone or with a financial advisor) to evaluate how the Notes will perform under changing conditions, the resulting effects on the likelihood of cancellation of payment of principal, payment of distributions or a write-down and the market price of the Notes, and the impact of this investment on the potential investor's overall investment portfolio.

This Prospectus does not constitute, and may not be used for the purposes of, an offer or solicitation by 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 offer or solicitation.

The distribution of this Prospectus and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required to inform themselves about and to observe any such restrictions. For a description of the restrictions see "6 *Subscription and Sale*".

In this Prospectus, all references to "€", "EUR" or "Euro" are to the currency introduced at the start of the third stage of the European Economic and Monetary Union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the Euro, as amended.

STABILISATION

IN CONNECTION WITH THE ISSUE OF THE NOTES, UBS EUROPE SE (THE "STABILISATION MANAGER") (OR PERSONS ACTING ON ITS BEHALF) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISATION MANAGER (OR PERSONS ACTING ON ITS BEHALF) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AT ANY TIME AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE ISSUE DATE AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY SUCH STABILISATION ACTION SHALL BE CONDUCTED IN COMPLIANCE WITH ALL LAWS, DIRECTIVES, REGULATIONS AND RULES OF ANY RELEVANT JURISDICTION.

RESTRICTIONS ON MARKETING AND SALES TO RETAIL INVESTORS

The Notes issued pursuant to this Prospectus are complex financial instruments and are not a suitable or appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Notes to retail investors.

In particular, in June 2015, the U.K. Financial Conduct Authority (the "FCA") published the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015, which took effect from 1 October 2015 (the "PI Instrument"). In addition, (i) on 1 January 2018, the provisions of Regulation (EU) No. 1286/2014 on key information documents for packaged and retail and insurance-based investment products ("**PRIIPs Regulation**") became directly applicable in all member states of the EEA and (ii) MiFID II was required to be implemented in EEA member states by 3 January 2018. Together, the PI Instrument, the PRIIPs Regulation, MiFID II, the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"), Regulation (EU) No 2017/565 as it forms part of the domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 ("**UK Delegated Regulation**"), and the Regulation (EU) No. 1286/2014 as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (the "**UK PRIIPs Regulation**") are referred to as the "**Regulations**".

The Regulations set out various obligations in relation to (i) the manufacture and distribution of financial instruments and the (ii) offering, sale and distribution of packaged retail and insurance-based investment products and certain contingent write-down or convertible securities such as the Notes.

The Issuer and the Joint Lead Managers are required to comply with some or all of the Regulations. Potential investors in the Notes should inform themselves of, and comply with, any applicable laws, regulations or regulatory guidance with respect to any resale of the Notes (or any beneficial interests therein), including the Regulations. By purchasing, or making or accepting an offer to purchase any Notes (or a beneficial interest in the Notes) from the Issuer and/or the Joint Lead Managers each prospective investor represents, warrants, agrees with and undertakes to the Issuer and the Joint Lead Managers that:

- (1)
 - (A) it is not a retail client (as defined in MiFID II, UK Delegated Regulation or COBS); and
 - (B) it is not a customer within the meaning of Directive (EU) 2016/97 (Insurance Distribution Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II;
- (2) whether or not it is subject to the Regulations:
 - (A) it will not sell or offer the Notes (or any beneficial interest therein) to retail clients (as defined in MiFID II, UK Delegated Regulation or COBS); or
 - (B) it will not communicate (including the distribution of this Prospectus) or approve an invitation or inducement to participate in, acquire or underwrite the Notes (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client (in each case within the meaning of the Regulations). In selling or offering the Notes or making or approving communications relating to the Notes it may not rely on the limited exemptions set out in COBS; and
 - (C) if it is a person in Hong Kong, it is a "professional investor" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; and
- (3) it will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA or the United Kingdom) relating to the promotion, offering, distribution and/or sale of the Notes (or any beneficial interests therein), including (without limitation) MiFID II, UK Delegated Regulation or the UK FCA Handbook and any other such laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Notes (or any beneficial interests therein) by investors in any relevant jurisdiction.

Each prospective investor further acknowledges that:

- (1) the identified target market for the Notes (for the purposes of the product governance obligations in MiFID II or UK Delegated Regulation), taking into account the five categories referred to in item 18 of the Guidelines published by the European Securities and Markets Authority ("**ESMA**") on 5 February 2018, is eligible counterparties and professional clients only;
- (2) no key information document ("**KID**") under the PRIIPs Regulation has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation; and
- (3) no KID under the UK PRIIPs Regulation has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Notes (or any beneficial interests therein) from the Issuer and/or the Joint Lead Managers the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.

MIFID II PRODUCT GOVERNANCE

Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**Distributor**") should take into consideration the manufacturers' target market assessment; however, a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

UK MIFIR PRODUCT GOVERNANCE

Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the COBS, and professional clients, as defined in UK MiFIR; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by the PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UNITED KINGDOM RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined point (8) of Article 2 of the UK Delegated Regulation; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 ("**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (iii) not a qualified investor as defined in Article 2 of Regulation (EU) No. 2017/1129 as it forms part of domestic law of the UK by virtue of the EUWA. Consequently, no key information document required by the UK PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

NOTICE TO CANADIAN INVESTORS

This Prospectus constitutes an "exempt offering document" as defined in and for the purposes of applicable Canadian securities laws. No prospectus has been filed with any securities commission or similar regulatory authority in Canada in connection with the offer and sale of the Notes. No securities commission or similarly regulatory authority in Canada has reviewed or in any way passed upon this Prospectus or the merits of any Notes and any representation to the contrary is an offence.

The Notes may be sold in Canada only to purchasers resident in, or subject to the securities laws of the province of Ontario that are purchasing, or deemed to be purchasing, as principal, that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* ("**NI 45-106**") or subsection 73.3(1) of the *Securities Act*

(Ontario) and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, exemptions and Ongoing Registrant Obligations* ("**NI 31-103**") and that are not created or used solely to purchase or hold securities as an accredited investor described in paragraph (m) of the definition of "accredited investor" in section 1.1 of NI 45-106.

The offer and sale of the Notes in Canada is being made on a private placement basis only and is exempt from the requirement that the Issuer prepares and files a prospectus under applicable Canadian securities laws. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws, which may vary depending on the relevant jurisdiction, and which may require resales to be made in accordance with Canadian prospectus requirements, in a transaction exempt from the prospectus requirements or otherwise under a discretionary exemption from the prospectus requirements granted by the applicable local Canadian securities regulatory authority. These resale restrictions may under certain circumstances apply to resales of the Notes outside of Canada.

Securities legislation in certain provinces or territories of Canada may provide Canadian investors with remedies for rescission or damages if an "offering memorandum" such as this document (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

The Issuer is not a member institution of the Canada Deposit Insurance Corporation. The liability incurred by the Issuer through the issuance and sale of the Notes is not a deposit. The Issuer is not regulated as a financial institution in Canada.

BENCHMARKS DISCLOSURE – STATEMENT ON REGISTRATION OF BENCHMARK ADMINISTRATOR

On each Reset Date, the Reset Rate of Distributions payable on the Notes is calculated by reference to the annual mid swap rate for swap transactions denominated in Euro with a term of five years, which is provided by ICE Benchmark Administration Limited (the "**IBA**"). The annual mid swap rate for swap transactions denominated in Euro with a term of five years is calculated with reference to the Euro Interbank Offered Rate ("**EURIBOR**"), which is provided by the European Money Market Institute ("**EMMI**"). As at the date of this Prospectus, EMMI appears on the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) while IBA does not appear on the ESMA register.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain forward-looking statements. A forward-looking statement is a statement that does not relate to historical facts and events. They are based on analyses or forecasts of future results and estimates of amounts not yet determinable or foreseeable. These forward-looking statements are identified by the use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will" and similar terms and phrases, including references and assumptions. This applies, in particular, to statements in this Prospectus containing information on future earning capacity, plans and expectations regarding the Issuer's and BAWAG Group's business and management, its growth and profitability, and general economic and regulatory conditions and other factors that affect it.

Forward-looking statements in this Prospectus are based on current estimates and assumptions that the Issuer makes to the best of its present knowledge. These forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results, including BAWAG Group's financial condition and results of operations, to differ materially from and be worse than results that have expressly or implicitly been assumed or described in these forward-looking statements. BAWAG Group's business is also subject to a number of risks and uncertainties that could cause a forward-looking statement, estimate or prediction in this Prospectus to become inaccurate. Accordingly, investors are strongly advised to read the following sections of this Prospectus: "*1 Risk Factors*" and "*4 Description of the Issuer*". These sections include more detailed descriptions of factors that might have an impact on BAWAG Group's business and the markets in which it operates.

In light of these risks, uncertainties and assumptions, future events described in this Prospectus may not occur. In addition, neither the Issuer nor the Joint Lead Managers assumes any obligation, except as required by law, to update any forward-looking statement or to conform these forward-looking statements to actual events or developments.

INFORMATION FROM THIRD PARTIES

Unless otherwise indicated, statements in this Prospectus regarding the market environment, market developments, growth rates, market trends and the competitive situation in the markets and segments in which BAWAG Group operates are based on data, statistical information, sector reports and third-party studies, as well as BAWAG Group's own estimates. Management estimates – unless otherwise indicated – are based on internal market observations and/or studies by third parties.

To the extent that information has been sourced from third parties, this information has been accurately reproduced by the Issuer in this Prospectus and, as far as the Issuer is aware and is able to ascertain from information published by these third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, market studies and analyses are frequently based on information and assumptions that may not be accurate or technically correct, and their methodology is, by nature, forward-looking and speculative. The source of such third-party information is cited whenever such information is used in this Prospectus.

Irrespective of the assumption of responsibility for the contents of this Prospectus by the Issuer, neither the Issuer nor the Joint Lead Managers has verified any figures, market data and other information used by third parties in their studies, publications and financial information, or the external sources on which the Issuer's estimates are based. Neither the Issuer nor the Joint Lead Managers therefore assumes any liability for and or offers any guarantee of the accuracy of the data from studies and third-party sources contained in this Prospectus and/or for the accuracy of data on which the Issuer's estimates are based.

This Prospectus also contains estimates of market and other data and information derived from such data that cannot be obtained from publications by market research institutes or from other independent sources. Such information is partly based on own market observations, the evaluation of industry information (from conferences, sector events, etc.) or internal assessments. The Issuer's management believes that its estimates of market and other data and the information it has derived from such data assists investors in gaining a better understanding of the industry in which BAWAG Group operates and BAWAG Group's position therein. The Issuer's own estimates have not been checked or verified externally. The Issuer nevertheless assumes that its own market observations are reliable. The Issuer gives no warranty for the accuracy of the Issuer's own estimates and the information derived therefrom. They may differ from estimates made by competitors of BAWAG Group or from future studies conducted by market research institutes or other independent sources.

Information contained on any website mentioned in this Prospectus, including the website of BAWAG Group, is not incorporated by reference in this Prospectus and is not part of this Prospectus.

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1 RISK FACTORS

In evaluating the Notes offered as well as the Issuer and its business and, in particular, before making an investment in the Notes, the following risk factors should be carefully considered together with the other information set forth in this Prospectus.

If one or more of the following risks materialise, they could have a material adverse effect on the business, financial position, assets, profitability and/or business prospects of the Issuer. As a consequence, the Issuer may default or become insolvent. The market value and/or trading price of the Notes may substantially decline, and holders of Notes may lose part of, or even their entire investment in the Notes.

The following description is limited to risk factors which the Issuer considers to be specific and material. The Issuer describes only those risk factors it is currently aware of and which could impair its ability to fulfil its obligations under the Notes. Additional risks currently unknown to the Issuer or which it currently believe to be immaterial may also adversely affect its business, results of operations and financial conditions. Prospective investors should therefore also read the information set out elsewhere in this Prospectus (including any documents incorporated by reference herein). Even if an investor is ready to assume a high level of risk, financing an investment in the Notes by means of a loan substantially increases the risk of losses and is explicitly discouraged.

Words and expressions defined in the section "3 Terms and Conditions of the Notes" below shall have the same meanings in this section.

1.1 Risks relating to the Issuer and BAWAG Group

The specific risks with regard to the Issuer and BAWAG Group that may affect the Issuer's ability to meet its obligations under the Notes are organized into the following categories depending on their nature (with the most material risk factor presented first in each category):

- "1.1.1 Risks relating to the markets in which BAWAG Group operates";
- "1.1.2 Risks related to the business of BAWAG Group";
- "1.1.3 Operational Risks";
- "1.1.4 Risks relating to regulatory, legal and tax matters"; and
- "1.1.5 Risks relating to BAWAG as a financial holding company".

1.1.1 Risks relating to the markets in which BAWAG Group operates

The specific risks relating to the markets in which BAWAG Group operates are contained in the subsection "2.1.1 Risks relating to the markets in which BAWAG Group operates" set out on pages 13 to 15 of the DIP Prospectus 2024. The information set out above is incorporated by reference in, and forms part of, this Prospectus (see the section "8 Documents Incorporated by Reference" in this Prospectus).

1.1.2 Risks related to the business of BAWAG Group

The specific risks related to the business of BAWAG Group are contained in the subsection "2.1.2 Risks related to the business of BAWAG Group" set out on pages 15 to 23 of the DIP Prospectus 2024. The information set out above is incorporated by reference in, and forms part of, this Prospectus (see the section "8 Documents Incorporated by Reference" in this Prospectus).

1.1.3 Operational Risks

The specific operational risks are contained in the subsection "2.1.3 Operational Risks" set out on pages 23 to 25 of the DIP Prospectus 2024. The information set out above is incorporated by reference in, and forms part of, this Prospectus (see the section "8 Documents Incorporated by Reference" in this Prospectus).

1.1.4 Risks relating to regulatory, legal and tax matters

The specific risks relating to regulatory, legal and tax matters are contained in the subsection "2.1.4 Risks relating to regulatory, legal and tax matters" set out on pages 25 to 31 of the DIP Prospectus 2024 as amended by item no. 1 set out on page 3 of the First Supplement and by item no. 1 set out on page 3 of the Second Supplement. The information set out above is incorporated by reference in, and forms part of, this Prospectus (see the section "8 Documents Incorporated by Reference" in this Prospectus).

1.1.5 Risks relating to BAWAG as a financial holding company

The specific risks relating to BAWAG as a financial holding company are contained in the subsection "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." set out on page 31 of the DIP Prospectus 2024. The information set out above is incorporated by reference in, and forms part of, this Prospectus (see the section "8 Documents Incorporated by Reference" in this Prospectus).

1.2 Risks relating to the Notes

The specific risks with regard to the Notes are organized into the following categories depending on their nature (with the most material risk factor presented first in each category):

- "1.2.1 Risks relating to the status and regulatory classification of Notes";
- "1.2.2 Risks relating to the interest and redemption structure of the Notes";
- "1.2.3 Risks relating to certain other features of the Notes";
- "1.2.4 Risks relating to the taxation of the Notes"; and
- "1.2.5 Other related risks".

1.2.1 Risks relating to the status and regulatory classification of Notes

1.2.1.1 *The Issuer may be required to reduce the initial principal amount of the Notes to absorb losses, which would reduce any redemption amount and any distribution payable on the Notes while the Notes are written down.*

The Notes are issued in order to meet prudential capital requirements with the intention and purpose of being eligible as own funds of BAWAG Regulatory Group.

The eligibility of the Notes to classify as AT 1 Instruments (as defined in the Terms and Conditions) depends on a number of statutory conditions being satisfied. One of these conditions relates to the ability of the Notes and the proceeds of their issue to be available to absorb any losses of the Issuer. Accordingly, under the Terms and Conditions of the Notes, if a Trigger Event has occurred, the Issuer will reduce the then prevailing Current Principal Amount (as defined in the Terms and Conditions) of each Note by the relevant Write-Down Amount (as defined below). Such Trigger Event occurs, at any time, if the Group CET 1 Capital Ratio (*i.e.*, the CET 1 capital ratio pursuant to Article 92(2)(a) CRR of the BAWAG Regulatory Group on a consolidated basis) is lower than the Trigger Level (which is determined at 5.125% in the Terms and Conditions). As of 30 June 2024, BAWAG Group's CET 1 ratio (fully loaded) amounted to 16.5%.

Holders of Notes should be aware that the composition of the BAWAG Regulatory Group, which among other things is relevant for determining whether a Trigger Event has occurred, may change from time to time for reasons such as any future changes in the Applicable Supervisory Regulations dealing with the requirements for prudential consolidation or corporate actions related to the BAWAG Regulatory Group.

For the avoidance of doubt, a Trigger Event may be determined and may occur at any time and may occur on more than one occasion and each Note may be subject to a Write-Down on more than one occasion. The occurrence of a Trigger Event, which would result in a Write-Down of the Current Principal Amount of the Notes, is inherently unpredictable and depends on a number of factors, many of which may be outside the Issuer's control. The aggregate reduction of the aggregate Current Principal Amount of all Notes outstanding on the Write-Down Effective Date (as defined in the Terms and Conditions), will be equal to the lower of: (i) the amount necessary to generate

sufficient CET 1 capital pursuant to Article 50 CRR that would restore the Group CET 1 Capital Ratio to the Trigger Level at the point of such reduction, after taking into account (subject as provided below) the *pro rata* write-down and/or conversion of the prevailing principal amount of all Loss Absorbing Instruments (as defined in the Terms and Conditions) (if any) to be written down and/or converted concurrently (or substantially concurrently) with the Notes, provided that, with respect to each Loss Absorbing Instrument (if any), such *pro rata* write-down and/or conversion shall only be taken into account to the extent required to restore the Group CET 1 Capital Ratio contemplated above to the lower of: (x) such Loss Absorbing Instrument's trigger level; and (y) the Trigger Level and, in each case, in accordance with the terms of the relevant Loss Absorbing Instruments and the Applicable Supervisory Regulations; and (ii) the amount that would result in the Current Principal Amount of a Note being reduced to EUR 0.01.

Such aggregate reduction shall be applied to each Note *pro rata* on the basis of its Current Principal Amount prevailing immediately prior to the Write-Down and "**Write-Down Amount**" shall mean, in respect of each Note, the amount by which the Current Principal Amount of such Note is to be written down accordingly.

If, in connection with the Write-Down or the calculation of the Write-Down Amount, there are outstanding any Loss Absorbing Instruments the terms of which provide that they shall be written down and/or converted in full and not in part only (the "**Full Loss Absorbing Instruments**") then:

- (i) the provision that a Write-Down of the Notes should be effected *pro rata* with the write-down and/or conversion, as the case may be, of any Loss Absorbing Instruments shall not be construed as requiring the Notes to be Written Down (as defined in the Terms and Conditions) in full solely by virtue of the fact that such Full Loss Absorbing Instruments (as defined in the Terms and Conditions) may be written down and/or converted in full; and
- (ii) for the purposes of calculating the Write-Down Amount, the Full Loss Absorbing Instruments will be treated (for the purposes only of determining the write-down of principal and/or conversion, as the case may be, among the Notes and any Loss Absorbing Instruments on a *pro rata* basis) as if their terms permitted partial write-down and/or conversion, such that the write-down and/or conversion of such Full Loss Absorbing Instruments shall be deemed to occur in two concurrent stages: (x) first, the principal amount of such Full Loss Absorbing Instruments shall be written down and/or converted *pro rata* (in the manner contemplated above) with the Notes and all other Loss Absorbing Instruments to the extent necessary to restore the Group CET 1 Capital Ratio to the Trigger Level; and (y) second, the balance (if any) of the principal amount of such Full Loss Absorbing Instruments remaining following (x) shall be written off and/or converted, as the case may be, with the effect of increasing the Group CET 1 Capital Ratio above the Trigger Level.

To the extent the write-down and/or conversion of any Loss Absorbing Instruments is not possible or not made for any reason, this shall not in any way prevent any Write-Down of the Notes. Instead, in such circumstances, the Notes will be Written Down and the Write-Down Amount determined as provided above but without including for this purpose any CET 1 capital in respect of the write-down or conversion of such Loss Absorbing Instruments, to the extent it is not possible for them to be or they are not for any reason, written down and/or converted.

If a Write-Down pursuant to the Terms and Conditions occurs during any Distribution Period, unpaid distributions accrued on the Current Principal Amount to but excluding the Write-Down Effective Date are cancelled. In accordance with the Terms and Conditions, the Notes shall bear distributions on the adjusted Current Principal Amount from and including the Write-Down Effective Date. A reduction of the Current Principal Amount of a Note pursuant to the provisions described above will not constitute a default of the Issuer for any purpose.

Holders may lose all or some of their investment as a result of a Write-Down. If the Issuer is liquidated or becomes insolvent prior to the Notes being written up in full (if at all) pursuant to the Terms and Conditions, Holders' claims for principal (and distributions, if any) will be based on the reduced Current Principal Amount of the Notes.

The market price of the Notes is expected to be affected by fluctuations in the Common Equity Tier 1 capital ratio of the BAWAG Regulatory Group. Any indication that the Group CET 1 Capital Ratio is approaching the level that would trigger a Trigger Event may have an adverse effect on the market price of the Notes.

1.2.1.2 The Notes may be written down (without prospect of a potential Write-Up in accordance with the Terms and Conditions of the Notes) or converted into equity, and the terms of the Notes may be varied to the detriment of the Holders, by the competent resolution authority.

In addition to being subject to a possible Write-Down upon the occurrence of a Trigger Event in accordance with the Terms and Conditions of the Notes (see also "1.2.1.5 Upon the occurrence of a Trigger Event, there may be a Write-Down of the Notes even if other capital instruments of the Issuer are not written down or converted into Common

Equity Tier 1 instruments."), the Notes may also be subject to a permanent write-down or conversion into ordinary shares or other instruments of ownership (in whole or in part) and/or to other resolution measures, in particular in circumstances where the competent authorities have determined that BAWAG Regulatory Group as a whole or in part has reached the point of non-viability and the competent resolution authority FMA has taken the decision to apply these measures to the Issuer.

The resolution measures are based on the framework for the recovery and resolution of credit institutions and investment firms of the BRRD which was transposed into Austrian law by the BaSAG. For a banking group supervised within the framework of the Single Supervisory Mechanism ("**SSM**"), such as BAWAG Regulatory Group, the SRM Regulation provides for a coherent application of the resolution rules across the eurozone under responsibility of the Single Resolution Board ("**SRB**"). Within the Single Resolution Mechanism, ("**SRM**"), the SRB is responsible for adopting resolution decisions in close cooperation with the European Central Bank ("**ECB**"), the European Commission, the Council of the EU and the relevant national resolution authorities in the event that a significant credit institution or banking group directly supervised by the ECB, such as the BAWAG Regulatory Group, is failing or likely to fail as a whole or in part and where certain other conditions are met. The Austrian resolution authority FMA would implement such a resolution decision adopted by the SRB in accordance with the powers conferred on it under the BaSAG.

Due to their qualification as AT 1 instruments, the Notes are 'relevant capital instruments' as defined in Article 3(1) point (51) SRM Regulation and § 2 no. 74 BaSAG which are intended to be recognised for the purposes of meeting own funds requirements of BAWAG Regulatory Group on a consolidated basis.

Provided that the Issuer meets the applicable conditions for resolution as a member of BAWAG Regulatory Group, the resolution authority has certain resolution powers which it may exercise either individually or in any combination together with or in preparation of applying a resolution instrument. Such resolution powers include:

- the power to transfer to another entity rights, assets or liabilities of the Issuer (such as the Notes);
- the power to reduce, including to reduce to zero, the nominal value of or outstanding amount due in respect of eligible liabilities of the Issuer;
- the power to convert eligible liabilities of the Issuer into ordinary shares or other instruments of ownership of the Issuer, a relevant parent institution or a bridge institution to which assets, rights or liabilities of the Issuer are transferred;
- the power to cancel debt instruments issued by the Issuer (such as the Notes);
- the power to require the Issuer or a relevant parent institution to issue new shares or other instruments of ownership or other capital instruments, including preference shares and contingent convertible instruments; and/or
- the power to amend or alter the maturity of debt instruments (such as the Notes) and other eligible liabilities issued by the Issuer or the amount of interest payable under such debt instruments and other eligible liabilities, or the date on which the interest becomes payable, including by suspending payment for a temporary period.

The exercise of such resolution powers could have a negative impact on the Issuer and/or the Notes.

The Notes are, in particular, subject to the 'write-down and conversion of capital instruments' ("**WDCCI**") tool as set out in Article 21 SRM Regulation and § 70 BaSAG. If the ECB or the SRB determines that BAWAG Regulatory Group is failing or likely to fail as a whole or in part and where certain other conditions are met (as set forth in the SRM Regulation, the BaSAG and other applicable rules and regulations), FMA, upon a resolution scheme adopted by the SRB, has the power to write down, including to write down to zero, all claims for payment of the principal, interest or any other amount in respect of the Notes or to convert the Notes into ordinary shares or other instruments qualifying as CET 1 capital. The SRB and FMA will have to exercise the WDCCI tool in a way that results in (a) CET 1 instruments (such as ordinary shares of the Issuer) being reduced first in proportion to the relevant losses, (b) subsequently, the outstanding amount of Additional Tier 1 instruments, including the Notes, being written down on a permanent basis or converted into CET 1 instruments in order to absorb any remaining losses or to recapitalise the relevant institution to the extent necessary after step (a), and finally (c) the outstanding amount of the Issuer's T2 instruments as well as the Issuer's other "bail-inable" liabilities (unless exempted by the SRM Regulation or the BaSAG) being written down on a permanent basis or converted into CET 1 instruments in accordance with their order of priority and to the extent this is necessary after steps (a) and (b). In addition to the WDCCI tool, the SRB and FMA may apply any other resolution measure including (but not limited to) a transfer of the Notes to another

entity, a variation of the Terms and Conditions of the Notes (including, but not limited to, the variation of maturity of the Notes) or a cancellation of the Notes. The WDCCI tool and each of these other resolution measures are hereinafter referred to as a "**Resolution Measure**". Generally, the SRB and FMA may apply Resolution Measures individually or in any combination. Furthermore, potential investors should be aware that, according to the BRRD, the SRM Regulation and the BaSAG, public financial support should only be granted as a last resort after having assessed and exploited, to the maximum extent practicable, the application of Resolution Measures, including the WDCCI tool, to BAWAG Regulatory Group.

In all these cases, the Holders can lose their entire or a substantial part of their investments. Consequently, any amounts so written down in respect of the Notes would be irrevocably lost and the Holders would cease to have any claims thereunder, and any conversion into CET 1 instruments of the Issuer (or a third party such as a bridge institution) with generally higher risks would be permanent, regardless whether or not BAWAG Regulatory Group's financial position is restored. Holders would have no claim against the Issuer in such cases and there would be no obligation of the Issuer to make any further payments under the Notes.

Potential investors should therefore consider the risk that they may lose all of their investment, including the principal amount plus any accrued interest in particular if the SRB and FMA impose a write-down or conversion of the Notes into CET 1 instruments. In addition, potential investors should note that the provisions of the Terms and Conditions of the Notes relating to a Write-Up will not apply if the Notes have been subject to a Resolution Measure (see also "1.2.1.5 Upon the occurrence of a Trigger Event, there may be a Write-Down of the Notes even if other capital instruments of the Issuer are not written down or converted into Common Equity Tier 1 instruments.").

1.2.1.3 The obligations of the Issuer under the Notes constitute direct, unsecured and subordinated obligations which are subordinated to the claims of all unsubordinated and subordinated creditors (other than subordinated claims ranking pari passu with or junior to the Notes) of the Issuer. Irrespective of, and even prior to, the opening of insolvency proceedings against the Issuer, a prohibition on payments under the Notes may apply.

The Notes are intended to qualify with regard to BAWAG Regulatory Group's own fund requirements as Additional Tier 1 instruments pursuant to Article 52 CRR. They constitute direct, unsecured and subordinated obligations of the Issuer. In the event of resolution measures being imposed on the Issuer and in the event of insolvency proceedings (*reguläres Insolvenzverfahren*), including bankruptcy proceedings (*Konkursverfahren*), or the liquidation of the Issuer, the obligations of the Issuer under the Notes will rank:

(A) junior to all present or future:

- (i) unsubordinated instruments or obligations of the Issuer;
- (ii) obligations resulting from Tier 2 Items and instruments or obligations of the Issuer, if any, which rank *pari passu* with or senior to obligations resulting from Tier 2 Items;
- (iii) instruments or obligations of the Issuer that do not result from own funds items of the Issuer; and
- (iv) other instruments or obligations of the Issuer, if any, ranking subordinated to any unsubordinated instruments or obligations of the Issuer (other than instruments or obligations ranking *pari passu* with or subordinated to the Notes as referred to in (B) and (C) below;

(B) *pari passu*:

- (i) among themselves; and
- (ii) with all other present or future obligations resulting from AT 1 Items; and

(C) senior to all present or future:

- (i) ordinary shares of the Issuer and any obligations resulting from other CET 1 Items; and
- (ii) all other subordinated instruments or obligations of the Issuer ranking or expressed to rank: *pari passu* with the ordinary shares of the Issuer and any obligations resulting from other CET 1 Items.

Pursuant to § 90(3) BaSAG, claims resulting from own fund items (such as the Notes and for as long as the Notes qualify as own fund items or other AT 1 Instruments) have, in normal insolvency proceedings, a lower priority ranking

than any claim that does not result from an own funds item. Consequently, the Notes have a lower priority ranking than any claim that does result from a position which at the time of the issuance of the Notes qualifies as an own fund item, but which at the time when normal insolvency proceedings are initiated against the Issuer does no longer qualify as an own fund item (for whatever reason). As a result, senior ranking obligations may in the future include obligations that would rank junior to or *pari passu* with the obligations resulting from the Notes under the status provisions provided for in the Terms and Conditions of the Notes. Any obligations resulting from the Notes would only be satisfied, if and to the extent any senior ranking obligations have been fully satisfied.

The Terms and Conditions of the Notes in relation to payments of principal or distributions include the conditions that, on the date on which the relevant amount is scheduled to be paid, the Issuer is not insolvent or the payment of the relevant amount would not result in the insolvency of the Issuer. Investors should note that, therefore, even prior to the imposition of any resolution measures upon the Issuer, insolvency proceedings (*reguläres Insolvenzverfahren*), including bankruptcy proceedings (*Konkursverfahren*), or the liquidation of the Issuer, the Issuer may be prohibited from making payments of principal or distributions.

Therefore, in the event of the dissolution, liquidation, insolvency or composition, or any other proceedings for the avoidance of insolvency, there is a significant risk that a Holder of Notes will lose all or some of its investment.

Furthermore, claims of the Issuer are not permitted to be set-off or netted against payment obligations of the Issuer under the Notes which are not, and may not become secured or subject to a guarantee or any other arrangement that enhances the seniority of the claim under the Notes. A Holder should therefore not expect to be able to set-off any obligations of the Issuer under the Notes against obligations of the Holder vis-à-vis the Issuer.

1.2.1.4 The Notes do not contribute to the determination of over-indebtedness of the Issuer and there are no events of default under the Notes. Holders will have limited ability to influence the outcome of any insolvency proceedings.

The Holders are entitled to payments, if any, under the Notes only once any negative equity (*negatives Eigenkapital*) within the meaning of § 225(1) of the Austrian Enterprise Code (*Unternehmensgesetzbuch – UGB*) has been removed (*beseitigt*) or if, in the event of the liquidation (*Liquidation*) of the Issuer, all other creditors (other than creditors whose claims rank or are expressed to rank *pari passu* with or junior to the Notes) of the Issuer have been satisfied first.

Pursuant to the Terms and Conditions, no insolvency proceedings against the Issuer are required to be opened in relation to the non-performance of any obligations of the Issuer under the Notes. The claims of the Holders against the Issuer under the Notes are subordinated in accordance with § 67(3) of the Austrian Insolvency Code (*Insolvenzordnung – IO*) and the Notes do not contribute to a determination that the liabilities of the Issuer exceed its assets; i.e. the obligations of the Issuer under the Notes, if any, will not contribute to the determination of over-indebtedness (*Überschuldung*) within the meaning of § 67(3) of the Austrian Insolvency Code.

Holders should therefore note that their claims under the Notes, when due but unpaid, will not result in an insolvency of the Issuer, and that they have no means to request the institution of insolvency proceedings against the Issuer on the basis of any claims under the Notes.

The Terms and Conditions of the Notes do not provide for events of default allowing acceleration of the Notes if certain events occur. Accordingly, if the Issuer fails to meet any obligations due and payable under the Notes (although in any case, payments of distributions are at the sole discretion of the Issuer) investors will not have a right of acceleration of the Notes. Upon a payment default relating to any obligations under the Notes, the sole remedy available to Holders for recovery of amounts owing in respect of any such payment will be the institution of proceedings to enforce such payment. Notwithstanding the foregoing, the Issuer will not, by virtue of the opening of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

Furthermore, the Holders will have limited ability to influence the outcome of any insolvency proceeding or a restructuring outside insolvency. Accordingly, the Holders may only affect the outcome of a restructuring to a very limited extent. Under certain circumstances, a matter may be presented by the insolvency administrator to the Holders for a vote.

1.2.1.5 Upon the occurrence of a Trigger Event, there may be a Write-Down of the Notes even if other capital instruments of the Issuer are not written down or converted into Common Equity Tier 1 instruments.

The terms and conditions of other capital instruments already in issue or to be issued after the date hereof by the Issuer may vary and accordingly such instruments may not be written down at the same time as the Notes if the Notes are Written Down, or to the same extent, as the Notes, or at all. Alternatively, such other capital instruments may provide that they shall convert into CET 1 instruments, or become entitled to reinstatement of the principal amount of the Notes or other compensation in the event of a potential recovery of the Issuer and/or any other members of the BAWAG Regulatory Group or a subsequent change in the financial condition thereof. Such capital instruments may also provide for such reinstatement or compensation in different circumstances from those in which, or to a different extent to which, the principal amount of the Notes may be reinstated.

1.2.1.6 The Issuer is under no obligation to reinstate any written down amounts.

The Issuer is under no obligation to reinstate any principal amounts which have been subject to any Write-Down up to a maximum of the Original Principal Amount, even if certain conditions (as further described in the Terms and Conditions) that would permit the Issuer to do so, were met. Any Write-Up of the Notes is at the sole discretion of the Issuer.

Moreover, the Issuer will, *inter alia*, only have the option to Write-Up the Current Principal Amount of the Notes subject to certain limitations set forth in the Terms and Conditions and if the Maximum Distributable Amount (as defined in the Terms and Conditions) (if any) would not be exceeded when operating a Write-Up (see also "1.2.2.5 Some aspects of the manner how CRD V/CRR is applied and/or will be amended in the future are uncertain.").

No assurance can be given that these conditions will ever be met or that the Issuer will ever write-up (fully or partially) the principal amount (i.e. the then Current Principal Amount) of the Notes following a Write-Down.

Furthermore, any Write-Up must be undertaken on a *pro rata* basis with all Notes and among any Loss Absorbing Written Down Instruments (as defined in the Terms and Conditions).

1.2.1.7 The calculation of the CET 1 capital ratios will be affected by a number of factors, many of which may be outside the Issuer's control, as well as by its business decisions and, in making such decisions, the interests of the Issuer may not be aligned with those of the Holders.

Pursuant to the Terms and Conditions of the Notes, a Write-Down occurs if the Group CET 1 Capital Ratio falls below the minimum CET 1 capital ratio of 5.125%. The calculation of the Group CET 1 Capital Ratio could be affected by a wide range of factors, including, among other things, factors affecting the level of earnings or dividend payments, the mix of its businesses, its ability to effectively manage the risk-weighted assets in its ongoing businesses, losses in the context of its banking activities or other businesses, changes in BAWAG Regulatory Group's structure or organisation. The calculation of the ratios may also be affected by changes in the applicable laws and regulations (including changes to the definitions and calculations of regulatory capital ratios and their components and the regulatory output floor contemplated by the so-called 'Basel IV' reforms, which set a floor in capital requirements calculated under internal models in terms of a percentage of the capital requirements that would result under the standardised approach) or applicable accounting rules and the manner in which accounting policies are applied, including the manner in which permitted discretion under the applicable accounting rules is exercised.

The Group CET 1 Capital Ratio will also depend in part on decisions made by the Issuer and/or other members of the BAWAG Group relating to their businesses and operations, as well as the management of their capital position. The Issuer and/or other members of the BAWAG Group will have no obligation to consider the interests of Holders in connection with their strategic decisions, including in respect of capital management and the relationship among the various members of the BAWAG Group and BAWAG Group's structure. The Issuer may decide not to raise capital at a time when it is feasible to do so, even if that would result in the occurrence of a Trigger Event. Moreover, in order to avoid the use of public resources, the Competent Authority may decide that the Issuer should allow a Trigger Event to occur at a time when it is feasible to avoid it. Holders will not have any claim against the Issuer and/or other members of the BAWAG Group relating to decisions that affect the capital position of the Issuer and/or BAWAG Group, regardless of whether they result in the occurrence of a Trigger Event. Such decisions could cause Holders to lose all or part of their investment in the Notes.

Holders are, due to the Notes being subject to Write-Down in case of the occurrence of a Trigger Event, directly exposed to any changes of the Group CET 1 Capital Ratio and will, unless and until the Notes are written-up, lose all or part of their investment in case of a redemption of the Notes or in the liquidation or insolvency of the Issuer.

Due to the uncertainty regarding whether a Trigger Event will have occurred, it will be difficult to predict when, if at all, the Current Principal Amount of the Notes may need to be written down. Accordingly, the trading behaviour of the Notes may not necessarily follow the trading behaviour of other types of subordinated instruments. Any indication that the Group CET 1 Capital Ratio of the BAWAG Regulatory Group is approaching the level that would trigger a Trigger Event may have an adverse effect on the market price and liquidity of the Notes. Under such circumstances, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to more conventional investments.

1.2.1.8 There is no restriction on the amount or type of further instruments, including those which may rank pari passu with or senior to the Notes and which depend, amongst others, on the Issuer's Distributable Items, or other indebtedness that the Issuer may issue, incur or guarantee.

The Terms and Conditions of the Notes place no restriction on the type or amount of instruments that the Issuer may issue or guarantee that rank senior to, or *pari passu* with, the Notes. The Issuer may also issue instruments with trigger levels for write-down or conversion that are lower than those of the Notes (to the extent permitted by the Applicable Supervisory Regulations), so that such instruments absorb losses after the Notes.

The issue or guarantee of any such instruments may reduce the amount recoverable by Holders upon the Issuer's insolvency. If the Issuer's financial condition were to deteriorate, the Holders could suffer direct and materially adverse consequences, including cancellation of distributions and reduction of the principal amount of the Notes and, if the Issuer were liquidated, the Holders could suffer loss of their entire investment (total loss).

In addition, the Issuer is not prohibited from issuing or guaranteeing other instruments that share in, or which depend upon, Distributable Items (as defined in the Terms and Conditions), thereby reducing the amount available for distributions under the Notes. This could result in distributions on the Notes being reduced or even cancelled entirely.

1.2.2 Risks relating to the interest and redemption structure of the Notes

1.2.2.1 The Issuer may, at its full discretion, cancel or may be prevented by law or under the Terms and Conditions of the Notes, for example due to a pre-insolvency restriction on Distributions, to make payments of distributions on the Notes. Any cancellation of payment of distributions will be definitive and non-cumulative.

The Issuer, at its full discretion, may, at all times cancel (in whole or in part) any payment of distributions on the Notes scheduled to be paid on any Distribution Payment Date for an unlimited period and on a non-cumulative basis. The Issuer may use such cancelled distribution payments without restrictions to meet its obligations as they fall due.

Without prejudice to such full discretion of the Issuer, any payment of distributions on the Notes scheduled to be paid on any Distribution Payment Date shall be cancelled mandatorily and automatically, in whole or in part, if and to the extent:

- the Issuer is insolvent or the payment of the relevant distribution payment would result in the insolvency of the Issuer;
- the sum of: (i) the amount of such distribution payment scheduled to be paid together with any Additional Amounts thereon; (ii) the amount of any write-up of the Notes that was made in the then current financial year or is simultaneously made on the relevant Distribution Payment Date, if any; (iii) any payments of interest, dividends or distributions that are simultaneously planned or made or that have been made by the Issuer on other Tier 1 Instruments in the then current financial year of the Issuer; and (iv) any amount, payment or distribution as may be relevant under any restriction operating as a maximum distributable amount in accordance with the Applicable Supervisory Regulations as applicable to the Issuer at the time, would exceed the amount of the available Distributable Items, provided that, for such purpose, the available Distributable Items shall be increased by (x) an amount equal to what has been accounted for as expenses for payments of interest, dividends or distributions on Tier 1 Instruments (including payments of distributions on the Notes) in the calculation of the profit (*Gewinn*) on which the available Distributable Items are based, and (y) any other amounts that may be included for the purposes of determining the amounts available for distributions on AT 1 Instruments under the Applicable Supervisory Regulations, as defined in the Terms and Conditions of the Notes, from time to time; or

- the Competent Authority orders the relevant distribution payment scheduled to be paid on the Notes to be cancelled in whole or in part; or another prohibition on distributions is imposed by law or by the Competent Authority (or any other relevant supervisory authority) (including any prohibition on distributions as a result of the calculation of the Maximum Distributable Amount within the meaning of Article 141(2) CRD and as currently transposed into Austrian law by § 24(2) BWG) (see also "1.2.2.2 *The Issuer may be required to cancel payments of distributions on the Notes for regulatory reasons, including if the Issuer fails to comply with minimum requirements for own funds, capital buffer requirements, additional supervisory capital requirements and eligible liabilities.*").

Any distribution payment so cancelled will be non-cumulative and not compounding and will be cancelled permanently and no payments will be made nor shall any Holder be entitled to any payment or indemnity in respect thereof. Any such cancellation of distributions will not constitute an event of default of the Issuer and imposes no restrictions on the Issuer.

The Distributable Items of the Issuer will, *inter alia*, depend on its profits and those of its subsidiaries, including the dividends that it receives from its subsidiaries. The profits of the Issuer also depend on the valuation of its participation in BAWAG P.S.K. The share price of BAWAG Group will be used as one factor in the valuation process and as such can influence the profits of the Issuer. If the Issuer's profits are weak or the Issuer incurs losses, and/or if it does not receive any (or only small) dividends from its subsidiaries, the Distributable Items may not be sufficient for full (or any) payment of distributions on the Notes.

The Distributable Items will be determined on the basis of (i) the audited (*geprüften*) and adopted (*festgestellten*) unconsolidated annual financial statements of the Issuer, prepared in accordance with accounting standards applied by the Issuer and accounting regulations then in effect, for the latest financial year of the Issuer ended prior to the relevant Distribution Payment Date; or (ii) if such audited and adopted unconsolidated annual financial statements of the Issuer are not available at the relevant Distribution Payment Date, unaudited unconsolidated *pro forma* financial statements of the Issuer, prepared in accordance with accounting standards applied by the Issuer in relation to its unconsolidated annual financial statements and accounting regulations then in effect in relation to the Issuer's unconsolidated annual financial statements.

There is however a risk, that these *pro forma* financial statements may deviate substantially from the audited financial statements for the same accounting period, and Holders are therefore exposed to the risk that they will not receive any distributions even if the audited financial statements show sufficient Distributable Items to make payments on the Notes.

Because the Issuer is entitled to cancel distribution payments at its full discretion, it may do so even if it could make such payments without exceeding the limits described above and even if it was intrinsically profitable. Distribution payments on the Notes may be cancelled even if the Issuer's shareholders continue to receive dividends and/or distributions are made on any instruments ranking *pari passu* with or junior to, the Notes. Furthermore, even if the Issuer was willing to make distribution payments on the Notes, it could be prevented from doing so by mandatory and automatic cancellation due to regulatory provisions and/or regulatory action (see "1.2.2.2 *The Issuer may be required to cancel payments of distributions on the Notes for regulatory reasons, including if the Issuer fails to comply with minimum requirements for own funds, capital buffer requirements, additional supervisory capital requirements and eligible liabilities.*"). In all such instances, Holders would receive no, or only reduced, distributions on the Notes.

Any actual or anticipated cancellation of distributions payments on the Notes will likely have an adverse effect on the market price of the Notes. In addition, as a result of the distribution cancellation provisions of the Notes, the market price of the Notes may be more volatile than the market prices of other debt securities on which distributions accrue that are not subject to such cancellation and may be more sensitive generally to adverse changes in the Issuer's financial condition.

Holders of Notes should be aware that there will be no circumstances under which distribution payments on the Notes will be compulsory for the Issuer. Holders should therefore not rely on receiving any distribution payments on the Notes, regardless of whether the Issuer has sufficient Distributable Items, and Holders should be aware that the market price of the Notes is subject to volatility and downturn, in particular in case of any indication that distribution payments on the Notes are or might be cancelled.

1.2.2.2 *The Issuer may be required to cancel payments of distributions on the Notes for regulatory reasons, including if the Issuer fails to comply with minimum requirements for own funds, capital buffer requirements, additional supervisory capital requirements and eligible liabilities.*

Payments of distributions on the Notes will also be excluded if (and to the extent) such payments are prohibited or restricted under statutory law or by virtue of a decision of the competent supervisory authority of the Issuer. The CRR requires BAWAG Regulatory Group to meet at all times, on a consolidated basis, a minimum amount of total own funds of 8% of the risk-weighted assets and also imposes minimum requirements for Tier 1 capital of 6%, comprising of CET 1 capital of 4.5% of risk-weighted assets and additional tier 1 ("**AT 1**") capital of 1.5% of risk-weighted assets (all within the meaning of the CRR). 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'. As of January 2024, BAWAG Regulatory Group must meet a Pillar 2 requirement of 2.15% own funds (2% prior to 1 January 2024), thereof at least 1.209% CET 1 capital, and may consequently use 0.94% AT 1 capital and Tier 2 capital to meet such requirement.

Under CRD and its implementation in Austria, BAWAG Regulatory Group must also meet capital buffer requirements in addition to both the minimum capital requirements set forth in the CRR and the Pillar 2 requirements set by the ECB as a result of the annual SREP. The capital buffer requirements must be met with CET 1 capital. The respective CRD requirements have been implemented into Austrian law by §§ 23 to 23d BWG and the accompanying Capital Buffers Regulation (*Kapitalpuffer-Verordnung – KP-V*). All capital buffers have to consist of CET 1 capital. The following capital buffer requirements apply:

- (a) a countercyclical capital buffer of up to 2.5% of risk-weighted assets generated in the respective EU member state;
- (b) a systemic risk buffer;
- (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.

All applicable capital buffers are aggregated in a combined buffer requirement as set forth in § 22a(1) BWG. Currently, BAWAG Regulatory Group must fulfil a SREP CET 1 ratio of 9.98% of risk-weighted assets (comprising the 4.5% Pillar 1 base requirement (minimum CET 1 capital ratio), the capital conservation buffer of 2.5%, the countercyclical buffer of 0.37% (based on risk-weighted assets as of 30 June 2023), the systemic risk buffer of 0.5%, a buffer for other systemically important institutions of 0.9% (0.75% prior to 1 January 2024) and the 1.2% Pillar 2 requirement).

If BAWAG Regulatory Group fails to meet the combined buffer requirement, which is the case if BAWAG Regulatory Group does not have sufficient own funds (of the required qualities, as applicable) in an amount needed to meet at the same time (a) its minimum capital requirements under the CRR, (b) any additional capital requirements, such as the Pillar 2 requirement imposed on BAWAG Regulatory Group by the ECB on the basis of the annual SREP, and (c) the sum of the capital buffers applicable to it, BAWAG Regulatory Group would be required to calculate the Maximum Distributable Amount, notify such amount to the FMA without delay in accordance with § 24(2) BWG and prepare and submit to the FMA a capital conservation plan in which BAWAG Regulatory Group needs to explain how to increase its own funds with the objective of meeting fully the combined buffer requirement. Prior to the calculation of the Maximum Distributable Amount, the Issuer would be prohibited from making any payments of distributions on the Notes. In any event, however, the Issuer may make payments of distributions on the Notes only up to the amount of its Maximum Distributable Amount if and so long as BAWAG Regulatory Group fails to meet the combined buffer requirement.

As of 30 June 2024, BAWAG Regulatory Group's CET 1 ratio was 16.5%. For the Maximum Distributable Amount calculation, the applicable Pillar 1 and Pillar 2 requirements and the combined buffer requirements are taken into account but not the Pillar 2 guidance. This results in a corresponding CET 1 requirement of 9.98%. Consequently, as of 30 June 2024, the Maximum Distributable Amount restriction level for the BAWAG Regulatory Group was at approximately 9.98% and the buffer to Maximum Distributable Amount restriction level was approximately 6.5% (or approximately EUR 1.2 billion).

In addition and under certain conditions, the ECB may restrict or prohibit all or part of the payments of distributions as set forth in Article 16(1) in connection with (2) point (i) SSM Regulation. In particular, pursuant to Article 16(1) SSM Regulation, the ECB has the powers set out in Article 16(2) SSM Regulation to require a "significant" group of

credit institution under a parent financial holding company in a participating EU member state (such as BAWAG Regulatory Group) to take the necessary measures at an early stage to address relevant problems in particular (a) when the group does not meet the requirements of the CRR or the CRD V or (b) when there is evidence that the group is likely to breach these requirements within the next twelve months. Pursuant to Article 16(2) point (i) SSM Regulation, the ECB has the power to restrict or prohibit distributions by any entity within the group to shareholders, members or holders of AT 1 instruments where the prohibition does not constitute an event of default of the entity. Relevant cases where the ECB may restrict or prohibit the Issuer from making any payment of distributions exist, for example, if BAWAG Regulatory Group does not meet the minimum own funds requirements set forth in the CRR or any additional capital requirements ordered by the ECB, such as the Pillar 2 requirements set by the ECB as a result of the annual SREP.

Accordingly, even if the Issuer is intrinsically profitable and willing to make payments of distributions on the Notes, it could be prevented from doing so by regulatory provisions and/or regulatory action. In all such instances, Holders would receive no, or reduced, payments of distributions on the relevant Distribution Payment Date.

In the future, additional restrictions on distribution payments may be imposed on the Issuer in case the minimum leverage ratio framework were to become applicable to the Issuer (see "1.2.2.6 Ongoing and future legislative reforms may lead to additional restrictions with regard to payments of distributions on the Notes.").

1.2.2.3 The Notes are perpetual and may not be redeemed at the option of the Holders, any rights of the Issuer to redeem or repurchase Notes are subject to the prior permission of the Competent Authority, and redemption may occur at a time when the redemption proceeds are less than the market price of the Notes. Even if the Issuer elects to redeem the Notes, the Issuer may not make such scheduled payment of principal in case a pre-insolvency restriction on such payments applies.

The Notes are perpetual and have no scheduled maturity date. The Issuer is under no obligation to redeem the Notes at any time before its liquidation or insolvency. The Issuer may, at its sole discretion, redeem the Notes at any time either for tax or regulatory reasons at the Redemption Amount plus accrued distributions, if any. In addition, the Issuer may, at its sole discretion, (i) redeem the Notes, but not before 18 September 2029, on specified Optional Redemption Dates (as defined in the Terms and Conditions) or (ii) redeem, on the date of redemption specified in the notice, all but not some only of the Notes at the Redemption Amount if at any time the number of Notes outstanding (calculated by dividing (x) the aggregate Current Principal Amount of the Notes outstanding and held by persons other than the Issuer and its subsidiaries by (y) the Current Principal Amount) has fallen to 25% or less of the number of Notes originally issued (so-called "clean-up call"), in each case at the applicable Redemption Amount plus accrued distributions, if any. Such optional redemption features are likely to limit the market price of the Notes, as during any period when the Issuer may decide to redeem the Notes, the market price of the Notes generally will not rise substantially above the price at which they can be redeemed (see also "1.2.1.1 The Issuer may be required to reduce the initial principal amount of the Notes to absorb losses, which would reduce any redemption amount and any distribution payable on the Notes while the Notes are written down."). If not for tax or regulatory reasons, the Issuer may exercise its right to redeem the Notes at its option only if the Current Principal Amount of each Note is equal to its Original Principal Amount.

Any such redemption and any repurchase of the Notes (including any repurchase for market making purposes) is subject to the prior permission of the Competent Authority pursuant to Article 4(1)(40) CRR II which is responsible to supervise the BAWAG Regulatory Group and compliance with regulatory capital rules applicable from time to time to the Issuer. Under the CRR II, the Competent Authority may only permit institutions or other entities within the scope of the own funds requirements to redeem Additional Tier 1 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, should be taken into account by the Competent Authority in its assessment of whether or not to permit any 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 term 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 redemption or repurchase of the Notes.

The Issuer shall not give a notice of redemption after a Write-Down Notice has been given in respect of a relevant Trigger Event until the Write-Down Effective Date of the Write-Down. In addition, the Issuer will only redeem the Notes on the date specified in a notice of redemption if (i) the conditions for a redemption or repurchase are fulfilled on the date specified in the notice and (ii) no Trigger Event has occurred after the notice of redemption but before the date of redemption specified in the notice. Prospective investors should note that even if the Issuer elects to call the Notes for redemption, the Issuer shall not make a payment of principal if (i) the Issuer is insolvent or (ii) the payment of the relevant redemption amount would result in the insolvency of the Issuer. Such a prohibition on payment of principal may be in effect for an indefinite period of time and even permanently. The same applies to

scheduled payments of distributions (see "1.2.2.2 *The Issuer may be required to cancel payments of distributions on the Notes for regulatory reasons, including if the Issuer fails to comply with minimum requirements for own funds, capital buffer requirements, additional supervisory capital requirements and eligible liabilities.*").

Furthermore, even if the Issuer would be granted the prior permission of the Competent Authority, any decision by the Issuer as to whether it will redeem the Notes will be made at the absolute discretion of the Issuer, and the Issuer may have regard to external factors such as the economic and market impact of exercising a redemption right, regulatory capital requirements and prevailing market conditions. Holders of the Notes should therefore be aware that they may be required to bear the financial risks of an investment in the Notes perpetually. Certain market expectations may exist among investors in the Notes with regard to the Issuer making use of a right to call the Notes for redemption. Should the Issuer's actions diverge from such expectations or should the Issuer be prevented from meeting such expectations for regulatory reasons, the market value of the Notes could be adversely affected and the liquidity of the Notes could be reduced.

Even if the Issuer redeems the Notes in any of the circumstances mentioned above, there is a risk that the Notes may be redeemed at times when the redemption proceeds are less than the current market price of the Notes, which may result in a crystallisation of a loss for the Holders, in particular if the Current Principal Amount is less than the Original Principal Amount. There is a risk that, due to redemption, a Holder's investment will have a lower-than-expected yield.

1.2.2.4 The regulatory classification of the Notes as Additional Tier 1 instruments may change, which may adversely impact BAWAG Regulatory Group's capitalisation and entitle the Issuer to redeem the Notes for regulatory reasons.

In the opinion of the Issuer, the Notes shall qualify with regard to BAWAG Regulatory Group's own fund requirements as AT 1 Instruments pursuant to Article 52 CRR upon issue. There is the risk that there is a change in the regulatory classification of AT 1 Instruments that would be likely to result in the exclusion of the Notes from own funds or reclassification as a lower quality form of own funds. Such change in the regulatory classification may be caused not only by changes in law but also by other reasons, for example changes in the corporate structure of BAWAG Group such that the Notes are no longer eligible as own funds of the Issuer. If the Notes are reclassified as a lower quality form of own funds or even excluded from the Issuer's own funds, this can have a negative impact on the capitalisation of the Issuer, and the Issuer may call the Notes for redemption (so-called "regulatory call") (see "1.2.2.3 *The Notes are perpetual and may not be redeemed at the option of the Holders, any rights of the Issuer to redeem or repurchase Notes are subject to the prior permission of the Competent Authority, and redemption may occur at a time when the redemption proceeds are less than the market price of the Notes. Even if the Issuer elects to redeem the Notes, the Issuer may not make such scheduled payment of principal in case a pre-insolvency restriction on such payments applies.*"). A reclassification could also have a negative impact on the capitalisation of the Issuer.

1.2.2.5 Some aspects of the manner how CRD V/CRR is applied and/or will be amended in the future are uncertain.

Many of the provisions of the Terms and Conditions of the Notes depend on the final interpretation or even implementation of the Regulation (EU) No 575/2013 (the "**CRR**", as amended by Regulation (EU) No 876/2019, the "**CRR II**") and the Directive 2013/36/EU (Capital Requirements Directive – "**CRD**"), as amended by Directive (EU) 2019/878 ("**CRD V**") as well as the Regulation (EU) 2019/877 ("**SRM Regulation II**") and the implementation of the amendments of Directive (EU) 2014/59 ("**BRRD**") by Directive (EU) 2019/879 (the BRRD, as amended, "**BRRD II**") (including any regulations promulgated thereunder and national implementing acts).

The CRD V/CRR II and BRRD II/SRM Regulation II frameworks are complex sets of rules and regulations that impose a series of requirements, some of which are still subject to transitional provisions and other which will be amended in the near future. Although the CRR II and SRM Regulation II are directly applicable in each EU Member State, they provide for important interpretational issues to be further specified through binding technical standards and/or delegated legal acts and through guidelines and leave certain other matters to the discretion of the Competent Authority. In addition, the BAWAG Regulatory Group is subject to direct supervision of the ECB. The manner in which many of the concepts and requirements under CRD V/CRR II and BRRD II/SRM Regulation II frameworks are applied to the BAWAG Regulatory Group remains somehow uncertain.

In particular, the interplay between the Supervisory Review and Evaluation Process ("**SREP**") requirements and the Maximum Distributable Amount, M-MDA (provisions regarding the "maximum distributable amount related to the minimum requirement for own funds and eligible liabilities", "**M-MDA**") and any potential application of the LMMDA (as defined below) framework if applicable to the BAWAG Regulatory Group in the future as well as and the

determination of the Maximum Distributable Amount are complex. The Maximum Distributable Amount imposes a cap on the Issuer's ability to make discretionary payments including distribution payments on the Notes (see also "1.2.2.2 *The Issuer may be required to cancel payments of distributions on the Notes for regulatory reasons, including if the Issuer fails to comply with minimum requirements for own funds, capital buffer requirements, additional supervisory capital requirements and eligible liabilities.*"), on the Issuer's ability to reinstate the Current Principal Amount of the Notes following a Write-Down and on its ability to redeem or repurchase Notes. There are a number of factors for such complexity, including the following:

- The Maximum Distributable Amount framework applies when certain capital buffers are not maintained (see "1.2.2.2 *The Issuer may be required to cancel payments of distributions on the Notes for regulatory reasons, including if the Issuer fails to comply with minimum requirements for own funds, capital buffer requirements, additional supervisory capital requirements and eligible liabilities.*"). A 'capital buffer' is an amount of capital that a credit institution is required to maintain beyond the minimum amount required by applicable regulations. If the institution fails to meet the capital buffer, it becomes subject to restrictions on payments and distributions on Tier 1 instruments (including its ability to make payments on and to redeem and repurchase Additional Tier 1 instruments such as the Notes), and on the payment of certain bonuses to employees. There are several different buffers, some of which are intended to encourage countercyclical behaviour (with extra capital retained when profits are robust), and others which are intended to provide additional capital cushions for institutions whose failure would result in a significant systemic risk.
- Certain capital buffers depend and will depend on the macro-economic situation (in case of the (institution-specific) countercyclical buffer: the credit cycle and risks due to excess credit growth in an EU Member State, taking into account specificities of the national economy), the existence of systemic risks (in the case of the systemic risk buffer) or because of the assessment of a credit institution/its group as a global systemically important bank ("**G-SIB**") or other systemically important institution ("**O-SII**") (in the case of the G-SIB buffer and the O-SII buffer). The buffer requirements are set by the Competent Authorities and are subject to change over time. As a result, it is difficult to predict when the Maximum Distributable Amount will apply to the Notes, and to what extent.
- In addition, any increase in the applicable requirements, for instance as a result of the imposition by supervisory authorities of additional capital or MREL requirements (due to stricter legislation, any imposition or increase of capital buffers or any increase in the Pillar 2 requirement or MREL applicable to the Issuer) increases the likelihood of the Issuer not being permitted make distribution payments in full or in part or any other amount falling due under the Notes due to the operation of the Maximum Distributable Amount or M-MDA under the BRRD II/SRM Regulation II framework. Holders may not be able to predict accurately the proximity of the risk of discretionary payments (of interest and principal) on the Notes being prohibited from time to time as a result of the implementation of Article 141(2) CRD V under Austrian law or other provisions of the Applicable Supervisory Regulations relating to other limitations on distributions or payments.
- Such uncertainty and complexity will be increased by the implementation of the leverage ratio framework under CRD V/CRR II, when implemented under Austrian law. If such additional requirements were to become applicable to the Issuer in the future, they could impact the Issuer's ability to meet its capital and leverage buffer requirement, which in turn, might impact its ability to make payments on the Notes (which could affect the trading price of the Notes) (see also "1.2.2.6 *Ongoing and future legislative reforms may lead to additional restrictions with regard to payments of distributions on the Notes.*").

In any event, the Issuer will have discretion as to how the Maximum Distributable Amount will be applied if insufficient to meet all expected distributions and payments and, in this respect, is not obliged to take the interest of the Holders into account.

These issues and other possible issues of interpretation make it difficult to determine how the Maximum Distributable Amount will apply as a practical matter to limit distribution payments on the Notes, the reinstatement of the Current Principal Amount of the Notes following a Write-Down and the ability of the Issuer to redeem or repurchase Notes.

These issues, increased complexity and interplay of different minimum capital requirements and maximum distributable amounts and other possible issues of interpretation make it difficult to determine how the Maximum Distributable Amount, the M-MDA and, as the case may be, the L-MDA (as defined below) will apply as a practical matter to limit distribution payments on the Notes, the reinstatement of the Current Principal Amount of the Notes following a Write-Down and the ability of the Issuer to redeem and repurchase Notes. This uncertainty and the resulting complexity may adversely impact the trading price and the liquidity of the Notes.

1.2.2.6 Ongoing and future legislative reforms may lead to additional restrictions with regard to payments of distributions on the Notes.

Financial holding companies and banking groups, such as the Issuer and BAWAG Regulatory Group, have been, and are expected to be in the future, subject to extensive regulation and it is expected that ongoing and future regulatory reforms may affect the treatment of the Notes and potentially lead to the imposition on restrictions of payments of distributions on the Notes.

The CRD V/CRR II framework following its revision by the banking reform package in 2019 introduced a new potential restriction on distributions in case an institution qualifying as a G-SIB fails to meet a newly introduced leverage buffer requirement with sufficient Tier 1 capital. In such case, the institution would have to calculate the so-called 'leverage ratio related maximum distributable amount' ("**L-MDA**") in accordance with Article 141b CRD V, which may limit distributions on capital instruments, which includes interest payments. An institution will be considered failing the leverage ratio buffer requirement where it does not have Tier 1 capital in the amount needed to meet at the same time the minimum leverage ratio requirement, the leverage ratio buffer requirement and any additional requirements imposed on the institution to address excessive leverage not sufficiently covered by the leverage ratio buffer requirement. As transposed into Austrian law, the leverage ratio presently applies to G-SIBs. Presently, the Issuer does not qualify as a G-SIB. If the leverage ratio framework were to become applicable to the Issuer, it as well as other legislative reforms in the future may impose or result in further restrictions on the Issuer's ability to make payments on the Notes or may limit the reinstatement of the nominal amount of the Notes following a Write-Down, which may in turn adversely impact the trading price and the liquidity of the Notes.

1.2.2.7 The Notes bear distributions at a rate that converts from an initial fixed distribution rate to a different fixed distribution rate on each Reset Date.

A holder of fixed rate securities is particularly exposed to the risk that the price of such securities falls as a result of changes in the market interest rate. While the nominal rate of distribution of the Notes is fixed until the relevant first Reset Date and will thereafter be reset on each following Reset Date the basis of the Original Benchmark Rate plus the relevant margin, the current interest rate on the capital market (the "**market interest rate**") typically changes on a daily basis. These changes of the market interest rate result in changes of the price of the Notes. If the market interest rate increases, the price of the fixed rate Notes would typically fall. If the market interest rate falls, the price of the fixed rate Notes would typically increase. Potential investors should be aware that movements in these market interest rates can adversely affect the market price of the Notes and can lead to losses for Holders seeking to sell the Notes. Unless previously redeemed, creditors of securities paying a fixed interest rate which will be reset during the term of the securities, as will be the case for the Notes, are exposed to the risk of fluctuating interest rate levels and uncertain interest income. Potential investors should be aware that the performance of the Original Benchmark Rate cannot be anticipated. Due to varying interest income and the Issuer's option to generally cancel distribution payments, potential investors are not able to determine a definite yield to maturity of the Notes at the time of purchase. Therefore, their return on investment cannot be compared with that of investments with longer fixed interest rate periods.

Potential investors in the Notes should bear in mind that neither the current nor the historical level of the Original Benchmark Rate is an indication of its future development.

Furthermore, the initial credit spread of the Issuer has not yet been determined. A credit spread is the margin payable by the Issuer to the Holder of an instrument as a premium for the assumed credit risk. Credit spreads are offered and sold as premiums on current risk-free interest rates or as discounts on the price. Factors influencing the credit spread include, among other things, the creditworthiness and rating of the Issuer, probability of default, recovery rate, remaining term to maturity of the notes and obligations under any collateralisation or guarantee and declarations as to any preferred payment or subordination. The liquidity situation of the market, the general level of interest rates, overall economic developments, and the currency in which the relevant obligation is denominated, may also have a negative effect. Holders are exposed to the risk that the credit spread of the Issuer widens resulting in a decrease in the price of the Notes.

1.2.2.8 Risks associated with the reform of interest rate benchmarks.

On each Reset Date the Reset Rate of Distributions payable under the Notes is calculated by reference to the annual swap rate for swap transactions denominated in Euro with a term of five years, which appears on the Reuters Screen Page ICESWAP2 under the heading "EURIBOR BASIS – EUR" and above the caption "11:00 AM FRANKFURT" as of 11.00 a.m. (Frankfurt time) (the "**Original Benchmark Rate**") on the relevant Reset Determination Date, and which is provided by IBA. This 5-year swap rate qualifies as a benchmark for purposes of Regulation (EU) 2016/1011 (the "**Benchmark Regulation**"). Interest rates and indices or other figures which are

deemed to be "benchmarks" (including the 5-year swap rate) are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause the 5-year swap rate to perform differently than in the past, to disappear entirely, or to have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on the Notes. According to the Benchmarks Regulations, a benchmark may only be used if its administrator obtains authorisation or is registered and in case of an administrator which is based in a non-EU jurisdiction, if the administrator's legal benchmark system is considered equivalent, the administrator is recognized or the benchmark is endorsed (subject to applicable transitional provisions). If this is not the case, the Notes could be impacted, including in the following circumstances:

- Original Benchmark Rate could not be used in determining the relevant Reference Rate if IBA does not satisfy the 'equivalence' conditions, is not 'recognised' pending such a decision and is not 'endorsed' for purposes of the Benchmark Regulation following lapse of the currently applicable transitional provisions in Article 51 of the Benchmarks Regulation; or
- the methodology or other terms of the benchmark for determining the relevant Reference Rate could be changed in order to comply with the terms of the Benchmark Regulation, and such changes could have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level, and could lead to adjustments to the Reference Rate of the Notes, including determination by an independent adviser.

In particular, under the Terms and Conditions of the Notes, the Issuer may determine that a Benchmark Event has occurred, following which a Successor Rate or Alternative Rate, as the case may be, may be determined to calculate the relevant Reference Rate, together with any Adjustment Spread. In case there is no Successor Rate or Alternative Rate, the fallback provisions will ultimately lead to the Reset Rate of Distributions becoming fixed to the rate of the previous Reset Rate of Distributions used to calculate payments under the Notes. In any event, no adjustment to the Reference Rate will be made if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as AT 1 Instruments under the Applicable Supervisory Regulations. If the Notes were to become fixed rate instruments, this could have a material adverse effect on the value of and the amount payable under Notes.

For this purpose, "**Benchmark Event**" means: (1) a public statement or publication of information by or on behalf of the regulatory supervisor of the Original Benchmark Rate administrator stating that said administrator has ceased or will cease to provide the Original Benchmark Rate permanently or indefinitely, unless, at the time of the statement or publication, there is a successor administrator that will continue to provide the Original Benchmark Rate; or (2) a public statement or publication of information by or on behalf of the Original Benchmark Rate administrator is made, stating that said administrator has ceased or will cease to provide the Original Benchmark Rate permanently or indefinitely, unless, at the time of the statement or publication, there is a successor administrator that will continue to provide the Reference Rate; or (3) it has become, for any reason, unlawful under any law or regulation applicable to any Paying Agent, the Calculation Agent, the Issuer or any other party to use the Reference Rate; or (4) the Original Benchmark Rate is permanently no longer published without a previous official announcement by the regulatory supervisor of the administrator; or (5) material change is made to the Original Benchmark Rate methodology.

In addition to the aforementioned reform, there are numerous other proposals, initiatives and investigations which may impact benchmarks. Any changes to a benchmark as a result of the Benchmark Regulation or other initiatives, could have a material adverse effect on the costs of refinancing a benchmark or the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or participate in certain benchmarks, trigger changes in the rules or methodologies used in certain benchmarks or lead to the disappearance of certain benchmarks as a result of which a Benchmark Event may occur.

Although it is uncertain whether or to what extent any of the abovementioned changes and/or any further changes in the administration or method of determining a benchmark could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be, and/or could have an effect on the value of the Notes, investors should be aware that they face the risk that any changes to the relevant benchmark may have a material adverse effect on the value of and the amount payable under the Notes, including as a result of a determination of a Successor Rate or Alternative Rate following a Benchmark Event if and to the extent such Successor Rate or Alternative Rate, as the case may be, behaves differently compared to the Original Benchmark Rate.

1.2.3 Risks relating to certain other features of the Notes

1.2.3.1 *The Terms and Conditions may be amended by resolution of the Holders in which a Holder may be subject to the risk of being outvoted by a majority resolution of the Holders.*

The Terms and Conditions may be amended by the Issuer with consent of the Holders by way of a majority resolution in a Holders meeting or by a vote not requiring a physical meeting (*Abstimmung ohne Versammlung*) as described in §§ 5 *et seq.* of the German Act on Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen – SchVG*), the Issuer may subsequently amend the Terms and Conditions with the consent of the majority of Holders as described in the Terms and Conditions, which amendment will be binding on all Holders of the Notes, even on those who voted against the change.

Therefore, a Holder may be subject to the risk of being outvoted by a majority resolution of the Holders. As such majority resolution is binding on all Holders of the Notes, certain rights of such Holder against the Issuer under the Terms and Conditions may be amended or reduced or even cancelled, which may have significant negative effects on the market price of the Notes and the return from the Notes.

In case of an appointment of a joint representative (*gemeinsamer Vertreter*) for all Holders by a majority resolution of the Holders meeting, it is possible that a Holder may be deprived of its individual right to pursue and enforce its rights under the Terms and Conditions of the Notes against the Issuer, such right passing to the joint representative who is then exclusively responsible to claim and enforce the rights of all the Holders.

1.2.3.2 *An Austrian court could appoint a trustee for the Notes to exercise the rights and represent the interests of Holders on their behalf in which case the ability of Holders to pursue their rights under the Notes individually may be limited.*

Pursuant to the Austrian Notes Trustee Act (*KuratorenGesetz – KuratorenG*) and the Austrian Notes Trustee Supplementation Act (*KuratorenErgänzungsgesetz*), a trustee (*Kurator*) could be appointed by an Austrian court upon the request of any interested party (e.g., a Holder) or upon the initiative of a competent court, for the purposes of representing the common interests of the Holders in matters concerning their collective rights. In particular, this may occur if insolvency proceedings are initiated against the Issuer, in connection with any amendments to the Terms and Conditions of the Notes or changes relating to the Issuer, or under other similar circumstances.

Even though the applicability of the Austrian Notes Trustee Act and the Austrian Notes Trustee Supplementation Act is excluded in the Terms and Conditions (to the extent such exclusion is permissible under Austrian law), it cannot be ruled out that an Austrian court would reject such exclusion of the applicability of the Austrian Notes Trustee Act and the Austrian Notes Trustee Supplementation Act and appoints a trustee, because the Issuer is an Austrian company. If a trustee is appointed, it will exercise the collective rights and represent the interests of the Holders and will be entitled to make statements on their behalf which shall be binding on all Holders. Where a trustee represents the interests of and exercises the rights of Holders, this may conflict with or otherwise adversely affect the interests of individual or all Holders. The role of an appointed trustee may also conflict with provisions of the Terms and Conditions related to majority resolutions of the Holders pursuant to the Terms and Conditions. On the other hand, investors should not rely on the protection afforded by the Austrian Notes Trustee Act, as its application has been excluded (to the extent such exclusion is permissible under Austrian law) in the Terms and Conditions and an Austrian court may give effect to such disapplication.

1.2.3.3 *The Notes are governed by German law (with the provisions on status being governed by Austrian law), and changes in applicable laws, regulations or regulatory policies may have an adverse effect on the Issuer, the Notes and the Holders.*

The Terms and Conditions of the Notes will be governed by German law, except that the provisions on status are governed by Austrian law. Holders should thus note that the governing law may not be the law of their own home jurisdiction and that the law applicable to the Notes may not provide them with similar protection as their own law. Furthermore, no assurance can be given as to the impact of any possible judicial decision or change to German (and, in relation to the provisions on status, Austrian) law, or administrative practice after the date of this Prospectus.

1.2.3.4 *The statutory presentation period provided under German law will be reduced under the Terms and Conditions applicable to the Notes in which case Holders may have less time to assert claims under the Notes.*

Pursuant to the Terms and Conditions of the Notes the regular presentation period of 30 years (as provided in § 801(1) sentence 1 of the German Civil Code (*Bürgerliches Gesetzbuch – BGB*)) will be reduced. In case of partial

or total non-payment of amounts due under the Notes the Holder will have to arrange for the presentation of the relevant Global Note to the Issuer. Due to the abbreviation of the presentation period the likelihood that the Holder will not receive the amounts due to him increases since the Holder will have less time to assert his claims under the Notes in comparison to holders of debt instruments the terms and conditions of which do not shorten the statutory presentation period at all or to a lesser degree than the Terms and Conditions of the Notes.

1.2.3.5 Holders have to rely on the functionality of the relevant clearing system.

The Notes are purchased and sold through different clearing systems, such as Euroclear or CBL (both as defined in the Terms and Conditions). The Issuer does not assume any responsibility as to whether the Notes are actually transferred to the securities portfolio of the relevant investor. Holders have to rely on the functionality of the relevant clearing system.

1.2.4 Risks relating to the taxation of the Notes

1.2.4.1 There may be circumstances under which the Notes may be subject to withholding tax which will not be grossed-up, including withholding tax under FATCA.

Investors should be aware that duties, other taxes and expenses, including any stamp duty, depositary charges, transaction charges and other charges, may be levied in accordance with the laws and practices in the countries where the Notes are transferred and that it is the obligation of an investor to pay all such duties, other taxes and expenses.

All amounts payable in respect of the Notes shall be paid without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction by or in or for the account of the Issuer's country of incorporation or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law. In the event of such withholding or deduction on distribution countries (but not in respect of the payment on any principal in respect of the Notes), the Issuer shall pay, in limited circumstances, such additional amounts ("**Additional Amounts**") as shall be necessary in order that the net amounts received by the Holders, after such withholding or deduction, shall equal the respective amounts which would otherwise have been receivable by the Holders in the absence of such withholding or deduction, as further specified in the Terms and Conditions of the Notes.

In no event will Additional Amounts be payable in respect of U.S. withholding taxes pursuant to the Foreign Account Tax Compliance Act ("**FATCA**"). Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including Austria) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply before the date that is two years after the date of publication in the Federal Register of final regulations defining the term "foreign passthru payment". To date such final regulations have not yet been published. Investors should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, the Issuer will not pay any additional amounts as a result of the withholding.

Investors should be aware that payments made under the Notes and capital gains from the sale or redemption of the Notes may be subject to taxation in the jurisdiction of the holder of the Notes or in other jurisdictions in which the holder of the Notes is required to pay taxes.

1.2.4.2 The applicable tax regime may change to the disadvantage of the Holders; therefore, the tax impact of an investment in the Notes should be carefully considered.

Distribution payments on Notes, or profits realised by a Holder upon the sale or repayment of Notes, may be subject to taxation in the Holder's state of residence or in other jurisdictions in which the Holder is subject to tax. The tax consequences which generally apply to Holders may, however, differ from the tax impact on an individual Holder. Prospective investors, therefore, should contact their own tax advisors on the tax impact of an investment in the Notes.

Among other things, there may be no authority addressing whether a Holder would be entitled to a deduction for loss at the time of a Write-Down. An investor may, for example, be required to wait to take a deduction until it is certain that no Write-Up can occur, or until there is an actual or deemed sale, exchange or other taxable disposition of the Notes. It is also possible that, if an investor takes a deduction at the time of a Write-Down, it may be required to recognise a capital or income gain at the time of a future Write-Up. Furthermore, the applicable tax regime may change to the disadvantage of the Holder in the future.

1.2.5 Other related risks

1.2.5.1 There can be no assurance that a liquid secondary market for the Notes will develop or, if it does develop, that it will continue. In an illiquid market, a Holder may not be able to sell his Notes at fair market prices.

There can be no assurance that a liquid secondary market for the Notes will develop or, if it does develop, that it will continue. In an illiquid market, a Holder might not be able to sell its Notes at any time at fair market prices or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. Generally, these types of Notes would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a material adverse effect on the market price of Notes. The possibility to sell the Notes might additionally be restricted on country-specific grounds.

1.2.5.2 The trading price of the Notes could be adversely impacted by a change in the credit ratings assigned to the Issuer and/or the Notes.

The trading price of the Notes is expected to be influenced by a change in the creditworthiness (or the perception thereof) of the Issuer and by the credit rating of the Issuer, and a number of other factors including, but not limited to, market interest, rate of return, certain market expectations with regard to the Issuer making use of a right to call the Notes for redemption and the right not to pay interest on the Notes.

The market for debt securities issued by banks (such as the Notes) is also influenced by economic and market conditions, interest rates, currency exchange rates and inflation rates in Europe and other industrialised countries and areas. There can be no assurance that events in Austria, Europe, the United States or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of Notes or that economic and market conditions will not have any other adverse effect. Such factors may favourably or adversely affect the trading price of the Notes. The price at which a Holder can sell the Notes might be considerably below the issue price or the purchase price paid by such Holder.

1.2.5.3 Trading in the Notes may be terminated or suspended, either upon decision of the stock exchange, a regulatory authority or upon application by the Issuer

The listing and admission to trading of the Notes may – depending on the rules applicable to the stock exchange – be suspended or interrupted by the stock exchange or a competent regulatory authority upon the occurrence of a number of reasons, including violation of price limits, breach of statutory provisions, occurrence of operational problems of the stock exchange or generally if deemed required in order to secure a functioning market or to safeguard the interests of Holders. Furthermore, trading in the Notes may be terminated, either upon decision of the stock exchange, a regulatory authority or upon application by the Issuer. Holders should note that the Issuer has no influence on trading suspension or interruptions (other than where trading in the Notes is terminated upon the Issuer's decision) and that in any event they must bear the risks connected therewith. In particular, Holders may not be able to sell their Notes where trading is suspended, interrupted or terminated, and the stock exchange quotations of such Notes may not adequately reflect the price of such Notes. Finally, even if trading in Notes is suspended, interrupted or terminated, Holders should note that such measures may neither be sufficient nor adequate. Additionally, they may not be timely to prevent price disruptions or to safeguard the Holders' interests. For example, if trading in Notes is suspended after the publication of price-sensitive information relating to such Notes, the price of such Notes may already have been adversely affected. All these risks would, if they materialise, have a material adverse effect on the Holders.

1.2.5.4 Exchange rate risks may occur, if a Holder's financial activities are denominated in a currency or currency unit other than the Euro. Furthermore, government and monetary authorities may impose exchange controls that could adversely affect an applicable exchange rate.

The Issuer will pay principal and distributions on the Notes in Euro. This presents certain risks relating to currency conversions if a Holder's financial activities are denominated principally in a currency or currency unit ("**Holder's Currency**") other than Euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Euro or revaluation of the Holder's Currency) and the risk that authorities with jurisdiction over the Holder's Currency may impose or modify exchange controls. An appreciation in the value of the Holder's Currency relative to the Euro would decrease: (i) the Holder's Currency-equivalent yield on the Notes; (ii) the Holder's Currency-equivalent value of the principal payable on the Notes; and (iii) the Holder's Currency-equivalent market price of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, Holders may receive less distribution or principal than expected, or no distributions or principal.

1.2.5.5 Credit ratings of Notes may not adequately reflect all risks of the investment in such Notes, credit rating agencies could assign unsolicited ratings, and ratings may be suspended, downgraded or withdrawn, all of which could have an adverse effect on the market price and liquidity of the Notes.

A rating of Notes may not adequately reflect all risks of the investment in such Notes. Credit rating agencies could decide to assign credit ratings to the Notes on an unsolicited basis. Equally, ratings may be suspended, downgraded or withdrawn. Any such unsolicited rating, suspension, downgrading or withdrawal may have an adverse effect on the market price and trading price of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

1.2.5.6 Legal investment considerations may restrict certain investments, in particular as the Notes are subordinated and loss absorbing instruments.

The investment activities of certain Holders are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) Notes represent legal investments for it; (ii) Notes can be used as collateral for various types of borrowing; and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Furthermore, the Terms and Conditions of the Notes may contain certain exclusions or restrictions of the Issuer's or other parties' (e.g., the Calculation Agent, the Paying Agent etc.) liability for negligent acts or omissions in connection with the Notes, which could result in the Holders not being able to claim (or only to claim partial) indemnification for damage that has been caused to them. Holders should therefore inform themselves about such exclusions or restrictions of liability and consider whether these are acceptable for them.

2 USE OF PROCEEDS

In connection with the offering of the Notes, the Issuer will receive net proceeds of EUR 497,500,000. The Issuer intends to use the net proceeds from the sale of the Notes to strengthen BAWAG Regulatory Group's regulatory capital base.

3 TERMS AND CONDITIONS OF THE NOTES

§ 1 CURRENCY, DENOMINATION, FORM, CERTAIN DEFINITIONS

- (1) *Currency, Denomination.* This issue by BAWAG GROUP AG (the "**Issuer**") of EUR 500,000,000 Undated Fixed to Reset Rate Additional Tier 1 Notes of 2024 with a First Reset Date on 18 March 2030 (the "**Notes**") is being issued on 18 September 2024 (the "**Issue Date**") in Euro (the "**Specified Currency**") in the aggregate principal amount of EUR 500,000,000 (in words: five hundred million euro) in the denomination of EUR 200,000 (the "**Specified Denomination**" or the "**Original Principal Amount**") each.
- (2) *Form.* The Notes are being issued in bearer form.
- (3) *Temporary Global Note – Exchange for Permanent Global Note.*
 - (a) The Notes are initially represented by a temporary global note (the "**Temporary Global Note**") without coupons. The Temporary Global Note will be exchangeable for Notes in the Specified Denomination represented by a permanent global note (the "**Permanent Global Note**" and, together with the Temporary Global Note, the "**Global Notes**") without coupons. The Global Notes shall each be signed by authorised representatives of the Issuer and shall each be authenticated by or on behalf of the Principal Paying Agent. Definitive Notes and coupons will not be issued.
 - (b) The Temporary Global Note shall be exchangeable for the Permanent Global Note in the form and subject to the conditions provided in § 1(3)(a) above from a date not earlier than 40 calendar days after the date of issuance of the Temporary Global Note. Such exchange shall only be made to the extent that certifications have been delivered to the effect that the beneficial owner or owners of the Notes represented by the Temporary Global Note are not U.S. persons (other than certain financial institutions or certain persons holding Notes through such financial institutions) as required by U.S. tax law. Payment of distributions on Notes represented by a Temporary Global Note will be made only after delivery of such certifications. A separate certification shall be required in respect of each such payment of distributions. Any such certification received on or after the 40th calendar day after the date of issuance of the Temporary Global Note will be treated as a request to exchange such Temporary Global Note pursuant to this § 1(3)(b). Any securities delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States (as defined in § 6(5)).
- (4) *Clearing System.* The Global Note(s) will be kept in custody by or on behalf of a Clearing System until all obligations of the Issuer under the Notes have been satisfied. "**Clearing System**" means each of Clearstream Banking, *société anonyme*, Luxembourg, 42 Avenue J.F. Kennedy, 1855 Luxembourg, Grand Duchy of Luxembourg ("**CBL**") and Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium ("**Euroclear**" and, together with CBL, the "**ICSDs**") and any successor in such capacity. The Notes shall be kept in custody by a common depository on behalf of both ICSDs.
- (5) *Holder of Notes.* "**Holder**" means any holder of a proportionate co-ownership or other comparable right in the Global Note which may be transferred to a new Holder in accordance with the provisions of the Clearing System.
- (6) *Business Day.* "**Business Day**" means a day (other than a Saturday or a Sunday) on which the Clearing System as well as all relevant parts of the T2 are open to effect payments. "**T2**" means the real-time gross settlement system operated by the Eurosystem, or any successor system.
- (7) *Terms and Conditions.* "**Terms and Conditions**" means these terms and conditions of the Notes.

§ 2 STATUS

- (1) *Ranking.* The Notes shall qualify as AT 1 Instruments (as defined below) and constitute direct, unsecured and subordinated obligations of the Issuer.

In the event of resolution measures being imposed on the Issuer and in the event of ordinary insolvency proceedings (*reguläres Insolvenzverfahren*), including bankruptcy proceedings (*Konkursverfahren*), or the liquidation of the Issuer, the obligations of the Issuer under the Notes will rank:

- (a) junior to all present or future:
 - (i) unsubordinated instruments or obligations of the Issuer;
 - (ii) obligations resulting from Tier 2 Items (as defined below) and instruments or obligations of the Issuer, if any, which rank *pari passu* with or senior to obligations resulting from Tier 2 Items (as defined below);
 - (iii) instruments or obligations of the Issuer that do not result from own funds items of the Issuer (*die sich nicht aus Eigenmittelposten ergeben*); and
 - (iv) other instruments or obligations of the Issuer, if any, ranking subordinated to any unsubordinated instruments or obligations of the Issuer (other than instruments or obligations ranking *pari passu* with or subordinated to the Notes as referred to in § 2(1)(b) and (c) below);
- (b) *pari passu*:
 - (i) among themselves; and
 - (ii) with all other present or future obligations resulting from AT 1 Items (as defined below); and
- (c) senior to all present or future:
 - (i) ordinary shares of the Issuer and any obligations resulting from other CET 1 Items (as defined below); and
 - (ii) other subordinated instruments or obligations of the Issuer ranking or expressed to rank *pari passu* with the ordinary shares of the Issuer and any obligations resulting from other CET 1 Items.

For the avoidance of doubt, Holders will neither participate in any (hidden) reserves of the Issuer nor in liquidation profits (*Liquidationsgewinn*) within the meaning of § 8(3)(1) of the Austrian Corporate Income Tax Act 1988 (*Körperschaftsteuergesetz 1988*) in the event of the Issuer's liquidation.

The rights of the Holders of the Notes to payment of principal on the Notes are at any time limited to a claim for the prevailing Current Principal Amount (as defined below).

- (2) *Subordination of Claims (Rangrücktritt)*. The Holders will be entitled to payments, if any, under the Notes only once any negative equity (*negatives Eigenkapital*) within the meaning of § 225(1) of the Austrian Enterprise Code (*Unternehmensgesetzbuch – UGB*) has been removed (*beseitigt*) or if, in the event of the liquidation (*Liquidation*) of the Issuer, all other creditors (other than creditors the claims of which rank or are expressed to rank *pari passu* with or junior to the Notes) of the Issuer have been satisfied first.

No insolvency proceedings against the Issuer are required to be opened in relation to the obligations of the Issuer under the Notes. The claims of the Holders against the Issuer under the Notes are subordinated in accordance with § 67(3) of the Austrian Insolvency Code (*Insolvenzordnung – IO*) and the Notes do not contribute to a determination that the liabilities of the Issuer exceed its assets; i.e., the obligations of the Issuer under the Notes, if any, will not contribute to the determination of over-indebtedness (*Überschuldung*) within the meaning of § 67(3) of the Austrian Insolvency Code (*Insolvenzordnung – IO*).

- (3) *No Set-off, Netting or Security*. Claims of the Issuer are not permitted to be set-off or netted against payment obligations of the Issuer under the Notes. No collateral may be provided by the Issuer or any third person for the liabilities constituted by the Notes. The Notes are neither secured nor subject to a guarantee that enhances the seniority of the claims under the Notes. The Notes are not subject to any arrangement, contractual or otherwise, that enhances the seniority of the claims under the Notes in insolvency or liquidation.

- (4) *Certain Definitions.* In these Terms and Conditions:

"AT 1 Instrument" means any capital instrument of the Issuer that qualifies as an Additional Tier 1 instrument pursuant to Article 52 CRR at the relevant time (including the Issuer's EUR 175,000,000 Undated Non-Cumulative Fixed to Reset Rate Additional Tier 1 Notes of 2020 with a First Reset Date on 1 April 2026, ISIN XS2226911928 and EUR 300,000,000 Undated Non-Cumulative Fixed to Reset Rate Additional Tier 1 Notes of 2018 with a First Reset Date on 14 May 2025, ISIN XS1806328750).

"AT 1 Item" means any AT 1 Instrument and any other own funds item of the Issuer that qualifies as an Additional Tier 1 item pursuant to Article 51 CRR at the relevant time, including any capital instruments that qualify as Additional Tier 1 items pursuant to transitional provisions under the CRR.

"CET 1 Instrument" means any capital instrument of the Issuer that qualifies as a Common Equity Tier 1 instrument pursuant to Article 28 CRR, including any capital (or other) instrument that qualifies as Common Equity Tier 1 item pursuant to transitional provisions under the CRR.

"CET 1 Item" means any capital instrument or item of the Issuer that qualifies as a Common Equity Tier 1 item pursuant to Article 26 CRR at the relevant time.

"CRR" means the 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 (Capital Requirements Regulation), as amended or replaced from time to time; to the extent that any provisions of the CRR are amended or replaced, the reference to provisions of the CRR as used in these Terms and Conditions shall refer to such amended provisions or successor provisions from time to time.

"Tier 2 Item" means any capital item of the Issuer that qualifies as a Tier 2 item pursuant to Article 62 CRR at the relevant time, including any capital instrument that qualifies as a Tier 2 item pursuant to transitional provisions under the CRR.

- (5) ***Note on Payment Restrictions prior to an Insolvency.*** *Even prior to the imposition of any resolution measures upon the Issuer, ordinary insolvency proceedings (reguläres Insolvenzverfahren), including bankruptcy proceedings (Konkursverfahren), or the liquidation of the Issuer, any payment of distributions on the Notes will be subject to the conditions set forth in § 3(6) being fulfilled and any redemption or repurchase of the Notes will be subject to the conditions to redemption and repurchase set forth in § 5(6) being fulfilled. These include the conditions that, on the date on which the relevant amount of principal or distributions is scheduled to be paid: (i) the Issuer is not insolvent; and (ii) the payment of the relevant amount would not result in the insolvency of the Issuer.*

This means that irrespective of, and even prior to, the opening of any insolvency proceedings (reguläres Insolvenzverfahren), including bankruptcy proceedings (Konkursverfahren), or the liquidation of the Issuer, the Issuer shall not make any payment of distributions or principal if: (i) the Issuer is insolvent; or (ii) the payment of the relevant amount would result in the insolvency of the Issuer. Such a prohibition on payment may be in effect for an indefinite period of time and even permanently.

- (6) ***Note on the possibility of statutory resolution measures.*** *Prior to any insolvency or liquidation of the Issuer, under the Applicable Supervisory Regulations (as defined below), the Resolution Authority (as defined below) may exercise the power to write down (including to zero) the obligations of the Issuer under the Notes, convert the Notes into shares or other instruments of ownership of the Issuer, in each case in whole or in part, or apply any other resolution tool or action, including (but not limited to) any deferral or transfer of the obligations to another entity, an amendment of the Terms and Conditions or a cancellation of the Notes.*

§ 3 DISTRIBUTIONS

- (1) ***Distribution Rates and Distribution Payment Dates.*** The Notes shall bear distributions on the Current Principal Amount (as defined below) at the rate of 7.250% *per annum* (the **"First Rate of Distributions"**) from and including 18 September 2024 (the **"Distribution Commencement Date"**) to but excluding 18 March 2030 (the **"First Reset Date"**) and thereafter at the relevant Reset Rate of Distributions (as determined in accordance with § 3(4)) from and including each Reset Date to but excluding the next following Reset Date. Distributions will be scheduled to be paid semi-annually in arrear on 18 March and

18 September in each year (each such date, a "**Distribution Payment Date**"), commencing on 18 March 2025.

Distributions will fall due subject to the provisions set out in § 3(6) and § 4(4).

- (2) *Calculation of Amount of Distributions.* If the amount of distributions scheduled to be paid on the Notes is required to be calculated for any period of time: (i) such amount of distributions for any Distribution Period ending on or prior to the First Reset Date shall be calculated by the Calculation Agent by applying the First Rate of Distributions to the Current Principal Amount; and (ii) such amount of distributions for any Distribution Period commencing on or after the First Reset Date shall be calculated by the Calculation Agent by applying the applicable Reset Rate of Distributions to the Current Principal Amount, in each case multiplying such amount by the applicable Day Count Fraction (as defined below), and rounding the resultant figure to the nearest full cent with EUR 0.005 being rounded upwards.

If a Write-Down (as defined in § 5(8)) occurs during any Distribution Period as a result of which unpaid distributions accrued on the Current Principal Amount to but excluding the Write-Down Effective Date (as defined in § 5(12)) are cancelled in accordance with § 3(6)(c), the Notes shall bear distributions on the adjusted Current Principal Amount from and including the Write-Down Effective Date.

If a Write-Up (as defined in § 5(9)) occurs during any Distribution Period, the amount of distributions shall be calculated by the Calculation Agent on the basis of the adjusted Current Principal Amount from time to time so that the relevant amount of distributions is determined by reference to such Current Principal Amount as adjusted from time to time and as if such Distribution Period were comprised of two or more (as applicable) consecutive distribution periods, with distribution calculations based on the number of days for which each Current Principal Amount was applicable.

"**Distribution Period**" means the period from and including the Distribution Commencement Date to but excluding the first Distribution Payment Date and each successive period from and including a Distribution Payment Date to but excluding the next succeeding Distribution Payment Date.

- (3) *Day Count Fraction (Actual/Actual (ICMA)).* "**Day Count Fraction**" means, in respect of the calculation of an amount of distributions on any Note for any period of time (the "**Calculation Period**"): (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of calendar days in such Calculation Period divided by the product of: (x) the number of calendar days in such Determination Period; and (y) the number of Determination Dates (as specified below) that would occur in any year; or (b) if the Calculation Period is longer than one Determination Period, the sum of: (i) the number of calendar days in such Calculation Period falling in the Determination Period in which the Calculation Period begins divided by the product of: (x) the number of calendar days in such Determination Period; and (y) the number of Determination Periods normally ending in any year; and (ii) the number of calendar days in such Calculation Period falling in the next Determination Period divided by the product of: (x) the number of calendar days in such Determination Period; and (y) the number of Determination Periods normally ending in any year.

Where:

"**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date.

"**Determination Date**" means 18 March and 18 September in each year.

- (4) *Determination of the Reset Rate of Distributions.* (a) *Reset Rate of Distributions.* The rate of distributions for each Reset Period (each a "**Reset Rate of Distributions**") shall be the sum of:

- (x) the Reference Rate (as defined below), provided that a rate that is expressed on an annual basis (*annual Reference Rate*) shall be converted to a semi-annual basis (*semi-annual Reference Rate*) by application of the following formula:

$$\text{semi-annual Reference Rate} = 2 * (\sqrt{\text{annual Reference Rate} + 1} - 1); \text{ and}$$

- (y) the Margin (as defined below), subject to a minimum of 0.00% *per annum*.

The Calculation Agent will determine the relevant Reference Rate in accordance with this § 3(4) for each Reset Date on the relevant Reset Determination Date.

The "**Reference Rate**" for each Reset Period will be determined as follows:

- (i) For each Reset Period beginning prior to the relevant Benchmark Replacement Effective Date (as defined below), the following will apply:
- (A) the Reference Rate will be the Original Benchmark Rate on the relevant Reset Determination Date; and
 - (B) if the Original Benchmark Rate does not appear on the Screen Page at the relevant time on the relevant Reset Determination Date, the Reference Rate on the relevant Reset Determination Date will be equal to the Original Benchmark Rate on the Screen Page on the last day preceding the relevant Reset Determination Date on which such Original Benchmark Rate was displayed.
- (ii) For each Reset Period commencing on or after the relevant Benchmark Replacement Effective Date, the Reference Rate will be determined in accordance with § 3(4)(c).

"**Euro Mid Swap Rate**" means the arithmetic mean of the bid and offered rates for the annual fixed leg of a fixed-for-floating interest rate swap transaction in the Specified Currency which (x) has a term of five (5) years; and (y) has a floating leg based on the 6-month EURIBOR rate (or the EURIBOR rate for such other tenor as is the then prevailing market standard tenor for such fixed-for-floating interest rate swap transactions in Euro).

"**Margin**" means 5.052% *per annum*.

"**Original Benchmark Rate**" in respect of a day means the annual Euro Mid Swap Rate (expressed as a percentage *per annum* as at 11.00 a.m. (Frankfurt time), as displayed on the Screen Page as at or around 11:00 a.m. (Frankfurt time) (or a later time at which the Euro Mid Swap Rate becomes available on the Screen Page) on such day.

"**Reset Date**" means the First Reset Date and each fifth (5th) anniversary thereof for as long as the Notes remain outstanding.

"**Reset Determination Date**" means the second T2 Business Day (as defined below) prior to any Reset Date.

"**Reset Period**" means the period from and including a Reset Date to but excluding the next following Reset Date.

"**Screen Page**" means (i) Reuters screen page "ICESWAP2" under the heading "EURIBOR BASIS – EUR" and the caption "11:00 AM Frankfurt time" (as such headings and captions may appear from time to time) (the "**Original Screen Page**"), or (ii) if the Original Screen Page permanently ceases to exist or permanently ceases to quote the Original Benchmark Rate but such quotation is available from another page selected by the Issuer in its reasonable discretion (the "**Replacement Screen Page**"), the Replacement Screen Page with effect from the date on which the Replacement Screen Page is selected by the Issuer.

"**T2 Business Day**" means a day on which T2 is open.

- (b) *Notification of Reset Rate of Distributions.* The Calculation Agent will cause the Reset Rate of Distributions determined in accordance with § 3(4)(a) to be notified to the Issuer, any stock exchange

on which the Notes are from time to time listed (if required by the rules of such stock exchange) and to the Holders in accordance with § 10 as soon as possible after its determination.

(c) *Benchmark Discontinuation.*

- (i) *Independent Adviser.* If a Benchmark Event occurs in relation to the Original Benchmark Rate when the Reset Rate of Distributions (or any component part thereof) remains to be determined by reference to such Original Benchmark Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with § 3(4)(c)(ii)) and, in either case, the Adjustment Spread (in accordance with § 3(4)(c)(iii)) and any Benchmark Amendments (in accordance with § 3(4)(c)(iv)).

In the absence of gross negligence or wilful misconduct, the Independent Adviser shall have no liability whatsoever to the Issuer, the Principal Paying Agent, the Calculation Agent or the Holders for any determination made by it pursuant to this § 3(4)(c).

If, prior to the tenth Business Day prior to the relevant Reset Determination Date, (A) the Issuer has not appointed an Independent Adviser or (B) the Independent Adviser appointed by it has not determined a Successor Rate or, failing which, an Alternative Rate in accordance with this § 3(4)(c), has not determined the Adjustment Spread and/or has not determined the Benchmark Amendments (if required), the Reference Rate applicable to the immediately following Reset Period shall be the Reference Rate determined on the last Reset Determination Date.

If this § 3(4)(c)(i) is to be applied on the first Reset Determination Date prior to the commencement of the first Reset Period, the Reference Rate applicable to the first Reset Period shall be 2.329% *per annum*.

- (ii) *Successor Rate or Alternative Rate.* If the Independent Adviser determines in its reasonable discretion that: (A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in § 3(4)(c)(iii)) subsequently be used in place of the Original Benchmark Rate to determine the Reset Rate of Distributions; or (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in § 3(4)(c)(iii)) be used in place of the Original Benchmark Rate to determine the Reset Rate of Distributions for the immediately following Reset Period and all following Reset Periods, subject to the subsequent operation of this § 3(4)(c).
- (iii) *Adjustment Spread.* The Independent Adviser shall determine in its reasonable discretion the quantum of, or a formula or methodology for determining, the Adjustment Spread that is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and the quantum of, or a formula or methodology for determining, such Adjustment Spread, and then such Adjustment Spread shall apply to the Successor Rate or the Alternative Rate (as the case may be).
- (iv) *Benchmark Amendments.* If any relevant Successor Rate or Alternative Rate and, in each case, the Adjustment Spread is determined in accordance with this § 3(4)(c) and the Independent Adviser determines in its reasonable discretion (A) that amendments to these Terms and Conditions are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and, in each case, the Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (B) the terms of the Benchmark Amendments, then, subject to the Issuer giving notice thereof in accordance with § 3(4)(c)(v), such Benchmark Amendments shall apply to the Notes with effect from the date specified in such notice.
- (v) *Notices, etc.* The Issuer will notify (x) without undue delay upon becoming aware thereof, but in any event not later than on the tenth (10th) Business Day prior to the relevant Reset Determination Date, any Successor Rate or (as the case may be) any Alternative Rate, the Adjustment Spread and the specific terms of the Benchmark Amendments (if required), determined under this § 3(4)(c) to the Calculation Agent and the Principal Paying Agent and (y) not later than on the tenth (10th) Business Day prior to the relevant Reset Determination Date, in accordance with § 10, the Holders accordingly. Such notices shall be irrevocable (unless as agreed otherwise in respect of the notice referred to under (x) with the Calculation

Agent and the Principal Paying Agent) and shall specify the Benchmark Replacement Effective Date.

Together with such notice referred to under (x), the Issuer shall deliver to the Principal Paying Agent a certificate signed by two authorised signatories of the Issuer:

(A)

- (a) confirming that a Benchmark Event has occurred;
- (b) specifying the relevant Successor Rate, or, as the case may be, the relevant Alternative Rate;
- (c) specifying the Adjustment Spread and the specific terms of the relevant Benchmark Amendments (if required), in each case as determined in accordance with the provisions of this § 3(4)(c); and
- (d) specifying the Benchmark Replacement Effective Date; and

(B) certifying that any such relevant Benchmark Amendments are necessary to ensure the proper operation of such relevant Successor Rate or Alternative Rate and, in each case, the Adjustment Spread.

The Successor Rate or Alternative Rate, the Adjustment Spread and the Benchmark Amendments (if required) specified in such certificate will (in the absence of manifest error or bad faith in the determination of such Successor Rate or Alternative Rate, the Adjustment Spread and the Benchmark Amendments (if required) be binding on the Issuer, the Calculation Agent, the Paying Agents and the Holders.

- (vi) *Survival of Reference Rate.* Without prejudice to the obligations of the Issuer under § 3(4)(c)(i), (ii), (iii) and (iv), the Original Benchmark Rate and the fallback provisions provided for in the definition of the term "Reference Rate" in § 3(4)(a) will continue to apply unless and until a Benchmark Event has occurred.
- (vii) *Definitions.* As used in this § 3(4)(c):

The "**Adjustment Spread**", which may be positive, negative or zero, will be expressed in basis points and means either the spread, or the result of the operation of the formula or methodology for calculating the spread, in either case, which: (1) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Benchmark Rate with the Successor Rate by any Relevant Nominating Body; or (2) (if no such recommendation has been made, or in the case of an Alternative Rate) is applied to the Successor Rate or Alternative Rate, as applicable, in international debt capital markets (or, alternatively, the international swap markets) to produce an industry-accepted replacement reference rate for the Original Benchmark Rate; or (3) is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Benchmark Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

If the Independent Adviser does not determine such Adjustment Spread, then the Adjustment Spread will be zero.

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with § 3(4)(c)(ii) is customary in market usage in the international debt capital markets (or, alternatively, the international swap markets) for the purposes of determining rates of interest (or the relevant component part thereof) in the Specified Currency.

"**Benchmark Amendments**" has the meaning given to it in § 3(4)(c)(iv).

"**Benchmark Event**" means: (1) a public statement or publication of information by or on behalf of the regulatory supervisor of the Original Benchmark Rate administrator stating that said

administrator has ceased or will cease to provide the Original Benchmark Rate permanently or indefinitely, unless, at the time of the statement or publication, there is a successor administrator that will continue to provide the Original Benchmark Rate; or (2) a public statement or publication of information by or on behalf of the Original Benchmark Rate administrator is made, stating that said administrator has ceased or will cease to provide the Original Benchmark Rate permanently or indefinitely, unless, at the time of the statement or publication, there is a successor administrator that will continue to provide the Reference Rate; or (3) it has become, for any reason, unlawful under any law or regulation applicable to any Paying Agent, the Calculation Agent, the Issuer or any other party to use the Reference Rate; or (4) the Original Benchmark Rate is permanently no longer published without a previous official announcement by the regulatory supervisor of the administrator; or (5) material change is made to the Original Benchmark Rate methodology.

"Independent Adviser" means an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets, in each case appointed by the Issuer under § 3(4)(c)(i).

"Relevant Nominating Body" means, in respect of a benchmark or screen rate (as applicable): (1) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other regulatory supervisor which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or (2) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other regulatory supervisor which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other regulatory supervisor or (d) the Financial Stability Board or any part thereof.

"Successor Rate" means a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

- (viii) The effective date for the application of the Successor Rate or, as the case may be, the Alternative Rate determined in accordance with this § 3(4)(c), the Adjustment Spread and the Benchmark Amendments (if required) determined under this § 3(4)(c) (the **"Benchmark Replacement Effective Date"**) will be the Reset Determination Date falling on or after the earliest of the following dates:
- (A) if the Benchmark Event has occurred as a result of clause (1) or (2) of the definition of the term "Benchmark Event", the date of cessation of publication of the Original Benchmark Rate or the discontinuation of the Original Benchmark Rate, as the case may be; or
 - (B) if the Benchmark Event has occurred as a result of clauses (4) or (5) of the definition of the term "Benchmark Event", the date of the occurrence of the Benchmark Event; or
 - (C) if the Benchmark Event has occurred as a result of clause (3) of the definition of the term "Benchmark Event", the date from which the prohibition applies.
- (ix) If a Benchmark Event occurs in relation to any Successor Rate or Alternative Rate, as applicable, § 3(4)(c) shall apply *mutatis mutandis* to the replacement of such Successor Rate or Alternative Rate, as applicable, by any new Successor Rate or Alternative Rate, as the case may be. In this case, any reference in this § 3 to the term Original Benchmark Rate shall be deemed to be a reference to the Successor Rate or Alternative Rate, as applicable, that last applied.
- (d) *No adjustment to the Reference Rate.* No adjustment to the Reference Rate will be made in accordance with § 3(4)(a)(i)(B) or § 3(4)(a)(ii), (4)(c) if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as AT 1 Instruments under the Applicable Supervisory Regulations.

If this § 3(4)(d) were to be applied on the first Reset Determination Date prior to the commencement of the first Reset Period, the Reference Rate applicable to the first and each subsequent Reset Period would be 2.329% *per annum*.

If this § 3(4)(d) were to be applied on a Reset Determination Date falling after the commencement of the first Reset Period, the Reference Rate applicable to the next and each subsequent Reset Period shall be the Original Benchmark Rate determined on the last preceding Reset Determination Date.

- (e) *Determinations Binding.* All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this § 3 by the Calculation Agent or, as the case may be, any Independent Adviser or the Issuer shall (in the absence of wilful default, bad faith, inequitableness or manifest error) be binding on the Issuer, the Paying Agents and the Holders.
- (5) *Cessation of Distribution Accrual; Default Distributions.* The Notes shall cease to bear distributions from the end of the calendar day preceding the date scheduled for redemption (if the Notes are redeemed). If the Issuer fails to redeem the Notes when due, distributions shall continue to accrue on the Current Principal Amount of the Notes from and including the date scheduled for redemption to but excluding the date of actual redemption of the Notes at the applicable rate of distributions determined pursuant to this § 3. This does not affect any additional rights that might be available to the Holders.
- (6) *Cancellation of Distributions.*
- (a) *Discretionary Cancellation of Distributions.* The Issuer, at its full discretion, may at all times cancel, in whole or in part, any payment of distributions on the Notes scheduled to be paid on any Distribution Payment Date for an unlimited period and on a non-cumulative basis.

If the Issuer makes use of such right, it shall give notice to the Holders in accordance with § 10 on or before the relevant Distribution Payment Date. A notice which has not been given on or before the relevant Distribution Payment Date shall be given without undue delay thereafter. Any failure or delay to give any such notice shall not affect the validity of the decision on the cancellation, shall in no event result in an obligation of the Issuer to make a cancelled distribution payment at a later date and shall not constitute a default for any purpose.

- (b) *Mandatory Cancellation of Distributions.* Without prejudice to such full discretion of the Issuer pursuant to § 3(6)(a), any payment of distributions scheduled to be paid on the Notes on any Distribution Payment Date shall be cancelled mandatorily and automatically, in whole or in part,
- (i) if the Issuer is insolvent or the payment of the relevant amount would result in the insolvency of the Issuer; or
- (ii) if and to the extent that the sum of the following amounts:
- (A) the amount of such distribution payment scheduled to be paid together with any Additional Amounts thereon;
- (B) the total amount of any write-ups of the Notes or any other AT 1 Instruments that were made in the then current financial year or are simultaneously made on the relevant Distribution Payment Date, if any;
- (C) any payments of interest, dividends or distributions that are simultaneously planned or made or that have been made by the Issuer on other Tier 1 Instruments in the then current financial year of the Issuer; and
- (D) any other amount, payment or distribution as may be relevant under any restriction operating as a maximum distributable amount in accordance with the Applicable Supervisory Regulations as applicable to the Issuer at the time,

would exceed the amount of the available Distributable Items, provided that, for such purpose, the available Distributable Items shall be increased by

- (x) an amount equal to what has been accounted for as expenses for payments of interest, dividends or distributions on Tier 1 Instruments (including payments of distributions on the Notes) in the calculation of the profit (*Gewinn*) on which the available Distributable Items are based, and
 - (y) any other amounts that may be included for the purposes of determining the amounts available for distributions on AT 1 Instruments under the Applicable Supervisory Regulations from time to time; or
- (iii) if and to the extent that the Competent Authority orders the relevant distribution payment scheduled to be paid on the Notes to be cancelled in whole or in part; or
 - (iv) if and to the extent that any other prohibition or restriction to make a distribution on the Notes, or to make such distribution on the Notes when aggregated with any other distribution to be taken into account for such purpose, is imposed by the Applicable Supervisory Regulations or by the Competent Authority (or any other relevant authority), including (if applicable at the relevant point in time):
 - (A) any restriction on distributions as a result of non-compliance with the combined buffer requirement (howsoever defined in the Applicable Supervisory Regulations);
 - (B) any prohibition or restriction on distributions arising out of or in connection with the calculation of, or resulting from, the Maximum Distributable Amount;
 - (C) any other restriction operating as maximum distributable amount in accordance with the then Applicable Supervisory Regulations requiring a maximum distributable amount to be calculated if BAWAG Regulatory Group and/or the Issuer (as the case may be) is failing to meet any applicable capital adequacy or buffer requirement, such as the maximum distributable amount related to the minimum requirement for own funds and eligible liabilities (M-MDA) and the maximum distributable amount related to the leverage ratio (L-MDA), in each case if applicable to BAWAG Regulatory Group and/or the Issuer (as the case may be) at that point in time.

If any payment of distributions on the Notes scheduled to be paid on any Distribution Payment Date is so mandatorily and automatically cancelled, the Issuer shall give notice to the Holders thereof in accordance with § 10. A notice which has not been given on or before the relevant Distribution Payment Date shall be given without undue delay thereafter. Any failure to give such notice shall not affect the validity of the cancellation, shall in no event result in an obligation of the Issuer to make a cancelled distribution payment at a later date and shall not constitute a default for any purpose.

- (c) If a Write-Down (as defined in § 5(9)) occurs during any Distribution Period, unpaid distributions accrued on the Current Principal Amount to but excluding the Write-Down Effective Date (as defined in § 5(8)) will be cancelled mandatorily and automatically in full.
- (d) Any distribution payment cancelled in accordance with § 3(6)(a) to (c) will be non-cumulative and will be cancelled permanently and no payments will be made nor will any Holder be entitled to receive any payment or indemnity in respect thereof. Any such cancellation of distributions will not constitute an event of default of the Issuer and will not impose any restrictions on the Issuer.

The Issuer may use such cancelled payments without restrictions to meet its obligations as they fall due.

(7) *Certain Definitions.* In these Terms and Conditions:

"BAWAG Regulatory Group" means, from time to time, any banking group: (i) to which the Issuer belongs; and (ii) to which the own funds requirements pursuant to the Applicable Supervisory Regulations apply on a consolidated basis due to prudential consolidation.

"BWG" means the Austrian Banking Act (*Bankwesengesetz – BWG*), as amended or replaced from time to time, and any references in these Terms and Conditions to relevant paragraphs of the BWG include references to any applicable provisions of law amending or replacing such provisions from time to time.

"Competent Authority" means the competent authority pursuant to Article 4(1)(40) CRR and/or Article (9)(1) SSM Regulation, in each case, which is responsible to supervise the BAWAG Regulatory Group and/or (as the case may be) the Issuer.

"CRD" means the 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, as amended or replaced from time to time, and as implemented in the Republic of Austria; to the extent that any provisions of the CRD are amended or replaced, the reference to provisions of the CRD as used in these Terms and Conditions shall refer to such amended provisions or successor provisions from time to time, as implemented in the Republic of Austria.

"Distributable Items" means in respect of any payment of distributions on the Notes the distributable items as defined in Article 4(1)(128) CRR, as interpreted and applied in accordance with the Applicable Supervisory Regulations, in respect of each financial year of the Issuer, as at the end of the latest financial year of the Issuer ended prior to the relevant Distribution Payment Date for which such Relevant Financial Statements are available, all as determined in accordance with the accounting principles applied by the Issuer and as derived from the most recent Relevant Financial Statements.

"Maximum Distributable Amount" means any maximum distributable amount (*maximal ausschüttungsfähiger Betrag*) relating to the Issuer and/or the BAWAG Regulatory Group, as the case may be, that may be required to be calculated in accordance with (i) § 24(2) BWG (implementing Article 141(2) CRD in Austria) as amended or replaced from time to time, or (ii) any successor provision thereto.

"Relevant Financial Statements" means: (i) the audited (*geprüften*) and adopted (*festgestellten*) unconsolidated annual financial statements of the Issuer, prepared in accordance with accounting provisions applied by the Issuer and accounting regulations then in effect, for the latest financial year of the Issuer ended prior to the relevant Distribution Payment Date; or (ii) if such audited and adopted unconsolidated annual financial statements of the Issuer are not available at the relevant Distribution Payment Date, unaudited unconsolidated pro forma financial statements of the Issuer, prepared in accordance with accounting provisions applied by the Issuer in relation to its unconsolidated annual financial statements and accounting regulations then in effect in relation to the Issuer's unconsolidated annual financial statements.

"SSM Regulation" means the Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (Single Supervisory Mechanism Regulation), as amended or replaced from time to time, and any references to relevant provisions of the SSM Regulation in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

"Tier 1 Instruments" means (i) any capital instruments qualifying as CET 1 Items or AT 1 Items; and (ii) any other instruments or obligations of the Issuer ranking *pari passu* with respect to payment of interest, dividends or distributions with obligations resulting from CET 1 Items or AT 1 Items.

§ 4 PAYMENTS

- (1)
 - (a) *Payment of Principal.* Payment of principal on the Notes shall be made, subject to § 4(2) below, to the Clearing System or to its order for credit to the accounts of the relevant accountholders of the Clearing System.
 - (b) *Payment of Distributions.* Payment of distributions on the Notes shall be made, subject to § 3(6) above and § 4(2) below, to the Clearing System or to its order for credit to the accounts of the relevant accountholders of the Clearing System and in case of payment of distributions on Notes represented by a Temporary Global Note, upon due certification as provided for in § 1(3)(b).
- (2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made in the Specified Currency.
- (3) *Discharge.* The Issuer shall be discharged by payment to, or to the order of, the Clearing System.

- (4) *Business Day Convention.* If the due date for any payment of any amount in respect of the Notes would otherwise fall on a calendar day which is not a Business Day, then the due date for such payment will be postponed and the Holders will not be entitled to such payment until the next calendar day which is a Business Day. In such case the Distribution Period will not be adjusted and the Holders will not be entitled to any compensation for any such delay.
- (5) *References to Principal and Distributions.* References in these Terms and Conditions to "principal" in respect of the Notes shall be deemed to include, as applicable: the Current Principal Amount (as defined in § 5(12)); the Redemption Amount of the Notes (as defined in § 5(8)(a)); and any premium and any other amounts (other than distributions) which may be payable on or in respect of the Notes.

References in these Terms and Conditions to "distribution(s)" in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts (as defined in § 7(1)) which may be payable under § 7(1).

§ 5 REDEMPTION AND WRITE-DOWN

- (1) *No Scheduled Maturity.* The Notes are perpetual and have no scheduled maturity date and, for the avoidance of doubt, shall not fall due other than in the cases provided for in § 5(3) through § 5(6) (in each case in connection with § 5(7)) or (and subject to the ranking of the Issuer's obligations under the Notes as set out in § 2(1)) in the event of insolvency proceedings (including bankruptcy proceedings) or liquidation of the Issuer.
- (2) *No Redemption at the Option of a Holder.* The Holders do not have a right to demand the redemption of the Notes.
- (3) *Redemption at the Option of the Issuer.* The Issuer may, upon giving notice in accordance with § 5(8)(a), redeem the Notes in whole, but not in part, at the Redemption Amount on any Optional Redemption Date (as defined below). In addition, the Issuer will pay distributions, if any, accrued on the Current Principal Amount to but excluding the Optional Redemption Date specified in the notice, subject to cancellation of distributions pursuant to § 3(6). Any such redemption pursuant to this § 5(3) shall only be possible provided that the conditions to redemption and repurchase laid down in § 5(7) are met.

"Optional Redemption Date" means:

- (i) each Business Day during the period from (and including) 18 September 2029 to (but excluding) the First Reset Date;
- (ii) the First Reset Date; and
- (iii) each Distribution Payment Date following the First Reset Date.

The Issuer may exercise its redemption right pursuant to this § 5(3) only if the Current Principal Amount of each Note is equal to its Original Principal Amount.

- (4) *Redemption for Reasons of Taxation.* If a Tax Event occurs, the Issuer may, upon giving notice in accordance with § 5(8)(a), redeem the Notes in whole, but not in part, at the Redemption Amount at any time on the date of redemption specified in the notice, provided that the conditions to redemption and repurchase laid down in § 5(7) are met. In addition, the Issuer will pay distributions, if any, accrued on the Current Principal Amount to but excluding the date of redemption specified in the notice, subject to cancellation of distributions pursuant to § 3(6).

Where:

A "**Gross-up Event**" occurs if there is a change in the applicable tax treatment of the Notes based on a decision of the local tax authority having competence over the Issuer as a result of which the Issuer has paid, or will or would on the next Distribution Payment Date be required to pay, any Additional Amounts (as defined in § 7(1)).

A "**Tax Deductibility Event**" occurs if there is a change in the applicable tax treatment of the Notes as a result of which the Issuer, in computing its taxation liabilities in Austria, would not be entitled to

claim a deduction in respect of distributions paid on the Notes, or such deductibility is materially reduced.

"**Tax Event**" means a change in, or amendment to, or clarification of, the applicable tax treatment of the Notes, including without limitation, a Tax Deductibility Event or a Gross-up Event, which change or amendment or clarification: (x) subject to (y), becomes effective on or after the date of issuance of the Notes; or (y) in the case of a change, if such change is enacted on or after the date of issuance of the Notes.

- (5) *Redemption for Regulatory Reasons.* If a Regulatory Event occurs, the Issuer may, upon giving notice in accordance with § 5(8)(a), redeem the Notes in whole, but not in part, at the Redemption Amount at any time on the date of redemption specified in the notice, provided that the conditions to redemption and repurchase laid down in § 5(7) are met. In addition, the Issuer will pay distributions, if any, accrued on the Current Principal Amount to but excluding the date of redemption specified in the notice, subject to cancellation of distributions pursuant to § 3(6).

Where:

A "**Regulatory Event**" occurs if there is a change in the regulatory classification of the Notes under the Applicable Supervisory Regulations that would be likely to result in their exclusion in full or in part from own funds (other than as a consequence of a Write-Down and/or a write-down of the obligations of the Issuer under the Notes or conversion of the Notes by the Resolution Authority) or reclassification in full or in part as a lower quality form of own funds on a consolidated basis of the BAWAG Regulatory Group.

- (6) *Early Redemption for Minimal Outstanding Aggregate Principal Amount.* The Issuer may, upon giving notice in accordance with § 5(8)(a), redeem, on the date of redemption specified in the notice, all but not some only of the Notes at the Redemption Amount if at any time the number of Notes outstanding (calculated by dividing (x) the aggregate Current Principal Amount of the Notes outstanding and held by persons other than the Issuer and its subsidiaries by (y) the Current Principal Amount) has fallen to 25% or less of the number of Notes originally issued (calculated by dividing the aggregate principal amount of Notes (including any Notes additionally issued in accordance with § 9(1)) originally issued by the Original Principal Amount). In addition, the Issuer will pay distributions, if any, accrued on the Current Principal Amount to but excluding the date of redemption specified in the notice, subject to cancellation of distributions pursuant to § 3(6).

Any such redemption pursuant to this § 5(6) shall only be possible provided that the conditions to redemption and repurchase laid down in § 5(7) are met.

- (7) *Conditions to Redemption and Repurchase.* Any redemption pursuant to this § 5 and any repurchase pursuant to § 9(2) is subject to:
- (a) (i) the Issuer not being insolvent; and (ii) the payment of the relevant amount not resulting in the insolvency of the Issuer; and
 - (b) the Issuer having obtained the prior permission of the Competent Authority for such redemption or any repurchase pursuant to § 9(2) in accordance with Article 77 *et seq.* CRR, if applicable to the Issuer at that point in time, whereas such permission may, *inter alia*, require that:
 - (i) either, before or at the same time as the redemption or repurchase, the Issuer replaces the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or
 - (ii) the Issuer has demonstrated to the satisfaction of the Competent Authority that the own funds and eligible liabilities of the BAWAG Regulatory Group would, following such redemption or repurchase, exceed the requirements for own funds and eligible liabilities laid down in the CRD, the CRR and the BRRD by a margin that the Competent Authority considers necessary at such time,

provided that the Competent Authority may grant the Issuer a general prior permission to make a redemption or a repurchase for a specified period, which shall not exceed one year, after which it may be renewed, and for a certain predetermined amount as set by the Competent Authority, subject to criteria that ensure that any such future redemption or repurchase will be in accordance with the conditions set out in points (i) and (ii) above, if the Issuer provides sufficient safeguards as to its

capacity to operate with own funds above the amounts required in the Applicable Supervisory Regulations; and

- (c) in the case of any redemption or repurchase during the five years following the date of issuance of the Notes, if applicable to the Issuer at that point in time:
- (i) in the case of any redemption due to a Tax Event, the Issuer has demonstrated to the satisfaction of the Competent Authority that the applicable change in tax treatment is material and was not reasonably foreseeable as at the date of issuance of the Notes;
 - (ii) in the case of any redemption due to a Regulatory Event, the Competent Authority considers such change to be sufficiently certain and the Issuer has demonstrated to the satisfaction of the Competent Authority that the relevant change in the regulatory classification of the Notes was not reasonably foreseeable as at the date of issuance of the Notes; or
 - (iii) in case of a redemption that does not meet the conditions set forth under (c)(i) and (c)(ii) or in case of a repurchase, (x) before or at the same time of the repurchase or redemption the Issuer replaces the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer and the Competent Authority has permitted that action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances; or (y) the Notes are repurchased for market making purposes within the limits permitted by the Competent Authority.

Notwithstanding the above conditions, if, at the time of any redemption or repurchase, the prevailing Applicable Supervisory Regulations permit the redemption or repurchase only after compliance with one or more alternative or additional pre-conditions to those set out above in this § 5(8), the Issuer shall comply with such other and/or, as appropriate, additional pre-conditions, if any.

For the avoidance of doubt, any refusal of the Competent Authority (or any other relevant supervisory authority) to grant any permission, approval or other authorisation required in accordance with the Applicable Supervisory Regulations shall not constitute a default for any purpose.

"**BRRD**" means the 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 (Bank Recovery and Resolution Directive), as amended or replaced from time to time, and as implemented in the Republic of Austria; to the extent that any provisions of the BRRD are amended or replaced, the reference to provisions of the BRRD as used in these Terms and Conditions shall refer to such amended provisions or successor provisions from time to time, as implemented in the Republic of Austria.

(8) *Redemption Notice; Redemption Amount.*

- (a) Any notice of redemption in accordance with § 5(3) through § 5(6) shall be given by the Issuer to the Holders in accordance with § 10 observing a notice period of not less than 15 calendar days nor more than 30 calendar days. Such notice shall be irrevocable (subject to § 5(9)(d)) and shall specify:
- (i) in the case of a notice of redemption in accordance with § 5(3), the Optional Redemption Date, or in the case of a notice of redemption in accordance with § 5(4), § 5(5) or § 5(6), the date of redemption;
 - (ii) the Redemption Amount at which the Notes are to be redeemed; and
 - (iii) in the case of a notice of redemption in accordance with § 5(4), § 5(5) or § 5(6), the reason for such call and redemption.

"**Redemption Amount**" per Note means the Current Principal Amount per Note.

- (b) Even if such notice of redemption is given pursuant to § 5(3) through § 5(6), the Issuer will only redeem the Notes on the date of redemption specified in the notice pursuant to § 5(8)(a) if (i) the conditions to redemption and repurchase laid down in § 5(7) are fulfilled on the date of redemption specified in the notice pursuant to § 5(8)(a) and (ii) no Trigger Event has occurred after the notice of

redemption pursuant to § 5(8)(a) but before the date of redemption specified in the notice pursuant to § 5(8)(a).

In addition, any notice of redemption in accordance with § 5(3) through § 5(6) and this § 5(8)(a) will be subject to § 5(9)(d).

(9) *Write-Down.*

- (a) If, at any time, it is determined (as provided in § 5(9)(b) below) that a Trigger Event (as defined below) has occurred, the Issuer will:
- (i) immediately inform the Competent Authority that the Trigger Event has occurred;
 - (ii) determine the Write-Down Amount (as defined below) as soon as possible, but in any case before the Write-Down Effective Date and within a maximum period of one month following the determination that a Trigger Event has occurred;
 - (iii) without undue delay inform the Principal Paying Agent, the Calculation Agent and the Holders in accordance with § 10 that a Trigger Event has occurred by publishing a notice (such notice a "**Write-Down Notice**") which will specify the Write-Down Amount as well as the new/reduced Current Principal Amount of each Note and the Write-Down Effective Date (as defined below), provided that any failure to provide such Write-Down Notice shall not affect the effectiveness of, or otherwise invalidate any Write-Down or give Holders any rights as a result of such failure. Any such notice which has not been given shall be given without undue delay; and
 - (iv) (without the need for the consent of Holders) reduce the then prevailing Current Principal Amount of each Note by the relevant Write-Down Amount (such reduction being referred to as a "**Write-Down**", and "**Written Down**" shall be construed accordingly) without undue delay, but not later than within one month, with effect as from the Write-Down Effective Date.

For the avoidance of doubt, a Trigger Event may be determined at any time and may occur on more than one occasion, each Note may be subject to a Write-Down on more than one occasion, provided, however, that the Current Principal Amount of a Note may never be reduced to below EUR 0.01 under this § 5(9).

(b) *Write-Down Amount.*

- (i) The aggregate reduction of the aggregate Current Principal Amount of all Notes outstanding on the Write-Down Effective Date will, subject as provided below, be equal to the lower of:
 - (A) the amount necessary to generate sufficient Common Equity Tier 1 capital pursuant to Article 50 CRR that would restore the Group CET 1 Capital Ratio to the Trigger Level at the point of such reduction, after taking into account (subject as provided below) the *pro rata* write-down and/or conversion of the prevailing principal amount of all Loss Absorbing Instruments (if any) to be written down and/or converted concurrently (or substantially concurrently) with the Notes, provided that, with respect to each Loss Absorbing Instrument (if any), such *pro rata* write-down and/or conversion shall only be taken into account to the extent required to restore the Group CET 1 Capital Ratio contemplated above to the lower of: (x) such Loss Absorbing Instrument's trigger level; and (y) the Trigger Level and, in each case, in accordance with the terms of the relevant Loss Absorbing Instruments and the Applicable Supervisory Regulations; and
 - (B) the amount that would result in the Current Principal Amount of a Note being reduced to EUR 0.01.
- (ii) The aggregate reduction determined in accordance with § 5(8)(b)(i) shall be applied to each Note *pro rata* on the basis of its Current Principal Amount immediately prior to the Write-Down, and references herein to "**Write-Down Amount**" shall mean, in respect of each Note, the amount by which the Current Principal Amount of such Note is to be Written Down accordingly.
- (iii) If, in connection with the Write-Down or the calculation of the Write-Down Amount, there are outstanding any Loss Absorbing Instruments the terms of which provide that they shall be

written down and/or converted in full and not in part only (the "**Full Loss Absorbing Instruments**"), then:

- (A) the provision that a Write-Down of the Notes should be effected *pro rata* with the write-down and/or conversion, as the case may be, of any Loss Absorbing Instruments shall not be construed as requiring the Notes to be Written Down in full solely by virtue of the fact that such Full Loss Absorbing Instruments may be written down and/or converted in full; and
 - (B) for the purposes of calculating the Write-Down Amount, the Full Loss Absorbing Instruments will be treated (for the purposes only of determining the write-down of principal and/or conversion, as the case may be, among the Notes and any Loss Absorbing Instruments on a *pro rata* basis) as if their terms permitted partial write-down and/or conversion, such that the write-down and/or conversion of such Full Loss Absorbing Instruments shall be deemed to occur in two concurrent stages: (x) first, the principal amount of such Full Loss Absorbing Instruments shall be written down and/or converted *pro rata* (in the manner contemplated above) with the Notes and all other Loss Absorbing Instruments to the extent necessary to restore the Group CET 1 Capital Ratio to the Trigger Level; and (y) secondly, the balance (if any) of the principal amount of such Full Loss Absorbing Instruments remaining following (x) shall be written off and/or converted, as the case may be, with the effect of increasing the Group CET 1 Capital Ratio above the Trigger Level.
- (iv) To the extent the write-down and/or conversion of any Loss Absorbing Instruments for the purpose of § 5(9)(b)(i)(A) is not possible or not made for any reason, this shall not in any way prevent any Write-Down of the Notes. Instead, in such circumstances, the Notes will be Written Down and the Write-Down Amount determined as provided above but without including for the purpose of § 5(9)(b)(i)(A) any Common Equity Tier 1 capital in respect of the write-down or conversion of such Loss Absorbing Instruments, to the extent it is not possible for them to be or they are not for any reason, written down and/or converted.
 - (v) The Issuer's determination of the relevant Write-Down Amount shall be irrevocable and binding on the Holders.
- (c) Any Write-Down of the Current Principal Amount of a Note pursuant to this § 5(9) shall not constitute a default by the Issuer for any purpose, and the Holders shall have no right to claim for amounts Written Down, whether in the insolvency or liquidation of the Issuer or otherwise, save to the extent (if any) such amounts are subject to a Write-Up in accordance with § 5(10).
 - (d) The Issuer shall not give a notice of redemption after a Trigger Event has occurred until the Write-Down Effective Date.

In addition, if a Trigger Event occurs after a notice of redemption but before the date on which such redemption becomes effective, the notice of redemption shall automatically be deemed revoked and shall be null and void, the relevant redemption shall not be made and the rights and obligations in respect of the Notes shall remain unchanged, all as set forth in § 5(8)(b).

- (10) *Write-Up*. The Issuer may, at its sole discretion, to the extent permitted in compliance with the Applicable Supervisory Regulations, reinstate any portion of the principal amount of the Notes which has been Written Down (such portion, the "**Write-Up Amount**"), subject to the below limitations. The reinstatement of the Current Principal Amount (such reinstatement being referred to herein as a "**Write-Up**", and "**Written Up**" shall be construed accordingly) may occur on more than one occasion (and each Note may be Written Up on more than one occasion), provided that the principal amount of each Note shall never be Written Up to an amount greater than its Original Principal Amount.

Write-Ups do not have priority over dividend payments and other distributions on shares and other CET 1 Instruments of the Issuer, i.e. such payments and distributions are permitted even if no full Write-Up of the Notes has been effected.

There will be no obligation for the Issuer to operate or accelerate a Write-Up under any circumstances.

If the Issuer so decides in its sole discretion, the Write-Up will occur with effect as from the Write-Up Effective Date (as defined below).

At its discretion (without being obliged to) the Issuer may effect such Write-Up, provided that:

- (a) at the time of the Write-Up, the Issuer is not insolvent and the Write-Up would not result in the insolvency of the Issuer;
- (b) at the time of the Write-Up, there must not exist any Trigger Event that is continuing; any Write-Up is also excluded if such Write-Up would give rise to the occurrence of a Trigger Event;
- (c) such Write-Up is applied on a *pro rata basis* to all Notes and on a *pro rata basis* with the write-up of all Loss Absorbing Written Down Instruments (if any); and
- (d) the sum of: (x) the aggregate amount attributed to the relevant Write-Up of the Notes on the Write-Up Effective Date (as defined below) and the aggregate amount of any previous Write-Up of the Notes since the end of the then previous financial year and prior to the Write-Up Effective Date; (y) the aggregate amount of the increase in principal amount of each Loss Absorbing Written Down Instrument at the time of the relevant Write-Up and the aggregate amount of the increase in principal amount of each Loss Absorbing Written Down Instrument resulting from any previous write-up since the end of the then previous financial year and prior to the time of the relevant Write-Up; and (z) the aggregate amount of any distribution and any Additional Amounts thereon paid on the aggregate Current Principal Amount of the Notes and the aggregate amount of any distribution and any additional amounts thereon paid on Loss Absorbing Written Down Instruments as calculated at the moment the Write-Up is operated will not exceed the Maximum Write-Up Amount at any time after the end of the then previous financial year.

The amount of any Write-Up and payments of distributions on the reduced Current Principal Amount shall be treated as payment resulting in a reduction of Common Equity Tier 1 capital and shall be subject, together with other distributions on CET 1 Instruments, to any applicable restrictions described in § 3(6)(b) as at the time of the Write-Up.

If the Issuer elects to effect a Write-Up, it will publish a notice about the Write-Up (including the amount of the Write-Up as a percentage of the Original Principal Amount and the effective date of the Write-Up (in each case a "**Write-Up Effective Date**") no later than 10 calendar days prior to the relevant Write-Up Effective Date to the Principal Paying Agent and, in accordance with § 10, to the Holders. The Write-Up shall be deemed to be effected, and the Current Principal Amount shall be deemed to be increased by the amount specified in the notice, with effect as of the Write-Up Effective Date.

- (11) *Records of the Clearing Systems.* Any Write-Down or Write-Up shall be reflected in the records of CBL and Euroclear as a pool factor.
- (12) *Certain Definitions.* In these Terms and Conditions:

"Applicable Supervisory Regulations" means, at any time, any requirements of Austrian law or contained in the regulations, requirements, guidelines or policies of any competent authority, the European Parliament and/or the European Council, then in effect and applicable to the BAWAG Regulatory Group and/or (as the case may be) the Issuer, including but not limited to the provisions of the BWG, the CRD, the CRR, the CDR, the SRM Regulation, the BRRD, the BaSAG and the SSM Regulation, in each case as amended from time to time, or such other law, regulation or directive as may come into effect in place thereof, as applicable to BAWAG Regulatory Group and/or the Issuer (as the case may be) at the relevant time.

"BaSAG" means the Austrian Bank Recovery and Resolution Act (*Sanierungs- und Abwicklungsgesetz – BaSAG*), as amended or replaced from time to time, and any references in these Terms and Conditions to any relevant provisions of the BaSAG include references to any applicable provisions of law amending or replacing such provisions from time to time.

"CDR" means the Commission Delegated Regulation (EU) No 241/2014 of 7 January 2014 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for Own Funds requirements for institutions (*Capital Delegated Regulation*), as amended or replaced from time to time, and any references in these Terms and Conditions to relevant

provisions of the CDR include references to any applicable provisions of law amending or replacing such provisions from time to time.

"Current Principal Amount" means initially the Original Principal Amount, which from time to time, on one or more occasions, may be reduced by a Write-Down and, subsequent to any such reduction, may be increased by a Write-Up, if any (up to the Original Principal Amount).

"Group CET 1 Capital Ratio" means the Common Equity Tier 1 capital ratio pursuant to Article 92(2)(a) CRR of the BAWAG Regulatory Group on a consolidated basis, as calculated in accordance with the Applicable Supervisory Regulations.

"Loss Absorbing Instrument" means, at any time, any AT 1 Instrument (other than the Notes) that may have all or some of its principal amount written down (whether on a permanent or temporary basis) or converted (in each case, in accordance with its terms or otherwise) on the occurrence or as a result of the Group CET 1 Capital Ratio falling below a certain trigger level.

"Loss Absorbing Written Down Instrument" means, at any time, any Loss Absorbing Instrument, that immediately prior to any Write-Up of the Notes, is outstanding and has a prevailing principal amount that is less than its original principal amount because all or some of its principal amount has been written down on a temporary basis, and that has terms permitting a principal write-up to occur on a basis similar to that provided in § 5(9) in the circumstances existing on the relevant Write-Up Effective Date.

"Maximum Write-Up Amount" means the Net Profit multiplied by the sum of the aggregate Original Principal Amount of the Notes and the aggregate initial principal amount of all Loss Absorbing Written Down Instruments of the BAWAG Regulatory Group (for the avoidance of doubt, before any write-down), and divided by the total Tier 1 capital pursuant to Article 25 CRR of the BAWAG Regulatory Group as at the date the relevant Write-Up is operated, or any higher or lower amount permitted to be used under the Applicable Supervisory Regulations in effect on the date of the relevant Write-Up.

"Net Profit" means the consolidated net income for the year (*Jahresüberschuss*) recorded in the consolidated financial statements of the Issuer, in each case after such consolidated financial statements have formally been determined (*festgestellt*) by either the supervisory board (*Aufsichtsrat*) or, if so requested, the shareholders' meeting (*Hauptversammlung*) of the Issuer.

"Resolution Authority" means the resolution authority pursuant to Article 4(1)(130) CRR and/or Article 7(1) SRM Regulation which is responsible for recovery or resolution of the Issuer on an individual and/or consolidated basis.

"SRM Regulation" means the Regulation (EU) No 806/2014, as amended or replaced from time to time, and any references to relevant provisions of the SRM Regulation in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

A **"Trigger Event"** occurs if, at any time, the Group CET 1 Capital Ratio is lower than the Trigger Level.

The determination as to whether a Trigger Event has occurred shall be made by the Issuer, the Competent Authority or any agent appointed for such purpose by the Competent Authority. Any such determination shall be binding on the Issuer and the Holders.

For the purposes of determining whether a Trigger Event has occurred, the Group CET 1 Capital Ratio may be calculated at any time based on information (whether or not published) available to the Issuer, including information internally reported within the Issuer pursuant to its procedures for monitoring the Group CET 1 Capital Ratio. Any such calculation shall be binding on the Holders.

"Trigger Level" means 5.125%.

"Write-Down Effective Date" means the date as is selected by the Issuer and specified as such in the Write-Down Notice to the Holders, but which shall be no later than one month (or such shorter period as the Competent Authority may require) following the occurrence of the relevant Trigger Event.

§ 6
PRINCIPAL PAYING AGENT AND
CALCULATION AGENT

- (1) *Appointment; Specified Offices.* The initial "**Principal Paying Agent**" and the initial "**Calculation Agent**" and their respective initial specified offices are:

Principal Paying Agent:

Citibank Europe PLC
1 North Wall Quay
Dublin 1
Ireland

Where these Terms and Conditions refer to the term "**Paying Agent(s)**", such term shall include the Principal Paying Agent.

Calculation Agent:

Citibank Europe PLC
1 North Wall Quay
Dublin 1
Ireland

The Paying Agent(s) and the Calculation Agent (together the "**Agents**" and each an "**Agent**") reserve the right at any time to change their respective specified office to some other specified office in the same country.

- (2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint another Principal Paying Agent, additional or other Paying Agents or another Calculation Agent. The Issuer shall at all times maintain: (i) a Principal Paying Agent; (ii) so long as the Notes are listed on a stock exchange, a Paying Agent (which may be the Principal Paying Agent) with a specified office in such country as may be required by the rules of such stock exchange or its supervisory authorities; and (iii) a Calculation Agent. The Issuer will give notice to the Holders of any variation, termination, appointment of or any other change in any Agent as soon as possible upon the effectiveness of such change.
- (3) *Agents of the Issuer.* The Agents act solely as agents of the Issuer and do not have any obligations towards or relationship of agency or trust to any Holder.
- (4) *Determinations Binding.* All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of these Terms and Conditions by any Agent shall (in the absence of wilful default, bad faith, inequitableness or manifest error) be binding on the Issuer, all other Agents and the Holders.
- (5) *United States.* For purposes of these Terms and Conditions, "**United States**" or "**U.S.**" means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).
- (6) *Independent Adviser.* If the Issuer appoints an Independent Adviser in accordance with § 3(4), the provisions in § 6(3) and (4) shall apply *mutatis mutandis* to the Independent Adviser.

§ 7
TAXATION

- (1) *General Taxation.* All payments of distributions in respect of the Notes will be made by the Issuer free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by the Republic of Austria or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. If such withholding or deduction is required by law, the Issuer will pay such additional amounts in relation to distributions (but not principal) as will be necessary in order that the net amounts received by the Holders after such withholding or deduction will equal the respective amounts

which would otherwise have been receivable in respect of the Notes in the absence of such withholding or deduction (the "**Additional Amounts**"). However, no such Additional Amounts will be payable on account of any Taxes which:

- (a) are payable by any person (including the Issuer) acting as custodian bank or collecting agent on behalf of a Holder, or by the Issuer if no custodian bank or collecting agent is appointed or otherwise in any manner which does not constitute a withholding or deduction by the Issuer from payments of principal or distributions made by it; or
- (b) are payable by reason of the Holder having, or having had, some personal or business connection with the Republic of Austria; or
- (c) are withheld or deducted pursuant to: (i) any European Union directive concerning the taxation of distributions income; or (ii) any international treaty or understanding relating to such taxation and to which the Republic of Austria or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such directive, treaty or understanding; or
- (d) are withheld or deducted by a Paying Agent from a payment if the payment could have been made by another Paying Agent without such withholding or deduction; or
- (e) are payable by reason of a change in law that becomes effective more than 30 days after the relevant distribution becomes due; or
- (f) would not be payable if the Holder can avoid such a withholding or deduction providing a certificate of residence, certificate of exemption or any other similar documents required according to the respective applicable regulations.

The restrictions on the payment of distributions set forth in § 3(6) shall apply to any Additional Amounts *mutatis mutandis*.

- (2) *U.S. Foreign Account Tax Compliance Act (FATCA)*. The Issuer is authorised to withhold or deduct from amounts payable under the Notes to a Holder or beneficial owner of Notes sufficient funds for the payment of any tax that it is required by law to withhold or deduct pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or the intergovernmental agreement between the United States and the other jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

§ 8 PRESENTATION PERIOD

The presentation period provided in § 801(1) sentence 1 German Civil Code is reduced to ten years for the Notes.

§ 9 FURTHER ISSUES OF NOTES, REPURCHASES AND CANCELLATION

- (1) *Further Issues of Notes*. The Issuer may from time to time, without the consent of the Holders, issue further Notes having the same terms as the Notes in all respects (or in all respects except for the issue date, issue price, Distribution Commencement Date and/or first Distribution Payment Date) so as to form a single series with the Notes.
- (2) *Repurchases*. Provided that all applicable regulatory and other statutory restrictions are observed, and provided further that the conditions to redemption and repurchase laid down in § 5(7) are met, the Issuer or any of its subsidiaries may repurchase Notes in the open market or otherwise at any price. Notes

repurchased by the Issuer or any of its subsidiaries may, at the option of the Issuer or such subsidiary, be held, resold or surrendered to the Principal Paying Agent for cancellation.

- (3) *Cancellation.* All Notes redeemed in full shall be cancelled forthwith and may not be reissued or resold.

§ 10 NOTICES

- (1) *Notices of the Issuer.* All notices of the Issuer concerning the Notes shall be published in electronic form on the website of the Issuer (www.bawaggroup.com) and, as long as the Notes are listed on the Luxembourg Stock Exchange, on the website of the Luxembourg Stock Exchange (www.luxse.com) or on such other website or other medium for the publication of notices as is required by the rules and regulations of the Luxembourg Stock Exchange. Any notice so given will be deemed to have been validly given on the third calendar day following the date of such publication.
- (2) *Publication of Notices of the Issuer via the Clearing System.* In addition to the publication of notices pursuant to § 10(1) the Issuer will deliver the relevant notices to the Clearing System, for communication by the Clearing System to the Holders. Any such notice shall be deemed to have been given to the Holders on the seventh calendar day after the calendar day on which said notice was given to the Clearing System.
- (3) Any notice so given pursuant to § 10(1) and (2) above will be deemed to have been given, if published more than once, on the day following the date on which the first such publication is deemed to be made.

§ 11 AMENDMENTS TO THE TERMS AND CONDITIONS, JOINT REPRESENTATIVE

- (1) *Amendment of the Terms and Conditions.* Subject to compliance with the Applicable Supervisory Regulations for the Notes to qualify as AT 1 Instruments, the Issuer may amend the Terms and Conditions with the consent of a majority resolution of the Holders pursuant to §§ 5 *et seqq.* of the SchVG and the consent by the Competent Authority, to the extent then required under prevailing Applicable Supervisory Regulations. There will be no amendment of the Terms and Conditions without the Issuer's consent.

In particular, the Holders may consent to amendments which materially change the substance of the Terms and Conditions, including such measures as provided for under § 5(3) of the SchVG by resolutions passed by such majority of the votes of the Holders as stated under § 11(2) below. A duly passed majority resolution will be binding upon all Holders.

"**SchVG**" means the German Debt Securities Act (*Gesetz über Schuldverschreibungen aus Gesamtemissionen – SchVG*), as amended or replaced from time to time, and any references in these Terms and Conditions to relevant paragraphs of the SchVG include references to any applicable provisions of law amending or replacing such provisions from time to time.

- (2) *Majority requirements.* Except as provided by the following sentence and provided that the quorum requirements are being met, the Holders may pass resolutions by simple majority of the voting rights participating in the vote. Resolutions which materially change the substance of the Terms and Conditions, in particular in the cases of § 5(3)(1) through (9) of the SchVG, may only be passed by a majority of at least 75% of the voting rights participating in the vote (a "**Qualified Majority**"). The voting right is suspended as long as any Notes are attributable to the Issuer or any of its affiliates (within the meaning of § 271(2) of the German Commercial Code (*Handelsgesetzbuch – HGB*)) or are being held for the account of the Issuer or any of its affiliates.
- (3) *Resolutions.* Resolutions of the Holders will be made either in a Holders' meeting in accordance with § 11(3)(a) or by means of a vote without a meeting (*Abstimmung ohne Versammlung*) in accordance with § 11(3)(b), in either case convened by the Issuer or a joint representative, if any.
- (a) Resolutions of the Holders in a Holders' meeting will be made in accordance with §§ 9 *et seqq.* of the SchVG. The convening notice of a Holders' meeting will provide the further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions will be notified to Holders in the agenda of the meeting.

- (b) Resolutions of the Holders by means of a voting not requiring a physical meeting (*Abstimmung ohne Versammlung*) will be made in accordance with § 18 of the SchVG. The request for voting as submitted by the chairman (*Abstimmungsleiter*) will provide the further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions will be notified to Holders together with the request for voting.
- (4) *Second Holders' meeting.* If it is ascertained that no quorum exists for the vote without meeting pursuant to § 11(3)(b), the chairman (*Abstimmungsleiter*) may convene a meeting, which shall be deemed to be a second meeting within the meaning of § 15(3) sentence 3 of the SchVG.
- (5) *Registration.* The exercise of voting rights is subject to the registration of the Holders. The registration must be received at the address stated in the request for voting no later than the third day prior to the meeting in the case of a Holders' meeting (as described in § 11(3)(a) or § 11(4)) or the beginning of the voting period in the case of voting not requiring a physical meeting (as described in § 11(3)(b)), as applicable. As part of the registration, Holders must demonstrate their eligibility to participate in the vote by means of a special confirmation of their respective depositary bank hereof in text form and by submission of a blocking instruction by the depositary bank stating that the relevant Notes are not transferable from and including the day such registration has been sent until and including the stated end of the meeting or day the voting period ends, as the case may be.
- (6) *Joint representative.* The Holders may by majority resolution provide for the appointment or dismissal of a joint representative, the duties and responsibilities and the powers of such joint representative, the transfer of the rights of the Holders to the joint representative and a limitation of liability of the joint representative. Appointment of a joint representative may only be passed by a Qualified Majority if such joint representative is to be authorised to consent to a material change in the substance of the Terms and Conditions in accordance with § 11(1) hereof.

The joint representative shall have the duties and powers provided by law or granted by majority resolutions of the Holders. The joint representative shall comply with the instructions of the Holders. To the extent that the joint representative has been authorised to assert certain rights of the Holders, the Holders shall not be entitled to assert such rights themselves, unless explicitly provided for in the relevant majority resolution. The joint representative shall provide reports to the Holders on its activities. The provisions of the SchVG apply with regard to the recall and the other rights and obligations of the joint representative.

Unless the joint representative is liable for wilful misconduct (*Vorsatz*) or gross negligence (*grobe Fahrlässigkeit*), the joint representative's liability shall be limited to ten times the amount of its annual remuneration.

- (7) *Notices.* Any notices concerning this § 11 will be made in accordance with §§ 5 *et seqq.* of the SchVG and § 10.
- (8) *Exclusion of the Applicability of the Austrian Notes Trustee Act.* To the extent legally permissible, the applicability of the provisions of the Austrian Notes Trustee Act (*Kuratorenengesetz*) and the Austrian Notes Trustee Supplementation Act (*Kuratorenenergänzungsgesetz*) is explicitly excluded in relation to the Notes.

§ 12 APPLICABLE LAW, PLACE OF JURISDICTION AND ENFORCEMENT

- (1) *Applicable Law.* The Notes, as to form and content, and all rights and obligations of the Holders and the Issuer, shall be governed by, and shall be construed exclusively in accordance with, German law, *provided that* the status provisions in § 2 shall be governed by, and shall be construed exclusively in accordance with, Austrian law.
- (2) *Place of Jurisdiction.* Subject to any exclusive court of venue for specific legal proceedings in connection with the SchVG, the District Court (*Landgericht*) in Frankfurt am Main, Federal Republic of Germany, shall have exclusive jurisdiction for any action or other legal proceedings (the "**Proceedings**") arising out of or in connection with the Notes.
- (3) *Enforcement.* Any Holder may in any Proceedings against the Issuer, or to which such Holder and the Issuer are parties, protect and enforce in its own name its rights arising under such Notes on the basis of:

(a) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of the Notes: (i) stating the full name and address of the Holder; (ii) specifying the aggregate principal amount of the Notes credited to such securities account on the date of such statement; and (iii) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (i) and (ii); and (b) a copy of the Global Note certified as being a true copy by a duly authorised officer of the Clearing System or a depository of the Clearing System, without the need for production in such Proceedings of the actual records or the Global Note representing the Notes. Each Holder may, without prejudice to the foregoing, protect and enforce its rights under the Notes also in any other way which is admitted in the country of the Proceedings.

"Custodian" means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which the Holder maintains a securities account in respect of the Notes and includes the Clearing System.

4 DESCRIPTION OF THE ISSUER

4.1 General Information about the Issuer

4.1.1 General

The description of the Issuer is set out in, *inter alia*,

- (i) the subsection "7.1.1 General information" set out on page 304 of the DIP Prospectus 2024;
- (ii) the subsection "7.1.2 Corporate history and development" set out on page 304 of the DIP Prospectus 2024;
- (iii) the subsection "7.1.4 Statutory auditors" set out on page 305 of the DIP Prospectus 2024;
- (iv) the section "7.2 Structure of BAWAG Group" set out on pages 305 to 306 of the DIP Prospectus 2024;
- (v) the section "7.3 Trend information" (except for the sub-section "7.3.1 Statement of no material adverse change / significant changes") set out on pages 306 to 307 of the DIP Prospectus 2024 as amended by item no. 3 set out on page 3 of the Second Supplement;
- (vi) the section "7.4 Administrative, management and supervisory bodies" set out on pages 307 to 309 of the DIP Prospectus 2024;
- (vii) the section "7.5 Major shareholders" set out on page 309 of the DIP Prospectus 2024;
- (viii) the section "7.8 Material contracts" set out on page 309 of the DIP Prospectus 2024;
- (ix) the section "7.9 Ratings" set out on pages 309 to 310 of the DIP Prospectus 2024; and
- (x) the section "9 Business overview of BAWAG Group" (except for the sub-sections "9.2 Bank transformation"; "9.4.2 Asset decomposition and asset split by region" and "9.6 Employees") set out on pages 316 to 324 of the DIP Prospectus 2024.

The information set out in (i) to (x) above is incorporated by reference in, and forms part of, this Prospectus (see the section "8 Documents Incorporated by Reference" in this Prospectus).

4.1.2 Statutory purpose and share capital

The business purpose of BAWAG according to section 2 of its articles of association is (a) the acquiring, holding, managing and disposing of participations in existing companies and businesses and/or companies and businesses to be established within Austria and abroad, including banks, indifferent in which corporate form; (b) the exercise of the management and holding functions in respect of participations pursuant to (a) as well as companies and businesses of BAWAG Group, including on the basis of corporate law, or on the basis of contractual agreements with companies and businesses of BAWAG Group, including the activity as and exercise of the functions of a financial holding; and (c) the provision of management services of any kind with respect to participations in companies and business of the BAWAG Group as well as contracts and other business relationships of the BAWAG Group with domestic and foreign contract partners.

BAWAG is entitled to enter into any transactions and to take all steps which are in connection with or appear to be directly or indirectly suitable to promote its purpose. BAWAG may establish branches and subsidiaries within Austria and abroad. BAWAG may undertake all legal transactions that could be useful in achieving or promoting the purposes of BAWAG.

BAWAG may limit the actual scope of its activities to one or several parts of its corporate purpose.

BAWAG is not entitled to engage directly in business activities that require a license pursuant to the Austrian Banking Act, the Austrian Securities Supervision Act, the Austrian Insurance Supervision Act, or any other license that must be obtained prior to BAWAG's registration in the commercial register; activities reserved for Public Accountants and Tax Advisors are also excluded.

BAWAG's registered share capital amounts to EUR 78,600,000.00 and is divided into 78,600,000 non-par-value shares, which carry equal participation interest in the share capital of BAWAG. All shares are bearer shares. The share capital of BAWAG is fully paid in.

4.1.3 Business overview of BAWAG Group

4.1.3.1 Bank transformation

In 2012, BAWAG Group began executing a transformational initiative to improve and restructure its operations that would improve its financial strength and efficiency and profitability metrics. The key pillars of the transformation included (1) re-focusing on core geographic markets and products, (2) driving cost efficiency through disciplined cost management and simplified processes, (3) deleveraging the balance sheet to increase capital and liquidity and (4) rebuilding the capital base by redeeming all non-sustainable capital instruments.

The following table shows an overview of BAWAG Group's successful transformation by certain key financial metrics as of and for the financial years 2013 to 2023 (unaudited, unless otherwise indicated):

	2019	2021	2022 (adjusted) ¹⁾	2023
	BAWAG			
Pre-provision profit (in € million) .	710.8	743.2	849.2	1,040.1
Return on Tangible Common Equity ²⁾	16.1% ⁴⁾	16.1%	18.6%	25.0%
Cost-Income Ratio ²⁾	42.7% ⁴⁾	39.5%	35.9%	31.8%
NPL ratio ³⁾	1.7%	1.4%	0.9%	1.0%
Net interest Margin.....	2.3%	2.27%	2.33%	2.9%
Risk cost ratio (bp)	18	23	28	22

¹⁾ RoTCE, and Risk Cost Ratio adjusted for write off of City of Linz receivable of EUR 254 million (EUR 190 million after tax).

²⁾ For a definition see "4.2.1.4 Alternative performance measures" below.

³⁾ For a definition see "11.1 Minimum capital requirements and regulatory ratios" set out on pages 336 to 338 of the DIP Prospectus 2024, as amended by item no. 6 set out on page 9 of the First Supplement and by item no. 14 set out on page 11 of the Second Supplement, each of which is incorporated by reference in, and forms part of, this Prospectus (see "8 Documents Incorporated by Reference" in this Prospectus below).

⁴⁾ Restated figure. Figure has been adjusted from the figure originally reported by BAWAG Group (for further information see "4.2.1.2 Changes and restatements on financial figures" below).

Source: BAWAG Group's and BAWAG P.S.K. Group's financial statements and company information.

4.1.3.2 Asset decomposition and asset split by region

The assets of BAWAG Group's business segment Retail & SME largely comprise housing loans, consumer and SME loans and portfolios and are predominantly located in the DACH region. The assets of BAWAG Group's business segment Corporates, Real Estate & Public Sector largely comprise corporate loans, asset-backed loans and loans to public clients. They are located in the DACH region as well as in Western Europe and the United States of America.

Asset decomposition in the financial year ended 31 December 2023 and 31 December 2022

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 December 2022	31 March 2023	30 June 2023	30 September 2023	31 December 2023
(in € million)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Retail & SME					
Housing loans.....	15,972	15,796	15,656	15,442	15,345
Consumer and SME	6,403	6,386	6,377	6,414	6,676

Asset decomposition	31 December 2022	31 March 2023	30 June 2023	30 September 2023	31 December 2023
Total	22,375	22,182	22,033	21,856	22,021
Corporates, Real Estate & Public Sector					
Corporates.....	3,771	3,838	3,938	3,749	3,474
Real Estate.....	6,067	5,669	5,311	5,252	5,098
Public Sector	4,178	4,311	4,283	4,319	4,460
Short-term/money market lending.	487	486	210	187	296
Total	14,503	14,304	13,742	13,507	13,328

Source: Company information.

Asset split by region in the financial years ended 31 December 2023 and 31 December 2022

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	As of				
	31 December 2022	31 March 2023	30 June 2023	30 September 2023	31 December 2023
(in € million)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Retail & SME					
DACH/NL	20,371	20,115	19,849	19,604	19,389
Western Europe / USA	2,004	2,067	2,184	2,252	2,632
Total	22,375	22,182	22,033	21,856	22,021
Corporates, Real Estate & Public Sector					
DACH/NL	6,601	6,645	6,304	6,058	6,183
Western Europe / USA	7,902	7,659	7,438	7,449	7,145
Total	14,503	14,305	13,742	13,507	13,328

Source: Company information.

Asset decomposition as of 31 March 2024

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 2024
(in € million)	(unaudited)
Retail & SME	
Housing loans.....	15,164
Consumer and SME	6,722
Total	21,886
Corporates, Real Estate & Public Sector	
Corporates.....	3,441
Real Estate.....	5,005
Public Sector	5,155
Short-term/money market lending	477
Total	14,078

Source: Company information.

Asset split by region as of 31 March 2024

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 2024
(in € million)	(unaudited)
Retail & SME	
DACH/NL	19,117
Western Europe / USA	2,769
Total	21,886
Corporates, Real Estate & Public Sector	
DACH/NL	6,311
Western Europe / USA	7,767
Total	14,078

Source: Company information.

Asset decomposition as of 30 June 2024

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	30 June 2024
(in € million)	(unaudited)
Retail & SME	
Housing loans.....	15,019
Consumer and SME	6,817
Total	21,836
Corporates, Real Estate & Public Sector	
Corporates.....	3,039
Real Estate.....	4,987
Public Sector	5,048
Short-term/money market lending	160
Total	13,234

Source: Company information.

Asset split by region as of 30 June 2024

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	30 June 2024
(in € million)	(unaudited)
Retail & SME	

DACH/NL	18,936
Western Europe / USA	2,900
Total	21,836
Corporates, Real Estate & Public Sector	
DACH/NL	5,916
Western Europe / USA	7,318
Total	13,234

Source: Company information.

4.1.3.3 Employees

The following tables show, as of and for the financial years ended 31 December 2023 and 2022, the number of employees as well as the full-time equivalent employees of BAWAG Group.

Headcount – salaried employees	As of and for the financial year ended 31 December	
	2023	2022
Number of employees on reporting date.....	3,174	3,305
Average number of employees	3,183	3,438

Source: Company information.

Full-time equivalents – salaried employees	As of and for the financial year ended 31 December	
	2023	2022
Number of employees on reporting date.....	2,776	2,856
Average number of employees	2,759	2,964
Active employees ¹⁾	2,553	2,558

¹⁾ Excluding employees on any form of temporary leave or who have entered into an agreement under a social compensation scheme.

Source: Company information.

4.2 Financial Information

4.2.1 Financial information for the fiscal years ended 31 December 2023 and 31 December 2022

4.2.1.1 Historical financial information

Financial years ended 31 December 2023 and 31 December 2022

The Audited Consolidated Annual Financial Statements of BAWAG 2023 together with the auditors' report thereon are incorporated by reference in, and form part of, this Prospectus (see "8 Documents Incorporated by Reference" in this Prospectus below).

4.2.1.2 *The Audited Consolidated Annual Financial Statements of BAWAG 2022 together with the auditors' report thereon are incorporated by reference in, and form part of, this Prospectus (see "8 Documents Incorporated by Reference" in this Prospectus). Changes and restatements on financial figures*

On 1 January 2024, BAWAG Group adopted the following IAS and IFRS amendments:

- Amendments to IAS 1 "Presentation of Financial Statements"; and
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback".

The adoption of the amendments did not have a material impact on BAWAG Group's consolidated financial statements.

Other than the developments mentioned above and elsewhere in this Base Prospectus, there have been no recent developments since 31 December 2023.

4.2.1.3 Selected financial information

Selected financial information for the financial years ended 31 December 2023 and 31 December 2022

The following tables show selected financial information of BAWAG Group that are, in the case of financial information shown as 'audited', taken from the Audited Consolidated Annual Financial Statements of BAWAG 2023, or in the case of financial information shown as "unaudited" based on such statements or taken from the internal reporting of BAWAG Group:

Financial position (in € million)	As of				
	31 December 2022	31 March 2023	30 June 2023	30 September 2023	31 December 2023
	(audited, unless otherwise stated)	(unaudited)	(unaudited)	(unaudited)	(audited, unless otherwise stated)
Total assets					
Cash reserves	520	656	646	609	694
Financial assets held for trading.....	156	114	123	156	103
Financial assets at fair value through profit or loss	557	542	597	595	593
Fair value through other comprehensive income	2,743	2,707	2,759	2,818	2,827
Financial assets at amortised cost	51,585	49,726	48,294	48,100	49,585
thereof: Customers	35,763	35,255	34,295	33,783	33,333
Debt instruments	3,167	3,261	3,293	3,356	3,660
Credit institutions.....	12,655	11,210	10,706	10,961	12,592
Valuation adjustment on interest rate risk hedged portfolios.....	(619)	(562)	(600)	(689)	(310)
Hedging derivatives	338	157	172	135	247
Tangible non-current assets.....	352	354	342	334	334
Intangible non-current assets.....	522	517	515	511	532
Tax assets for current taxes.....	21	24	20	19	28
Tax assets for deferred taxes.....	18	17	18	17	19
Other assets	305	256	236	247	258
Non-current assets held for sale	25	5	5	5	538
Total assets	56,523	54,513	53,127	52,857	55,448
Average interest-bearing assets^{2), 3)}..	44,046¹⁾	43,290	42,800	41,902	41,864¹⁾
Total liabilities	52,532	50,687	49,137	48,688	51,278
Financial liabilities designated at fair value through profit or loss.....	204	169	165	167	136
Financial liabilities held for trading	692	597	615	673	463
Financial liabilities at amortized cost	50,669	48,515	47,100	46,468	48,673
thereof: Customers	34,288	32,249	32,659	32,010	33,270
Issued bonds, subordinated and supplementary capital	10,037	11,885	12,840	12,901	13,594
Credit institutions.....	6,344	4,381	1,601	1,557	1,809

Financial position	As of				
	31 December 2022	31 March 2023	30 June 2023	30 September 2023	31 December 2023
Financial liabilities associated with transferred assets.....	394	396	398	400	402
Valuation adjustment on interest rate risk hedged portfolios.....	(891)	(800)	(780)	(766)	(415)
Hedging derivatives.....	245	238	313	447	214
Provisions.....	284	283	282	276	231
Tax liabilities for current taxes.....	43	81	128	146	190
Tax liabilities for deferred taxes.....	95	85	82	104	119
Other obligations.....	797	1,122	834	772	783
Other obligations in disposal groups ⁴⁾					482
Total equity	3,991	3,827	3,990	4,170	4,170
thereof: Equity attributable to the owners of the parent (ex AT 1 capital).....	3,520	3,356	3,519	3,699	3,699
AT 1 capital.....	471	471	471	471	471
Non-controlling interests.....	0	0	0	0	0
Total liabilities and equity	56,523	54,513	53,127	52,857	55,448

¹⁾ Unaudited.

²⁾ Interest-bearing assets are calculated as the sum of the line items financial assets at fair value through profit or loss, fair value through other comprehensive income and financial assets at amortised cost, each as shown in the table above, less assets held at central banks.

³⁾ 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.

⁴⁾ Includes start:bausparkasse Germany, shift to held for sale with December 2023.

Source: Audited Consolidated Annual Financial Statements of BAWAG 2023 or company information.

	As of				
	31 December 2022	31 March 2023	30 June 2023	30 September 2023	31 December 2023
(in € million, unaudited)					
Customer deposits and own issues ¹⁾	44,529	44,303	45,664	45,078	47,000
Customer loans (average)	36,417	35,481	35,029	33,874	33,893
Customer deposits (average)	32,883	32,249	32,012	32,212	32,985

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: Audited Consolidated Annual Financial Statements of BAWAG 2023 or company information

Profit and loss statement	For the financial year ended 31 December 2022	For the financial year ended 31 December 2022 (adjusted)*	For the 3-month period ended				For the financial year ended 31 December 2023
			31 March 2023	30 June 2023	30 September 2023	31 December 2023	
(in € million)	(audited, unless otherwise stated)	(audited, unless otherwise stated)	(unaudited)				(audited, unless otherwise stated)
Net interest income.....	1,021.1	1,021.1	290.0	310.2	313.7	316.3	1,230.2
Net fee and commission income	309.3	309.3	76.2	76.7	76.6	77.7	307.2
Core Revenues ^{1), 3)}	1,330.4	1,330.4	366.3	386.8	390.3	394	1,537.4

Profit and loss statement	For the financial year ended 31 December 2022	For the financial year ended 31 December 2022 (adjusted)*	For the 3-month period ended				For the financial year ended 31 December 2023
			31 March 2023	30 June 2023	30 September 2023	31 December 2023	
Gains and losses on financial instruments and other operating income and expenses ²⁾	(6.4)	(6.4)	0.6	(3.8)	(0.6)	(8.3)	(12.0)
Operating income	1,324.0 ³⁾	1,324.0	366.9	383.1	389.7	385.7	1,525.4
Operating expenses ²⁾	(474.8) ³⁾	(474.8)	(119.4)	(120.7)	(121.9)	(123.4)	(485.3)
Pre-Provision Profit ^{1), 3)}	849.2	849.2	247.5	262.4	267.8	262.3	1,040.1
Regulatory charges ²⁾	(48.8)	(48.8)	(41.0)	2.6	(3.3)	2.7	(39.0)
Total risk costs	(376.3) ³⁾	(122) ³⁾	(20.6)	(20.5)	(21.9)	(30.2)	(93.2)
ECL Management overlay	100	100	100	100	80	80	80
Share of the profit or loss of associates accounted for using the equity method	2.70	2.70	0.4	0.5	0.0	1.60	2.5
Profit before tax	426.8	681.0	186.4	245.1	242.6	236.4	910.4
Income taxes.....	(108.2)	(171.9)	(46.8)	(64.3)	(56.9)	(59.7)	(227.8)
Net profit	318.3	508.8	139.6	180.8	185.7	176.7	682.6

* Excludes write-off City of Linz receivable of EUR 254 million (EUR 190 million after tax).

¹⁾ The number or ratio is an APM. For a definition, see "4.2.1.4 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.

³⁾ Unaudited.

Source: Audited Consolidated Annual Financial Statements of BAWAG 2023 or company information.

BAWAG Group expects an underlying cost ratio of 25 to 30 bps in 2024. ECL management overlay stands at EUR 80m in Q4 2023. Maintain safe & secure balance sheet is to focus on developed and mature markets (72% DACH/NL region and 28% Western Europe / United States). BAWAG believes in conservative underwriting with a focus on secured lending (around 80% of customer loans is secured or public sector lending as of 30 June 2024).

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 financial year ended 31 December 2022	For the 3-month period ended				For the financial year ended 31 December 2023
		31 March 2023	30 June 2023	30 September 2023	31 December 2023	
(in € million)	(audited)	(unaudited)				(audited)
Net interest income	750.2	207.7	216.1	221.5	220.3	865.6
Net fee and commission income	276.8	68.1	67.0	68.1	69.8	273.0
Core Revenues ¹⁾	1,027.0	275.9	283.1	289.6	290.1	1,138.6
Operating income	1,031.5	277.2	284.1	290.1	291.1	1,142.5
Operating expenses	(342.7)	(86.5)	(86.6)	(84.4)	(87.4)	(344.9)
Pre-Provision Profit ²⁾	688.8	190.7	197.5	205.7	203.7	797.6
Regulatory charges.....	(18.4)	(13.9)	1.2	(1.7)	4.6	(9.7)
Total risk costs.....	(80.6)	(19.7)	(19.8)	(21.7)	(24.9)	(86.1)
Profit before tax	589.8	157.2	178.9	182.3	183.4	701.8
Income taxes	(147.5)	(39.3)	(44.7)	(45.6)	(45.8)	(175.4)
Net profit	442.4	117.9	134.2	136.7	137.6	526.4

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 financial year ended 31 December 2022	For the 3-month period ended				For the financial year ended 31 December 2023
		31 March 2023	30 June 2023	30 September 2023	31 December 2023	
(in € million)	(audited)	(unaudited)				(audited)
Net interest income	262.9	68.6	75.5	70.8	71.5	286.4
Net fee and commission income.....	33.7	8.7	9.9	8.6	8.1	35.3
Core Revenues ¹⁾	296.6	77.3	85.4	79.4	79.6	321.7
Operating income	313.6	76.6	84.5	77.4	79.5	318.0
Operating expenses.....	(71.5)	(18.4)	(19.0)	(20.0)	(20.7)	(78.1)
Pre-Provision Profit ²⁾	242.2	58.2	65.5	57.4	58.8	239.9
Regulatory charges.....	(12.0)	(9.0)	0.8	(0.9)	(0.9)	(10.0)
Total risk costs.....	(36.2)	(0.1)	0.1	(0.1)	(5.1)	(5.2)
Profit before tax	194.0	49.1	66.4	56.4	52.8	224.7
Income taxes	(48.4)	(12.3)	(16.6)	(14.1)	(13.2)	(56.2)
Net profit	145.6	36.8	49.8	42.3	39.6	168.5

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 Audited Consolidated Annual Financial Statements of BAWAG Group as of and for the financial years ended 31 December 2023 and 31 December 2022 or taken from the internal reporting of BAWAG Group:

	As of				
	31 December 2022	31 March 2023	30 June 2023	30 September 2023	31 December 2023
(in €, unaudited, unless otherwise stated)					
Book value (per share)	39.14 ¹⁾	37.71	38.50	39.44	42.12 ¹⁾
Tangible book value (per share)	32.78 ¹⁾	31.42	32.24	33.23	35.35 ¹⁾
Shares outstanding (in million)	82.15 ¹⁾	82.30	82.30	82.30	78.51 ¹⁾

1) Audited.

Source: Audited Consolidated Annual Financial Statements of BAWAG 2023 and Company information.

If financial information is labelled as "audited" or having been taken from audited financial statements, this does not mean that audit tests for the purpose of expressing an opinion on individual balances of accounts or summaries of selected transactions have been made by the auditor.

4.2.1.4 Alternative performance measures

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 (alternative performance measures, "APMs").

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 APMs may not be comparable to similarly titled measures of other companies. 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
Common Equity Less Dividend Accruals ("Common Equity Less Dividend Accruals")	Calculated as the line item equity attributable to the owners of the parent (ex AT 1 capital) set forth in the financial statements (" IFRS Equity ") less dividends and dividend accruals.	Common Equity and Tangible Common Equity are viability indicators for banks and facilitate the comparison of equity figures. Tangible Common Equity excludes intangible assets. BAWAG believes that the deduction of dividend accruals to reflect the Issuer's dividend policy will provide investors with a more accurate performance metric.
Tangible common equity less dividend accruals ("Tangible Common Equity Less Dividend Accruals ")	Calculated as the line item equity attributable to the owners of the parent (ex AT 1 capital) less the carrying amount of intangible non-current assets as set forth in the financial statements (" Tangible common equity ") less dividends and dividend accruals.	
Return on common equity ("Return on Common Equity")	Calculated by dividing net profit by the average Common Equity Less Dividend Accruals. The average Common Equity Less Dividend Accruals is calculated by adding the respective end values of the current and the preceding period and dividing the sum by two. Before 1 January 2020, the figure was calculated on the basis of average IFRS Equity.	These metrics provide a profitability measure for both management and investors by expressing the net profit as presented in the income statement as a percentage of the respective underlying (either equity related or asset related). Allocated equity to segments is based on an internal model taking into account risk-weighted assets and balance sheet size of the respective segment. Return on Common Equity and Return on Tangible Common Equity demonstrate profitability of the bank on the capital invested by its shareholders and thus the success of their investment. BAWAG believes that the deduction of dividend accruals to reflect the Issuer's dividend policy will provide investors with a more accurate performance metric.
Return on Tangible Common Equity ("Return on Tangible Common Equity" or "RoTCE")	Calculated by dividing net profit by the average Tangible Common Equity Less Dividend Accruals. The average Tangible common Equity Less Dividend Accruals is calculated by adding the respective end values of the current and the preceding period and dividing the sum by two. Before 1 January 2020, the figure was calculated on the basis of average Tangible Common Equity.	
Net Interest Margin ("Net Interest Margin")	Calculated by net interest income divided by average balance of interest-bearing assets. The average balance of interest-bearing assets is calculated by adding the balance of interest-bearing assets at the end of each month of a period	The 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 assets in a time period less the interest it pays on deposits and other liabilities divided by average interest-bearing assets. It is used for external

APM	Definition	Relevance of its use / reasons for changes to the definition
	and dividing the sum by the number of months in such period. Interest-bearing assets are calculated as the sum of the line items financial assets at fair value through profit or loss, fair value through other comprehensive income and financial assets at amortised cost less assets deposited at central banks.	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. The Cost-Income Ratio is also shown at segment level of BAWAG Group for the business segments Retail & SME and Corporates, Real Estate & Public Sector.	The Cost-Income Ratio shows operating expenses in relation to operating income. The ratio gives a view of operational efficiency of BAWAG Group or (as the case may be) BAWAG P.S.K. BAWAG Group uses the Cost-Income Ratio as an efficiency measure for steering the relevant group and for comparing 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 are also shown on the segment level of BAWAG Group for the business segments Retail & SME and Corporates, Real Estate & Public Sector.	Core Revenues demonstrate the financial success of the bank in its core activities.
Pre-Provision Profit ("Pre-Provision Profit")	Calculated as operating income less operating expenses. Pre-Provision Profit is also shown at segment level of BAWAG Group for the business segments Retail & SME and Corporates, Real Estate & Public Sector.	Pre-Provision Profits demonstrates the financial success of BAWAG Group or (as the case may be) BAWAG P.S.K. Group in its business activities eliminating effects from regulatory charges, risk costs and taxes.

APM	Definition	Relevance of its use / reasons for changes to the definition
Risk Cost Ratio ("Risk Cost Ratio")	<p>Calculated by dividing total risk costs by total interest-bearing assets. The Risk Cost Ratio is also shown at segment level of BAWAG Group for the business segments Retail & SME and Corporates, Real Estate & Public Sector.</p> <p>Interest-bearing assets are calculated as the sum of the line items financial assets at fair value through profit or loss, fair value through other comprehensive income and financial assets at amortised cost less assets deposited at central banks.</p>	<p>This Risk Cost Ratio is a measure for the quality of credit risk management and the loan portfolio itself. It provides a relative view of the risk costs for the period based on the average interest-bearing assets and allows benchmarking with other banks. Low risk costs may result from a high collateralization and/or a close monitoring of the credit rating of the customers. As a result, this implies that there are only few actual credit losses and little need for provisioning.</p>
Risk Costs / interest-bearing assets	<p>Calculated by dividing provisions and loan loss provisions, impairment losses and operational risk (total risk costs) by average interest bearing assets. This metric that is also referred to as the Risk Cost Ratio is shown at segment level of BAWAG Group for the business segments Retail & SME and Corporates, Real Estate & Public Sector. Interest-bearing assets are calculated as the sum of the line items financial assets and financial assets at amortised cost less assets deposited at central banks.</p>	<p>This metric is a measure for the quality of credit risk management and the loan portfolio itself. It provides a relative view of the risk costs for the period based on the average interest-bearing assets and allows benchmarking with other banks. Low risk costs may result from a high collateralization and/or a close monitoring of the credit rating of the customers. As a result, this implies that there are only few actual credit losses and little need for provisioning.</p>

Financial years ended 31 December 2023 and 31 December 2022

The tables below set out certain APMs that are based on the Audited Consolidated Annual Financial Statements of BAWAG 2023 and 2022 and on internal reporting, including segment reporting, of BAWAG Group:

	As of				
	31 December 2022	31 March 2023	30 June 2023	30 September 2023	31 December 2023
	(unaudited, unless otherwise stated)	(unaudited)	(unaudited)	(unaudited)	(unaudited, unless otherwise stated)
BAWAG Group					
Equity attributable to the owners of the parent (ex AT 1 capital).....	3,520 ¹⁾	3,356	3,519	3,699	3,699 ¹⁾
Intangible non-current assets.....	522	517	515	511	532

¹⁾ Audited.

Source: Company information.

	31 December 2022	31 December 2023
	(unaudited, unless otherwise stated)	(unaudited, unless otherwise stated)
	BAWAG Group	
Equity attributable to the owners of the parent (ex AT 1 capital).....	3,520 ¹⁾	3,699 ¹⁾
Dividend accruals (in € million)	305	393
Common Equity Less Dividend Accruals (in € million)	3,215	3,307
Equity attributable to the owners of the parent (ex AT 1 capital).....	3,520 ¹⁾	3,699 ¹⁾
Intangible non-current assets.....	522	532
Dividend accruals (in € million)	305	393
Tangible Common Equity Less Dividend Accruals (in € million)	2,693	2,775

¹⁾ Audited.

Source: Company information.

	For the financial year ended 31 December 2022	For the financial year ended 31 December 2022 (adjusted)*	For the 3-month period ended				For the financial year ended 31 December 2023
			31 March 2023	30 June 2023	30 September 2023	31 December 2023	
			(unaudited)				
BAWAG Group							
Return on common equity.....	9.8%	15.6%	17.7%	23.1%	23.2%	21.6%	20.9%
Return on Tangible Common Equity.....	11.6%	18.6%	21.2%	27.6%	27.6%	25.7%	25.0%

	For the financial year ended 31 December 2022	For the financial year ended 31 December 2022 (adjusted)*	For the 3-month period ended				For the financial year ended 31 December 2023
			31 March 2023	30 June 2023	30 September 2023	31 December 2023	
Net Interest Margin	2.33%	2.33%	2.72%	2.91%	2.97%	3.00%	2.90%
Cost-Income Ratio	35.9%	35.9%	32.5%	31.5%	31.3%	32.0%	31.8%
Core Revenues (in € million)	1,330.4 ¹⁾	1,330.4 ¹⁾	366.3	386.8	390.3	394.0	1,537.4 ¹⁾
Pre-Provision Profit (in € million)	849.2	849.2	247.5	262.4	267.8	262.3	1,040.1
Risk Costs / interest-bearing assets	0.86%	0.28%	0.19%	0.19%	0.21%	0.29%	0.22%

* Adjusted for write off of City of Linz receivable of EUR 254 million (EUR 190 million after tax).

¹⁾ Audited.

Source: Company information.

	For the financial year ended 31 December 2022	For the 3-month period ended				For the financial year ended 31 December 2023
		31 March 2023	30 June 2023	30 September 2023	31 December 2023	
	(unaudited, unless otherwise stated)	(unaudited)				(unaudited, unless otherwise stated)
Retail & SME						
Return on Common Equity	29.2%	30.2%	33.8%	33.5%	33.0%	32.3%
Return on Tangible Common Equity	34.3%	35.8%	39.9%	39.3%	38.8%	38.1%
Core Revenues (in € million)	1,027.0 ¹⁾	275.9	283.1	289.6	290.1	1,138.6 ¹⁾
Pre-Provision Profit (in € million)	688.8	190.7	197.5	205.7	203.7	797.6
Cost-Income Ratio	33.2%	31.2%	30.5%	29.1%	30.0%	30.2%
Risk Costs / interest-bearing assets	0.37%	0.35%	0.36%	0.40%	0.45%	0.39%
Corporates, Real Estate & Public Sector						
Return on Common Equity	14.3%	15.7%	22.0%	18.6%	17.7%	18.4%
Return on Tangible Common Equity	17.8%	19.7%	27.7%	23.3%	22.0%	22.9%
Core Revenues (in € million)	296.6 ¹⁾	77.3	85.4	79.4	79.6	321.7 ¹⁾
Pre-Provision Profit (in € million)	242.2	58.2	65.5	57.4	58.8	239.9
Cost-Income Ratio	22.8%	24.0%	22.5%	25.8%	26.0%	24.6%
Risk Costs / interest-bearing assets	0.24%	0.00%	0.00%	0.00%	0.15%	0.04%

¹⁾ Audited.

Source: Company information.

Several launched initiatives over the past years have allowed BAWAG to counter the significant inflationary pressure they are confronted with today. BAWAG is focused on absolute cost-out target (despite inflationary headwinds).

Adapting to post COVID-19 world, multiple initiatives focused on greater scale, greater digital engagement and continued rollout of simplification roadmap across the Group.

4.2.2 Financial information for the three month period ended 31 March 2024

4.2.2.1 Selected financial 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 2024
(in € million)	(unaudited)
Total assets	
Cash reserves	561
Financial assets held for trading.....	60
Financial assets at fair value through profit or loss	658
Fair value through other comprehensive income	2,565
Financial assets at amortised cost	49,048
thereof: Customers	33,853
Debt instruments	3,825
Credit institutions.....	11,370
Valuation adjustment on interest rate risk hedged portfolios.....	(368)
Hedging derivatives	75
Tangible non-current assets.....	336
Intangible non-current assets.....	526
Tax assets for current taxes.....	28
Tax assets for deferred taxes.....	35
Other assets	221
Non-current assets held for sale	494
Total assets.....	54,239
Average interest-bearing assets^{1, 2)}	42,349
Total liabilities.....	49,906
Financial liabilities designated at fair value through profit or loss.....	100
Financial liabilities held for trading	453
Financial liabilities at amortized cost ...	47,324
thereof: Customers	32,131
Issued bonds, subordinated and supplementary capital	14,238
Credit institutions.....	955
Financial liabilities associated with transferred assets.....	404
Valuation adjustment on interest rate risk hedged portfolios.....	(441)
Hedging derivatives	208
Provisions.....	257
Tax liabilities for current taxes.....	214
Tax liabilities for deferred taxes	132
Other obligations.....	808

Financial position	31 March 2024
Other obligations in disposal groups	447
Total equity	4,333
thereof: Equity attributable to the owners of the parent (ex AT 1 capital).....	3,862
AT 1 capital	471
Non-controlling interests...	0
Total liabilities and equity	54,239

- 1) Interest-bearing assets are calculated as the sum of the line items financial assets at fair value through profit or loss, fair value through other comprehensive income and financial assets at amortised cost, each as shown in the table above, less assets held at central banks.
- 2) 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.

	31 March 2024
(in € million)	(unaudited)
Customer deposits and own issues ¹⁾ ..	46,913
Customer loans (average)	33,909
Customer deposits (average)	33,188

- 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 2024
(in € million)	(unaudited)
Net interest income	311.8
Net fee and commission income	81.0
Core Revenues ¹⁾	392.8
Gains and losses on financial instruments and other operating income and expenses ²⁾	(9.1)
Operating income	383.8
Operating expenses ²⁾	(126.2)
Pre-Provision Profit ¹⁾	257.6
Regulatory charges ²⁾	(5.2)
Total risk costs.....	(29.9)
ECL Management overlay	80
Share of the profit or loss of associates accounted for using the equity method.....	0.4
Profit before tax	222.8
Income taxes.....	(55.9)
Net profit	166.9

- 1) The number or ratio is an APM. For a definition, see "4.2.1.4 Alternative performance measures" above.
- 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 2024
(in € million)	(unaudited)
Net interest income	223.4
Net fee and commission income	73.2
Core Revenues¹⁾	296.6
Operating income	297.3
Operating expenses	(89.6)
Pre-Provision Profit²⁾	207.7
Regulatory charges.....	(3.4)
Total risk costs.....	(25.6)
Profit before tax	178.6
Income taxes.....	(44.7)
Net profit	133.9

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 2024
(in € million)	(unaudited)
Net interest income	70.6
Net fee and commission income	8.2
Core Revenues¹⁾	78.8
Operating income	78.2
Operating expenses	(20.7)
Pre-Provision Profit²⁾	57.5
Regulatory charges.....	(0.9)
Total risk costs.....	(4.9)
Profit before tax	51.7
Income taxes.....	(12.9)
Net profit	38.8

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:

	31 March 2024
(in € , unaudited, unless otherwise stated)	
Book value (per share)	43.04
Tangible book value (per share)	36.33
Shares outstanding (in million)	78.51

Source: Company information

4.2.2.2 *Alternative performance measures*

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

	31 March 2024
(in € million)	(unaudited)
BAWAG Group	
Equity attributable to the owners of the parent (ex AT 1 capital).....	3,862
Intangible non-current assets.....	526

Source: Company information.

	For the 3-month period ended 31 March 2024
	(unaudited)
BAWAG Group	
Return on common equity.....	20.0%
Return on Tangible Common Equity	23.7%
Net Interest Margin	2.96%
Cost-Income Ratio.....	32.9%
Core Revenues (in € million)	392.8
Pre-Provision Profit (in € million) ..	257.6
Risk Costs / interest-bearing assets.....	0.28%

Source: Company information.

	For the 3-month period ended 31 March 2024
Retail & SME	
Return on Common Equity	30.8%
Return on Tangible Common Equity	36.4%
Core Revenues (in € million)	296.6
Pre-Provision Profit (in € million) ..	207.7

	For the 3- month period ended 31 March 2024
Cost-Income Ratio	30.1%
Risk Costs / interest-bearing assets	0.47%
Corporates, Real Estate & Public Sector	
Return on Common Equity	18.0%
Return on Tangible Common Equity	22.2%
Core Revenues (in € million)	78.8
Pre-Provision Profit (in € million) ..	57.5
Cost-Income Ratio	26.5%
Risk Costs / interest-bearing assets	0.14%

Source: Company information

4.2.3 Financial information for the six month period ended 30 June 2024

4.2.3.1 Historical financial information

The Half-Year Financial Statements of BAWAG 2024 are incorporated by reference in, and form part of, this Prospectus (see "8 Documents Incorporated by Reference" in this Prospectus below).

4.2.3.2 Selected financial information

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

Financial position	30 June 2024
(in € million)	(unaudited)
Total assets	
Cash reserves	982
Financial assets held for trading.....	58
Financial assets at fair value through profit or loss	659
Fair value through other comprehensive income	2,769
Financial assets at amortised cost	47,923
thereof: Customers	32,862
Debt instruments	3,556
Credit institutions.....	11,505
Valuation adjustment on interest rate risk hedged portfolios.....	(451)
Hedging derivatives	80
Tangible non-current assets.....	315
Intangible non-current assets.....	527
Tax assets for current taxes.....	13
Tax assets for deferred taxes.....	31
Other assets	231
Non-current assets held for sale	496
Total assets.....	53,633
Average interest-bearing assets^{1, 2)}	41,540

Financial position	30 June 2024
Total liabilities	49,527
Financial liabilities designated at fair value through profit or loss.....	102
Financial liabilities held for trading	435
Financial liabilities at amortized cost...	47,457
thereof: Customers	32,398
Issued bonds, subordinated and supplementary capital	14,193
Credit institutions.....	866
Financial liabilities associated with transferred assets	0
Valuation adjustment on interest rate risk hedged portfolios.....	(479)
Hedging derivatives	231
Provisions.....	249
Tax liabilities for current taxes.....	222
Tax liabilities for deferred taxes	131
Other obligations.....	743
Other obligations in disposal groups	436
Total equity	4,106
thereof: Equity attributable to the owners of the parent (ex AT 1 capital).....	3,635
AT 1 capital	471
Non-controlling interests...	0
Total liabilities and equity	53,633

- 1) Interest-bearing assets are calculated as the sum of the line items financial assets at fair value through profit or loss, fair value through other comprehensive income and financial assets at amortised cost, each as shown in the table above, less assets held at central banks.
- 2) 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)	30 June 2024 (unaudited)
Customer deposits and own issues ¹⁾ ...	47,125
Customer loans (average)	33,455
Customer deposits (average)	33,487

- 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 6-month period ended 30 June 2024
(in € million)	(unaudited)
Net interest income	621.5

Profit and loss statement	For the 6-month period ended 30 June 2024
Net fee and commission income	162.7
Core Revenues ¹⁾	784.2
Gains and losses on financial instruments and other operating income and expenses ²⁾	(10.3)
Operating income	773.9
Operating expenses ²⁾	(253.3)
Pre-Provision Profit ¹⁾	520.6
Regulatory charges ²⁾	(8.0)
Total risk costs.....	(57.8)
ECL Management overlay	80
Share of the profit or loss of associates accounted for using the equity method.....	1.5
Profit before tax	456.3
Income taxes.....	(114.2)
Net profit	342.1

¹⁾ The number or ratio is an APM. For a definition, see "4.2.1.4 Alternative performance measures" above.

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 6-month period ended 30 June 2024
(in € million)	(unaudited)
Net interest income	447.1
Net fee and commission income	147.0
Core Revenues ¹⁾	594.1
Operating income	595.6
Operating expenses	(182.2)
Pre-Provision Profit ²⁾	413.4
Regulatory charges.....	(4.3)
Total risk costs.....	(50.8)
Profit before tax	358.3
Income taxes.....	(89.6)
Net profit	268.7

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 6-month period ended 30 June 2024
(in € million)	(unaudited)
Net interest income.....	139.2
Net fee and commission income.....	16.4
Core Revenues ¹⁾	155.6
Operating income.....	154.7
Operating expenses.....	(38.4)
Pre-Provision Profit ²⁾	116.3
Regulatory charges.....	(1.8)
Total risk costs.....	(7.1)
Profit before tax.....	107.4
Income taxes.....	(26.8)
Net profit.....	80.6

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)	30 June 2024
Book value (per share)	43.91
Tangible book value (per share)	37.20
Shares outstanding (in million)	78.51

Source: Company information

4.2.3.3 Alternative performance measures

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

(in € million)	30 June 2024
BAWAG Group	(unaudited)
Equity attributable to the owners of the parent (ex AT 1 capital).....	3,635
Intangible non-current assets.....	527

Source: Company information.

	For the 6-month period ended 30 June 2024
	(unaudited)
BAWAG Group	
Return on common equity	20.3%
Return on Tangible Common Equity	24.0%
Net Interest Margin	2.98%
Cost-Income Ratio	32.7%
Core Revenues (in € million)	784.2
Pre-Provision Profit (in € million) ..	520.6
Risk Costs / interest-bearing assets	0.28%

Source: Company information.

	For the 6-month period ended 30 June 2024
	(unaudited)
Retail & SME	
Return on Common Equity	30.3%
Return on Tangible Common Equity	35.7%
Core Revenues (in € million)	594.1
Pre-Provision Profit (in € million) ..	413.4
Cost-Income Ratio	30.6%
Risk Costs / interest-bearing assets	0.46%
Corporates, Real Estate & Public Sector	
Return on Common Equity	18.9%
Return on Tangible Common Equity	23.2%
Core Revenues (in € million)	155.6
Pre-Provision Profit (in € million) ..	116.3
Cost-Income Ratio	24.8%
Risk Costs / interest-bearing assets	0.10%

Source: Company information

4.3 Certain Regulatory Information

4.3.1 Regulatory figures and ratios for the financial years ended 31 December 2023 and 31 December 2022

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 Sector:

Regulatory figures and ratios ¹⁾	As of				
	31 December 2022	31 March 2023	30 June 2023	30 September 2023	31 December 2023
			(unaudited)		
BAWAG Group					
Common Equity Tier 1 capital (in € million) ¹⁾	2,793	2,670	2,734	2,799	2,845
Own funds (in € million) ¹⁾	3,825	3,865	3,924	3,961	3,857
Capital requirements (risk-weighted assets (in € million)).....	20,664	20,247	19,622	19,699	19,317
Common equity tier 1 (CET 1) ratio (fully loaded) ¹⁾	13.5%	13.2%	13.9%	14.2%	14.7%
Tier 1 ratio ¹⁾	15.5%	15.2%	16.0%	16.3%	16.8%
Total capital ratio ¹⁾	18.5%	18.2%	19.1%	19.2%	19.9%
Leverage ratio (fully loaded) ²⁾	5.6%	5.5%	5.8%	6.0%	5.7%
Liquidity coverage ratio ³⁾	225%	215%	207%	218%	215%
NPL ratio ⁴⁾	0.9%	0.9%	0.9%	1.0%	1.0%
Retail & SME					
NPL ratio ⁴⁾	1.6%	1.7%	1.7%	1.8%	1.7%
Risk-weighted assets (in € million)	9,587	9,453	9,295	9,213	9,354
Corporates, Real Estate & Public Sector					
NPL ratio ⁴⁾	0.7%	0.7%	0.7%	0.9%	0.8%
Risk-weighted assets (in € million)	7,502	7,325	6,988	7,001	6,352

¹⁾ Calculated in accordance with regulatory requirements.

¹⁾ Includes deductions of approximately EUR 393 million dividend earmarked for the financial year 2023.

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.

The current liquidity buffer amounts to EUR 15.6 billion and including other marketable securities EUR 18 billion.

4.3.2 Regulatory figures and ratios for the three month period ended 31 March 2024

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 ratios ¹⁾	As of
	31 March 2024
	(unaudited)

Regulatory figures and ratios¹⁾	As of 31 March 2024
BAWAG Group	
Common Equity Tier 1 capital (in € million)	2,902
Own funds (in € million)	3,901
Capital requirements (risk-weighted assets (in € million))	18,606
Common equity tier 1 (CET 1) ratio (fully loaded)	15.6%
Tier 1 ratio	17.8%
Total capital ratio	21.0%
Leverage ratio (fully loaded) ¹⁾	6.0%
Liquidity coverage ratio ²⁾	217%
NPL ratio ³⁾	1.0%
Retail & SME	
NPL ratio ³⁾	1.8%
Risk-weighted assets (in € million)	9,565
Corporates, Real Estate & Public Sector	
NPL ratio ³⁾	0.8%
Risk-weighted assets (in € million)	5,534

¹⁾ Calculated in accordance with regulatory requirements.

¹⁾ 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.

²⁾ 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.

³⁾ 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.

4.3.3 Regulatory figures and ratios for the six month period ended 30 June 2024

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 30 June 2024 (unaudited)
BAWAG Group	
Common Equity Tier 1 capital (in € million)	2,974
Own funds (in € million)	3,984
Capital requirements (risk-weighted assets (in € million))	17,995
Common equity tier 1 (CET 1) ratio (fully loaded)	16.5%
Tier 1 ratio	18.8%
Total capital ratio	22.1%
Leverage ratio (fully loaded) ¹⁾	6.2%
Liquidity coverage ratio ²⁾	220%
NPL ratio ³⁾	1.1%

Regulatory figures and ratios¹⁾	As of 30 June 2024
Retail & SME	
NPL ratio ³⁾	1.9%
Risk-weighted assets (in € million)	9,510
Corporates, Real Estate & Public Sector	
NPL ratio ³⁾	0.8%
Risk-weighted assets (in € million)	5,054

¹⁾ Calculated in accordance with regulatory requirements.

¹⁾ 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.

²⁾ 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.

³⁾ 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.

4.3.4 Further regulatory information

Information on the regulatory capital requirements of the Issuer is set out in, *inter alia*, the section "11 Regulatory capital requirements" (except for the sub-section "11.1.1 Regulatory figures and ratios for the financial years ended 31 December 2023 and 31 December 2022") set out on pages 336 to 338 of the DIP Prospectus 2024, as amended by item no. 6 and item no. 7 set out on page 9 of the First Supplement and by item no. 14 and item no. 15 set out on page 11 of the Second Supplement, each of which is incorporated by reference in, and forms part of, this Prospectus (see the section "8 Documents Incorporated by Reference" in this Prospectus).

Available Distributable Items (as defined in the Terms and Conditions of the Notes) on the level of BAWAG Group AG as of 30 June 2024 amounted to approximately EUR 3.05 billion after accounting for the dividend distributed in April 2024. This figure is based on audited UGB/BWG (local Austrian accounting standards) accounts. The CET 1 ratio at which BAWAG would be required to calculate the Maximum Distributable Amount (as defined in the Terms and Conditions of the Notes) stood at approximately 9.98% as of 30 June 2024. Compared with BAWAG Group's CET 1 ratio of 16.5% as of 30 June 2024, this represented a buffer to such threshold of approximately 6.5% (or approximately EUR 1.2 billion). Furthermore, BAWAG Group's CET 1 ratio of 16.5% as of 30 June 2024 represents a buffer of approximately 11.4% (or approximately EUR 2.1 billion) to the Trigger Level of 5.125% at which a Trigger Event and the Notes would be Written Down in accordance with § 5(9) of the Terms and Conditions.

When making distributions (including distributions on the Notes) from available Distributable Items, if any, the Issuer presently intends to give due consideration to the capital hierarchy and to preserve the seniority of claims. However, the Issuer may, at its full discretion, cancel payments in respect of the Notes at any time even if sufficient available Distributable Items are available and despite the Issuer making payments on claims that rank *pari passu* or even junior to the claims under the Notes (see "1.2.2.1 The Issuer may, at its full discretion, cancel or may be prevented by law or under the Terms and Conditions of the Notes, for example due to a pre-insolvency restriction on Distributions, to make payments of distributions on the Notes. Any cancellation of payment of distributions will be definitive and non-cumulative."). Furthermore, no assurance can be made as to, and investors should not rely on, the availability of available Distributable Items in the future.

4.4 Statement of no material adverse change / significant changes

Except for the adverse market conditions described in "7.3.2 Recent developments and outlook" on pages 306 to 307 of the DIP Prospectus 2024, which is incorporated by reference in, and forms part of, this Prospectus (see the section "8 Documents Incorporated by Reference" in this Prospectus), there have been no material adverse changes in the prospects of BAWAG since the date of its last published audited financial statements, 31 December 2023.

There has been no significant change in the financial performance of BAWAG Group since 30 June 2024.

4.5 Significant change in the financial position of BAWAG Group

No significant change in the financial position of BAWAG Group has occurred since 30 June 2024.

4.6 Legal and Arbitration Proceedings

BAWAG Group is involved in legal and administrative proceedings as part of its ordinary business activities. Such proceedings in particular include lawsuits with customers and consumer protection associations such as the Chamber of Labour and the Consumer Information Association. Similar disputes and proceedings are also likely to arise in the future.

It is impossible to reliably determine or predict the outcome of proceedings pending or threatened. During a period covering the previous twelve months, no legal or administrative proceedings (including any proceedings which are pending or threatened of which BAWAG is aware) may have or have had in the recent past significant effects on BAWAG's financial position or profitability.

4.7 Recent Developments

Other than the developments mentioned elsewhere in this Prospectus (including the Documents Incorporated by Reference (as defined below)) (see "*4.1.1 General*" above and "*7.3.2 Recent developments and outlook*" set out on pages 306 to 307 of the DIP Prospectus 2024), there have been no recent developments since 30 June 2024.

5 TAXATION

5.1 Taxation Warning

THE TAX LEGISLATION APPLICABLE TO PROSPECTIVE PURCHASERS OF NOTES AND THE ISSUER'S RESPECTIVE COUNTRY OF INCORPORATION MAY HAVE AN IMPACT ON THE INCOME RECEIVED FROM THE NOTES. PROSPECTIVE PURCHASERS OF NOTES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF NOTES INCLUDING THE EFFECT OF ANY STATE OR LOCAL TAXES, UNDER THE TAX LAWS APPLICABLE IN THE REPUBLIC OF AUSTRIA, GERMANY, THE GRAND DUCHY OF LUXEMBOURG, AND EACH COUNTRY OF WHICH THEY ARE RESIDENTS OR OTHERWISE SUBJECT TO TAXATION.

5.2 Taxation in Austria

This section on taxation contains a brief summary of the Issuer's understanding with regard to certain principles of Austrian tax law which may be of significance in connection with the purchase, holding or sale of the Notes in Austria. This summary does not purport to exhaustively describe all possible tax aspects and does not deal with specific situations which may be of relevance for certain potential investors. The following comments are rather of a general nature and included herein solely for information purposes. They are not intended to be, nor should they be construed to be, legal or tax advice. This summary is based on the currently applicable tax legislation, case law and regulations of the tax authorities, as well as their respective interpretation, all of which may be amended from time to time. Such amendments may possibly also be effected with retroactive effect and may negatively impact on the tax consequences described. It is recommended that potential investors in the Notes consult with their legal and tax advisors as to the tax consequences of the purchase, holding or sale of the Notes. Tax risks resulting from the Notes (in particular from a potential qualification as equity for tax purposes instead of debt) shall in any case be borne by the investor. For the purposes of the following, it is assumed that the Notes are legally and factually offered to an indefinite number of persons.

5.2.1 General remarks

Individuals having a domicile (*Wohnsitz*) and/or their habitual abode (*gewöhnlicher Aufenthalt*), both as defined in § 26 of the Austrian Federal Fiscal Code (*Bundesabgabenordnung*), in Austria are subject to income tax (*Einkommensteuer*) in Austria on their worldwide income (unlimited income tax liability; *unbeschränkte Einkommensteuerpflicht*). Individuals having neither a domicile nor their habitual abode in Austria are subject to income tax in Austria only on income from certain Austrian sources (limited income tax liability; *beschränkte Einkommensteuerpflicht*).

Corporations having their place of management (*Ort der Geschäftsleitung*) and/or their legal seat (*Sitz*), both as defined in § 27 of the Austrian Federal Fiscal Code, in Austria are subject to corporate income tax (*Körperschaftsteuer*) in Austria on their worldwide income (unlimited corporate income tax liability; *unbeschränkte Körperschaftsteuerpflicht*). Corporations having neither their place of management nor their legal seat in Austria are subject to corporate income tax in Austria only on income from certain Austrian sources (limited corporate income tax liability; *beschränkte Körperschaftsteuerpflicht*).

Tax considerations which may be potentially relevant to investors subject to a special tax regime, such as for example governmental authorities, charities, foundations or investment or pension funds, and special tax regimes that may apply, for example, where an investor holds the Notes via an entity which qualifies as an Austrian or non-Austrian investment fund for tax purposes are not addressed herein.

Both in case of unlimited and limited (corporate) income tax liability Austria's right to tax may be restricted by applicable double taxation treaties.

5.2.2 Income taxation of the Notes

Austrian statutory law does not contain specific provisions on the qualification of Additional Tier 1 instruments for Austrian (corporate) income tax purposes. However, pursuant to § 8(3)(1) item 2 of the Austrian Corporate Income Tax Act (*Körperschaftsteuergesetz*), which is typically applied for purposes of qualifying hybrid instruments either as equity or as debt for Austrian (corporate) income tax purposes, *jouissance* rights and other financial instruments (*Genussrechte und sonstige Finanzierungsinstrumente*) granting a right to participate in both the current profits and the liquidation profits of the issuer are to be qualified as equity instruments. In contrast thereto, *jouissance* rights and other financial instruments granting a right to participate in either the current profits or the liquidation profits of

the issuer or in neither of the two categories are to be qualified as debt instruments. In addition, reference has to be made to jurisprudence of the Austrian Supreme Administrative Court (*Verwaltungsgerichtshof*) pursuant to which the qualification of hybrid instruments, such as *jouissance* rights, has to be based on whether typical equity-like criteria outweigh typical debt-like criteria from a quantitative and qualitative perspective, thereby taking into account the instrument's term, the profit dependency of distributions, the participation in the issuer's substance/liquidation profit, the granting of securities, a potential subordination and the lack of typical shareholder control and voting rights.

In the (unbinding) Austrian Corporate Income Tax Guidelines (*Körperschaftsteuerrichtlinien*), the Austrian Federal Ministry of Finance stated the following: Instruments qualify as equity-type *jouissance* rights and other financial instruments in the meaning of § 8(3)(1) item 2 of the Austrian Corporate Income Tax Act if they grant a right to participate in the current profits and the liquidation profits of a corporation. Both prerequisites mentioned in the statute must be fulfilled. In case no participation in the current profits, in the liquidation profits, or in both types of profits exists, an instrument qualifies as a debt-type *jouissance* right (i.e. as debt); consequently, payments under such an instrument are tax deductible. *Jouissance* rights and other financial instruments fulfilling the prerequisites of § 8(3)(1) item 2 of the Austrian Corporate Income Tax Act are to be qualified as equity for income tax purposes. Further, according to the statement of the Austrian Federal Ministry of Finance in the (unbinding) Austrian Corporate Income Tax Guidelines, the qualification of Additional Tier 1 instruments and Tier 2 instruments in the meaning of Articles 51 and 62 of the CRR, as equity or debt for tax purposes would follow the criteria outlined in § 8(3)(1) item 2 of the Austrian Corporate Income Tax Act; on that basis, according to the Austrian Federal Ministry of Finance, such instruments would usually qualify as debt for tax purposes.

For purposes of the following, the Issuer assumes that the Notes qualify as debt for Austrian (corporate) income tax purposes. In case of a qualification of the Notes as equity, the tax consequences would substantially differ from those described below.

Pursuant to § 27(1) of the Austrian Income Tax Act (*Einkommensteuergesetz*), the term investment income (*Einkünfte aus Kapitalvermögen*) comprises:

- income from the letting of capital (*Einkünfte aus der Überlassung von Kapital*) pursuant to § 27(2) of the Austrian Income Tax Act, including dividends and interest; the tax base is the amount of the earnings received (§ 27a(3)(1) of the Austrian Income Tax Act);
- income from realised increases in value (*Einkünfte aus realisierten Wertsteigerungen*) pursuant to § 27(3) of the Austrian Income Tax Act, including gains from the alienation, redemption and other realisation of assets that lead to income from the letting of capital (including zero coupon bonds); the tax base amounts to the sales proceeds or the redemption amount minus the acquisition costs, in each case including accrued interest (§ 27a(3)(2)(a) of the Austrian Income Tax Act);
- income from derivatives (*Einkünfte aus Derivaten*) pursuant to § 27(4) of the Austrian Income Tax Act, including cash settlements, option premiums received and income from the sale or other realisation of forward contracts like options, futures and swaps and other derivatives such as index certificates (the mere exercise of an option does not trigger tax liability); e.g., in the case of index certificates, the tax base amounts to the sales proceeds or the redemption amount minus the acquisition costs (§ 27a(3)(3)(c) of the Austrian Income Tax Act); and
- income from cryptocurrencies (*Einkünfte aus Kryptowährungen*) pursuant to sec. 27(4a) of the Austrian Income Tax Act that include current income (*laufende Einkünfte*) as well as income from realised increases in value (*Einkünfte aus realisierten Wertsteigerungen*) from cryptocurrencies pursuant to sec. 27b of the Austrian Income Tax Act.

Also, the withdrawal of the Notes from a securities account (*Depotentnahme*) and circumstances leading to a restriction of Austria's taxation right regarding the Notes vis-à-vis other countries, e.g., a relocation from Austria (*Wegzug*), are in general deemed to constitute a sale (cf. § 27(6)(1) and (2) of the Austrian Income Tax Act). In this case, the tax base amounts to the fair market value minus the acquisition costs (§ 27a(3)(2)(b) of the Austrian Income Tax Act).

Individuals subject to unlimited income tax liability in Austria holding the Notes as non-business assets are subject to income tax on all resulting investment income pursuant to § 27(1) of the Austrian Income Tax Act. In case of investment income from the Notes with an Austrian nexus for withholding tax purposes (*inländische Einkünfte aus Kapitalvermögen*), basically meaning income paid by an Austrian paying agent (*auszahlende Stelle*) or an Austrian custodian agent (*depotführende Stelle*), the income is subject to withholding tax (*Kapitalertragsteuer*) at a flat rate

of 27.5%; no additional income tax is levied over and above the amount of tax withheld (final taxation pursuant to § 97(1) of the Austrian Income Tax Act). In case of investment income from the Notes without such Austrian nexus for withholding tax purposes, the income must be included in the investor's income tax return and is subject to income tax at the flat rate of 27.5%. In both cases, upon application, the option exists to tax all income subject to income tax at a flat rate pursuant to § 27a(1) of the Austrian Income Tax Act at the applicable lower progressive income tax rate (option for regular taxation (*Regelbesteuerungsoption*) pursuant to § 27a(5) of the Austrian Income Tax Act). The acquisition costs must not include ancillary acquisition costs (*Anschaffungsnebenkosten*; § 27a(4)(2) of the Austrian Income Tax Act). Expenses with a direct economic nexus to income subject to a flat income tax rate pursuant to § 27a(1) of the Austrian Income Tax Act, such as bank charges and custody fees, must not be deducted (§ 20(2) of the Austrian Income Tax Act); this also applies if the option for regular taxation is exercised. § 27(8) of the Austrian Income Tax Act, *inter alia*, provides for the following restrictions on the offsetting of losses: negative income from realised increases in value and from derivatives may be neither offset against interest from bank accounts and other non-securitised claims vis-à-vis credit institutions (except for cash settlements and lending fees) nor against income from private foundations, employee participation foundations, foreign private law foundations and other comparable legal estates (*Privatstiftungen, Belegschaftsbeteiligungsstiftungen, ausländische Stiftungen oder sonstige Vermögensmassen, die mit einer Privatstiftung vergleichbar sind*); income subject to income tax at a flat rate pursuant to § 27a(1) of the Austrian Income Tax Act may not be offset against income subject to the progressive income tax rate (this equally applies in case of an exercise of the option for regular taxation); negative investment income not already offset against positive investment income may not be offset against other types of income. The Austrian custodian agent has to effect the offsetting of losses by taking into account all of a taxpayer's securities accounts with the custodian agent, in line with § 93(6) of the Austrian Income Tax Act, and to issue a written confirmation to the taxpayer to this effect.

Individuals subject to unlimited income tax liability in Austria holding the Notes as business assets are subject to income tax on all resulting investment income pursuant to § 27(1) of the Austrian Income Tax Act. In case of investment income from the Notes with an Austrian nexus for withholding tax purposes as described above, the income is subject to withholding tax at a flat rate of 27.5%. While withholding tax has the effect of final taxation for income from the letting of capital, income from realised increases in value and income from derivatives must be included in the investor's income tax return (nevertheless, such income is taxed at the flat rate of 27.5%). In case of investment income from the Notes without an Austrian nexus for withholding tax purposes, the income must always be included in the investor's income tax return and is subject to income tax at the flat rate of 27.5%. In both cases, upon application, the option exists to tax all income subject to income tax at a flat rate pursuant to § 27a(1) of the Austrian Income Tax Act at the applicable lower progressive income tax rate (option for regular taxation pursuant to § 27a(5) of the Austrian Income Tax Act). The flat tax rate does not apply to income from realised increases in value and income from derivatives if realising these types of income constitutes a key area of the respective investor's business activity (§ 27a(6) of the Austrian Income Tax Act). Expenses with a direct economic nexus to income subject to a flat income tax rate pursuant to § 27a(1) of the Austrian Income Tax Act, such as bank charges and custody fees, must not be deducted (§ 20(2) of the Austrian Income Tax Act); this also applies if the option for regular taxation is exercised. Pursuant to § 6(2)(c) of the Austrian Income Tax Act, depreciations to the lower fair market value and losses from the sale, redemption and other realisation of financial assets and derivatives in the sense of § 27(3) and (4) of the Austrian Income Tax Act, which are subject to income tax at the flat rate of 27.5%, are primarily to be offset against income from realised increases in value of such financial assets, derivatives and cryptocurrencies and with appreciations in value of such assets within the same business unit (*Wirtschaftsgüter desselben Betriebes*); only 55% of the remaining negative difference may be offset against other types of income.

Pursuant to § 7(2) of the Austrian Corporate Income Tax Act, corporations subject to unlimited corporate income tax liability in Austria are subject to corporate income tax on income in the sense of § 27(1) of the Austrian Income Tax Act from the Notes at a rate of 23% as from 2024. In the case of income in the sense of § 27(1) of the Austrian Income Tax Act from the Notes with an Austrian nexus for withholding tax purposes (see above), the income is subject to withholding tax at a flat rate of 27.5%. However, pursuant to § 93(1a) of the Austrian Income Tax Act, a 23% rate may be applied by the withholding agent, if the debtor of the withholding tax is a corporation. Such withholding tax may be credited against the corporate income tax liability. Under the conditions set forth in § 94(5) of the Austrian Income Tax Act (exemption declaration; *Befreiungserklärung*), withholding tax is not levied in the first place. Losses from the sale of the Notes can be offset against other income.

Pursuant to § 13(3)(1) in connection with § 22(2) of the Austrian Corporate Income Tax Act, private foundations (*Privatstiftungen*) pursuant to the Austrian Private Foundations Act (*Privatstiftungsgesetz*) fulfilling the prerequisites contained in § 13(3) and (6) of the Austrian Corporate Income Tax Act and holding the Notes as non-business assets are subject to interim taxation at a rate of 23% as from 2024 on interest income, income from realised increases in value and income from derivatives (*inter alia*, if the latter are in the form of securities) and income from cryptocurrencies. Pursuant to the Austrian tax authorities' view, the acquisition costs must not include ancillary acquisition costs. Expenses such as bank charges and custody fees must not be deducted (§ 12(2) of the Austrian Corporate Income Tax Act). Interim tax is generally not triggered insofar as distributions subject to withholding tax

are made to beneficiaries in the same tax period. In case of investment income from the Notes with an Austrian nexus for withholding tax purposes, the income is in general subject to withholding tax at a flat rate of 27.5%. However, pursuant to § 93(1a) of the Austrian Income Tax Act, a 23% rate may be applied by the withholding agent if the debtor of the withholding tax is a corporation. Such withholding tax may be credited against the corporate income tax liability. Under the conditions set forth in § 94(12) of the Austrian Income Tax Act withholding tax is not levied.

Individuals and corporations subject to limited (corporate) income tax liability in Austria are taxable on investment income from the Notes if they have a permanent establishment (*Betriebsstätte*) in Austria and the Notes as well as the income from the Notes are attributable to such permanent establishment (cf. § 98(1)(3) of the Austrian Income Tax Act, § 21(1)(1) of the Austrian Corporate Income Tax Act). In addition, individuals subject to limited income tax liability in Austria are also taxable on Austrian interest in the meaning of § 27(2)(2) of the Austrian Income Tax Act and Austrian accrued interest in the meaning of § 27(6)(5) of the Austrian Income Tax Act from the Notes if withholding tax is levied on such (accrued) interest. An exemption applies, *inter alia*, to (accrued) interest received by individual's resident in a state with which Austria maintains automatic exchange of information (residence in such state must be proven by presentation of a certificate of residence). Austrian (accrued) interest within the present context is generally constituted if the debtor of the interest has a residence, place of management or legal seat in Austria or is an Austrian branch of a non-Austrian credit institution, or the securities are issued by an Austrian issuer (§ 98(1)(5)(b) of the Austrian Income Tax Act). Under applicable double taxation treaties, relief from Austrian income tax might be available. However, Austrian credit institutions must not provide for such relief at source; instead, the investor may file an application for repayment of tax with the competent Austrian tax office (electronic pre-notification requirements may apply).

5.2.3 Inheritance and gift taxation

Austria does not levy inheritance or gift tax.

Certain gratuitous transfers of assets to private law foundations and comparable legal estates (*privatrechtliche Stiftungen und damit vergleichbare Vermögensmassen*) are subject to foundation transfer tax (*Stiftungseingangssteuer*) pursuant to the Austrian Foundation Transfer Tax Act (*Stiftungseingangssteuergesetz*) if the transferor and/or the transferee at the time of transfer have a domicile, their habitual abode, their legal seat or their place of management in Austria. Certain exemptions apply in cases of transfers *mortis causa* of financial assets within the meaning of § 27(3) and (4) of the Austrian Income Tax Act (except for participations in corporations) if income from such financial assets is subject to income tax at a flat rate pursuant to § 27a(1) of the Austrian Income Tax Act. The tax base is the fair market value of the assets transferred minus any debts which are economically linked to the assets transferred, calculated at the time of transfer. The tax rate generally is 2.5%, with higher rates applying in special cases. Special provisions apply to transfers of assets to non-transparent foundations and similar vehicles (*Vermögensstrukturen*) falling within the scope of the Treaty between the Republic of Austria and the Principality of Liechtenstein on Cooperation in the Area of Taxation.

In addition, there is a special notification obligation for gifts of money, receivables, shares in corporations, participations in partnerships, businesses, movable tangible assets and intangibles if the donor and/or the donee have a domicile, their habitual abode, their legal seat or their place of management in Austria. Not all gifts are covered by the notification obligation: In case of gifts to certain related parties, a threshold of EUR 50,000 per year applies; in all other cases, a notification is obligatory if the value of gifts made exceeds an amount of EUR 15,000 during a period of five years. Furthermore, gratuitous transfers to foundations falling under the Austrian Foundation Transfer Tax Act described above are also exempt from the notification obligation. Intentional violation of the notification obligation may trigger fines of up to 10% of the fair market value of the assets transferred.

Further, gratuitous transfers of the Notes may trigger income tax at the level of the transferor pursuant to § 27(6) of the Austrian Income Tax Act (see above).

6 SUBSCRIPTION AND SALE

6.1 General

Pursuant to a subscription agreement to be dated 16 September 2024 (the "**Subscription Agreement**") among the Issuer and Citigroup Global Markets Europe AG, Jefferies GmbH, J.P. Morgan SE, Morgan Stanley Europe SE and UBS Europe SE (together, the "**Joint Lead Managers**"), the Issuer has agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have agreed, subject to certain customary closing conditions, to purchase, the Notes on 18 September 2024. The Issuer has furthermore agreed to pay certain commissions to the Joint Lead Managers and to reimburse the Joint Lead Managers for certain expenses incurred in connection with the issue of the Notes.

The Subscription Agreement provides that the Joint Lead Managers will under certain circumstances be entitled to terminate the Subscription Agreement. In such event, no Notes will be delivered to investors. Furthermore, the Issuer has agreed to indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Notes.

The Joint Lead Managers and their affiliates may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or its affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. The Joint Lead Managers or certain of their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, the Joint Lead Managers or such affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Other than that, there are no interests of natural and legal persons involved in the issue, including conflicting ones, which are material to the issue.

6.2 No Public Offering

No action has been or will be taken in any country or jurisdiction by the Issuer or the Joint Lead Managers that would permit a public offering of the Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons who have access to this Prospectus are required by the Issuer and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdictions in or from which they purchase, offer, sell or deliver the Notes or have in their possession or distribution such offering material, in all cases at their own expense.

6.3 Selling Restrictions

Each Joint Lead Manager has represented, warranted and undertaken that it has compiled and will comply with all applicable laws and regulations in force in any country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes, or publishes this Prospectus or any offering material in relation to this Prospectus or the Notes, in all cases at its own expense, and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any country or jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries of Notes and neither the Issuer nor the Joint Lead Managers shall have any responsibility therefor. Other persons into whose hands this Prospectus comes are required by the Issuer and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver the Notes or possess, distribute or publish this Prospectus or any related offering material, in all cases at their own expense.

6.3.1 United States of America (the "United States")

The Notes have not been and will not be registered under the Securities Act. Except in certain transactions exempt from the registration requirements of the Securities Act, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (the "**Regulation S**")).

Each Joint Lead Manager has represented and agreed that it will not offer, sell or deliver the Notes: (i) as part of their distribution at any time; or (ii) otherwise until 40 days after the later of the commencement of the offering or the closing date within the United States or to, or for the account or benefit of, U.S. persons, and it will sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons to substantially the following effect:

"The securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons: (i) as part of their distribution at any time; or (ii) otherwise until 40 days after the later of the date of the commencement of the Offering and the Closing Date, except in either case in accordance with the Regulation S under the Securities Act. Terms used above have the meanings given to them in Regulation S."

Terms used in this paragraph have the meaning given to them by Regulation S. In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Each Joint Lead Manager has represented and agreed that it, its affiliates, or any persons acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to any Note, and it and they have complied and will comply with the offering restrictions requirement of Regulation S.

Bearer Notes which are subject to U.S. tax law requirements may not be offered, sold or delivered in the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meaning given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder.

6.3.2 European Economic Area

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available Notes to any retail investor in the European Economic Area or communicate or approve an invitation or inducement to participate in, acquire or underwrite the Notes (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "**retail investor**" means a person who is one (or more) of the following:
 - (i) a retail client as defined in MiFID II; or
 - (ii) a customer within the meaning of Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in the Prospectus Regulation; and
- (b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

For the purposes of this provision, the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC.

6.3.3 United Kingdom of Great Britain and Northern Ireland ("United Kingdom")

Prohibition of Sales to UK Retail Investors

Each Joint Lead Manager has represented and agreed, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Prospectus in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression "**retail investor**" means a person who is one (or more) of the following:
 - (i) a retail client, as defined in point (8) of Article 2 of the UK Delegated Regulation; or
 - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR; or
 - (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and
- (b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

For the purposes of this provision, the expression "**an offer of Notes to the public**" in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

Other regulatory restrictions

Each Joint Lead Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

6.3.4 Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (i) to qualified investors (investitori qualificati), as defined pursuant to Article 2 of Regulation (EU) No. 1129 of 14 June 2017 (the Prospectus Regulation) and any applicable provision of Italian laws and regulations; or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, and the applicable Italian laws.

Any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy under paragraph (i) or (ii) above must:

- (a) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Legislative Decree No. 58 of 24 February 1998, as amended (the Financial Services Act), CONSOB Regulation No. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the Banking Act); and
- (b) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including, the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and

the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

6.3.5 Switzerland

The Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("**FinSA**") and no application has or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the FinSA, and neither this Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

6.3.6 Hong Kong

Each Joint Lead Manager has represented, warranted and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMPO)**") or which do not constitute an offer to the public within the meaning of the C(WUMPO); and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

6.3.7 Singapore

Each Joint Lead Manager has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (1) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA or (2) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

6.3.8 Canada

Each Joint Lead Manager has acknowledged that this Prospectus has not been filed with any securities commission or similar regulatory authority in Canada in connection with the offer an sale of the Notes, the Notes have not been, and will not be, qualified or sale under the securities laws of Canada or any province or territory thereof and no securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this Prospectus or the merits of the Notes and any representation to the contrary is an offence.

Each Joint Lead Manager has represented and agreed that it has not offered, sold or distributed and will not offer, sell or distribute any Notes, directly or indirectly, in Canada to or for the benefit of any resident of Canada other than in compliance with applicable securities laws and, without limited the generality of the foregoing:

- (a) any offer, sale or distribution of the Notes in Canada will be made only to purchasers that are resident in, or subject to the securities laws of the province of Ontario that are "accredited investors" (as such term is defined in section 1.1 of NI 45-106 or, in Ontario, as such term is defined in section 73.3(1) of the *Securities Act* (Ontario)), that are also "permitted clients" (as such term is defined in section 1.1 of NI 31-103), that are purchasing as principal, or are deemed to be purchasing as principal in accordance with applicable Canadian securities laws, and that are not a person created or used solely to purchase or hold the Securities

as an "accredited investor" as described in paragraph (m) of the definition of "accredited investor" in section 1.1 of NI 45-106;

- (b) either (i) it is appropriately registered under applicable Canadian securities laws to sell and deliver the Notes, (ii) such sale and delivery will be made through an affiliate of it that is so registered if the affiliate is registered in a category that permits such sale and has agreed to make such sale and delivery in compliance with the representations and agreements set out herein, or (iii) it is relying on an exemption from the dealer registration requirements under applicable Canadian securities laws and has complied with the requirements of that exemption; and

it has not and will not distribute or deliver this Prospectus, or any other offering material in connection with any offering of the Notes, in Canada or to any person subject to the securities laws of any province or territory of Canada, other than in compliance with applicable Canadian securities laws.

7 GENERAL INFORMATION

7.1 Authorisations

The issue of the Notes described in this Prospectus as well as the entering by the Issuer of all relevant documents in connection therewith has been duly approved by a resolution of the Management Board dated 19 June 2024.

7.2 Clearing System

Payments and transfers of the Notes will be settled through Euroclear Bank SA/NV and Clearstream Banking, société anonyme, Luxembourg.

The Notes have the following securities codes: ISIN: XS2819840120; Common Code: 281984012; WKN: A3LYV6.

7.3 Listing and Admission to Trading

Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to the Official List and to be admitted to trading on the Luxembourg Stock Exchange's regulated market "*Bourse de Luxembourg*". The regulated market of the Luxembourg Stock Exchange is a regulated market for the purposes of MiFID II. The Notes are expected to be admitted to trading on or about 18 September 2024.

The expenses for the listing of the Notes and admission to trading are expected to amount to approximately EUR 12,200.

7.4 Documents on Display

For so long as any Note is outstanding but in any event for at least ten years, copies of the following documents may be inspected in physical form during normal business hours at the business address of the Issuer at Wiedner Gürtel 11, 1100 Vienna, Austria:

- (a) the Articles of Association (*Satzung*) of the Issuer;
- (b) this Prospectus; and
- (c) any documents incorporated by reference in this Prospectus (see "*8 Documents Incorporated by Reference*").

This Prospectus and the documents incorporated by reference in this Prospectus will be published on the website of the Luxembourg Stock Exchange (www.luxse.com).

7.5 Yield to Maturity

There is no explicit yield to maturity. The Notes do not carry a fixed date for redemption and the Issuer is not obliged, and under certain circumstances is not permitted, to make payments on the Notes at the full stated rate.

7.6 Websites

For the avoidance of doubt the content of any website referred to in this Prospectus does not form part of this Prospectus, except where expressly stated otherwise.

7.7 Rating of the Notes

The Notes are expected to be rated Ba1¹⁾ by Moody's. Moody's is listed in ESMA's register of rating agencies registered under the CRA Regulation.

¹⁾ According to the definitions published by Moody's Investors Services Inc. on its website "obligations rated Ba are judged to be speculative and are subject to substantial credit risk. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category."

8 DOCUMENTS INCORPORATED BY REFERENCE

8.1 Documents Incorporated by Reference

The following document which has previously been published and have been filed with the CSSF shall be incorporated by reference in, and form part of, this Prospectus to the extent set out in the paragraph entitled "8.2 Cross-Reference List of Documents Incorporated by Reference" below:

- (i) the Debt Issuance Prospectus dated 5 April 2024, available at <https://www.bawaggroup.com/resource/blob/80276/ec7c0c6fe722995de25917af8ba157b9/base-prospectus-2024-04-05-data.pdf> (the "**DIP Prospectus 2024**");
- (ii) the First Supplement to the DIP Prospectus 2024 dated 10 May 2024, available at <https://www.bawaggroup.com/resource/blob/82242/b9b3f9ca6bda110a7d1d0e2258fc47e1/supplement-prospectus-base-2024-05-10-10h28m07-1--data.pdf> (the "**First Supplement**");
- (iii) the Second Supplement to the DIP Prospectus 2024 dated 16 August 2024, available at <https://www.bawaggroup.com/resource/blob/87326/f3ad7502afba63fa5cc65f0c688ce937/supplement-prospectus-base-2024-08-16-12h50m03-data.pdf> (the "**Second Supplement**");
- (iv) the English translations of the audited consolidated annual financial statements of BAWAG as of and for the financial year ended 31 December 2023 and the respective Auditor's Opinion, available at <https://www.bawaggroup.com/resource/blob/78724/6df9ffb24ba62c48e04476eaabeb4130/bawag-group-consolidated-annual-report-2023-data.pdf> (the "**Audited Consolidated Annual Financial Statements of BAWAG 2023**");
- (v) the English translations of the audited consolidated annual financial statements of BAWAG as of and for the financial year ended 31 December 2022 and the respective Auditor's Opinion, available at <https://www.bawaggroup.com/resource/blob/45634/55321dcfeea7a576db67ff8d513f837e/20230310-consolidated-annual-report-2022-bawag-group-data.pdf> (the "**Audited Consolidated Annual Financial Statements of BAWAG 2022**"); and
- (vi) the English translation of the unaudited consolidated financial statements of BAWAG as of and for the six-month period ended 30 June 2024, available at <https://www.bawaggroup.com/resource/blob/87040/c41edb5642474872e031b05a837583c4/20240727-half-year-financial-report-2024-bawag-group-data.pdf> (the "**Half-Year Financial Statements of BAWAG 2024**").

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 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 Prospectus. For the avoidance of doubt, the content of any website referred to in this Prospectus does not form part of this Prospectus.

The DIP Prospectus 2024 and the First Supplement have been approved by the CSSF.

8.2 Cross-Reference List of Documents Incorporated by Reference

1. The following sections and subsections of the DIP Prospectus 2024:

	Page(s)
Subsection "2.1.1 Risks relating to the markets in which BAWAG Group operates"	13-15
Subsection "2.1.2 Risks related to the business of BAWAG Group"	15-23
Subsection "2.1.3 Operational Risks"	23-25

Subsection "2.1.4 <i>Risks relating to regulatory, legal and tax matters</i> " as amended by item no. 1 of the Second Supplement (as incorporated by reference below)	25-31
Subsection "2.2.1 <i>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.</i> "	31
Subsection "7.1.1 <i>General information</i> "	304
Subsection "7.1.2 <i>Corporate history and development</i> "	304
Subsection "7.1.4 <i>Statutory auditors</i> "	305
Section "7.2 <i>Structure of BAWAG Group</i> "	305-306
Section "7.3 <i>Trend information</i> " (except for the sub-section "7.3.1 <i>Statement of no material adverse change / significant changes</i> ") as amended by item no. 3 of the Second Supplement (as incorporated by reference below)	306-307
Section "7.4 <i>Administrative, management and supervisory bodies</i> "	307-309
Section "7.5 <i>Major shareholders</i> "	309
Section "7.8 <i>Material contracts</i> "	309
Section "7.9 <i>Ratings</i> "	309-310
Section "9 <i>Business overview of BAWAG Group</i> " (except for the sub-sections "9.2 <i>Bank transformation</i> "; "9.4.2 <i>Asset decomposition and asset split by region</i> " and "9.6 <i>Employees</i> ")	316-324
Section "11 <i>Regulatory capital requirements</i> " (except for the sub-section "11.1.1 <i>Regulatory figures and ratios for the financial years ended 31 December 2023 and 31 December 2022</i> "), as amended by items no. 6 and 7 of the First Supplement and by items no. 14 and 15 of the Second Supplement (as incorporated by reference below)	336-338

2. The following sections and subsections of the First Supplement:

	Page(s)
Item no. 1 with the caption " <i>In the section "2.1.4.1 Minimum requirements for own funds and eligible liabilities, both to be required by the relevant resolution authority under the BaSAG and the SRM Regulation, may adversely affect the profitability of BAWAG Group. The Issuers may not be able to meet minimum requirements for own</i>	3

<i>funds and eligible liabilities." on pages 25 to 26 of the Base Prospectus, the third and fourth paragraph shall be deleted and replaced by the following information:"</i>	
Item no. 6 with the caption " <i>In the section "11.1 Minimum capital requirements and regulatory ratios" on pages 336 to 337 of the Base Prospectus, the seventh paragraph shall be deleted and replaced by the following information:"</i>	9
Item no. 7 with the caption " <i>In the section "11.2 Minimum requirement for own funds and eligible liabilities" on page 338 of the Base Prospectus, the third and fourth paragraph shall be deleted and replaced by the following information:"</i>	9

3. The following sections and subsections of the Second Supplement:

	Page(s)
Item no. 1 with the caption " <i>In the section "2.1.4.1 Minimum requirements for own funds and eligible liabilities, both to be required by the relevant resolution authority under the BaSAG and the SRM Regulation, may adversely affect the profitability of BAWAG Group. The Issuers may not be able to meet minimum requirements for own funds and eligible liabilities." on pages 25 to 26 of the Base Prospectus as supplemented by the First Supplement, the third and fourth paragraph shall be deleted and replaced by the following information:"</i>	3
Item no. 3 with the caption " <i>In the section "7.3.2 Recent developments and outlook", the sub-heading "Acquisitions" on page 306 of the Base Prospectus shall be deleted and replaced by the following information:"</i>	3
Item no. 14 with the caption " <i>In the section "11.1 Minimum capital requirements and regulatory ratios" on pages 336 to 337 of the Base Prospectus as supplemented by the First Supplement, the fifth, sixth and seventh paragraph shall be deleted and replaced by the following information:"</i>	11
Item no. 15 with the caption " <i>In the section "11.2 Minimum requirement for own funds and eligible liabilities" on page 338 of the Base Prospectus as supplemented by the First Supplement, the third and fourth paragraph shall be deleted and replaced by the following information:"</i>	11

4. The following information from the Audited Consolidated Annual Financial Statements of BAWAG 2023 and the respective Auditor's Opinion:

	Page(s)
Corporate social responsibility and ESG	54-56

	Page(s)
Consolidated Profit or Loss Statement	63
Consolidated Statement of Comprehensive Income	64
Consolidated Statement of Financial Position	65-66
Consolidated Statement of Changes in Equity	67-68
Consolidated Statement of Cash Flows	69-70
Notes to the Consolidated Financial Statements	71-193
Auditor's Opinion	253-258
(Consolidated) Non-Financial Report	269-369
Definitions	370-373
Glossary	374

5. The following information from the Audited Consolidated Annual Financial Statements of BAWAG 2022 and the respective Auditor's Opinion:

	Page(s)
Corporate social responsibility and ESG	53-56
Consolidated Profit or Loss Statement	63
Consolidated Statement of Comprehensive Income	64
Consolidated Statement of Financial Position	65-66
Consolidated Statement of Changes in Equity	67-68
Consolidated Statement of Cash Flows	69-70
Notes to the Consolidated Financial Statements	71-195
Auditor's Opinion	256-261
(Consolidated) Non-Financial Report	271-349
Definitions	350-352
Glossary	353

6. The following information from the Half-Year Financial Statements of BAWAG 2024:

	Page(s)
Consolidated Accounts	21-27
Profit or Loss Statement	21
Statement of Other Comprehensive Income	22
Statement of Financial Position	23-24
Statements of Changes in Equity	25-26
Condensed Cash Flow Statement	27
Notes	28-67

The respective parts of (i) the DIP Prospectus 2024, (ii) the First Supplement, (iii) the Second Supplement, (iv) the Audited Consolidated Annual Financial Statements of BAWAG 2023, (v) the Audited Consolidated Annual Financial Statements of BAWAG 2022 and (vi) Half-Year Financial Statements of BAWAG Group AG 2024 that are not listed in the cross-reference list above are not incorporated by reference and are not relevant for investors.

Issuer

BAWAG Group AG
Wiedner Gürtel 11
1100 Vienna, Republic of Austria

Global Coordinator

UBS Europe SE
Bockenheimer Landstraße 2-4
60306 Frankfurt am Main
Germany

Joint Lead Managers

**Citigroup Global Markets Europe
AG**

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60323 Frankfurt am Main
Germany

Jefferies GmbH

Bockenheimer Landstraße 24
60323 Frankfurt am Main
Germany

J.P. Morgan SE

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60310 Frankfurt am Main
Germany

Morgan Stanley Europe SE

Große Gallusstraße 18
60312 Frankfurt am Main
Germany

UBS Europe SE

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France

Principal Paying Agent and Calculation Agent

Citibank Europe PLC

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Dublin 1
Ireland

Auditors

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

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1090 Vienna, Republic of Austria

Legal Advisers

To the Issuer as to German law

**Hengeler Mueller
Partnerschaft von Rechtsanwälten mbB**

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60323 Frankfurt am Main
Federal Republic of Germany

To the Issuer as to Austrian law

Schönherr Rechtsanwälte GmbH

Schottenring 19
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Republic of Austria

To the Joint Lead Managers as to German law

Linklaters LLP

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60329 Frankfurt am Main
Federal Republic of Germany