



## **Österreichische Volksbanken-Aktiengesellschaft**

*(incorporated as a stock corporation in the Republic of Austria)*

### **Prospectus Supplement relating to the**

**€ 7,000,000,000**

### **Debt Issuance Programme**

This supplement (the *Supplement*) constitutes a prospectus supplement pursuant to Art 16 (1) of the Directive 2003/71/EC (the *Prospectus Directive*) and sec 6 of the Austrian Capital Markets Act (*Kapitalmarktgesetz*) (the *Act*) and is supplemental to, and should be read in conjunction with, the prospectus dated 9 June 2008 (the *Original Prospectus*, and together with the Supplement, the *Prospectus*) relating to the € 7,000,000,000 Debt Issuance Programme (the *Programme*) of Österreichische Volksbanken-Aktiengesellschaft (the *Issuer*).

The Original Prospectus was approved on 9 June 2008 by the Austrian Financial Market Authority (Job No: 2008-0275) and published on 9 June 2008 by making it available in printed form, free of charge, to the public at the registered office of the Issuer and the internet homepage of the Issuer. A notice about the way of publication and where the Original Prospectus could be obtained was published on 11 June 2008 in the *Amtsblatt zur Wiener Zeitung*.

This Supplement has been filed for approval with the Austrian *Finanzmarktaufsichtsbehörde* (the *FMA*) in its capacity as competent authority under the Act and has been filed with the Filing Office (*Meldestelle*) at Oesterreichische Kontrollbank Aktiengesellschaft in accordance with the Act. This Supplement has also been filed with the Wiener Börse AG (the *Vienna Stock Exchange*) which has admitted the notes under the Prospectus (the *Notes*) to the Official Market (*Amtlicher Handel*) and the Second Regulated Market (*Geregelter Freiverkehr*) and the Baden-Württembergische Wertpapierbörse (EUWAX), which has admitted the Notes under the Programme to its regulated market. This Supplement has been published by making it available in printed form, free of charge, to the public at the registered office of the Issuer, Kolingasse 19, 1090 Vienna, Austria.

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

**This Supplement does not constitute an offer of, or an invitation by or on behalf of any of the Issuer, the Dealers or the Arrangers to subscribe for, or purchase, any Notes.**

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

This Supplement does not constitute an offer to sell, or the solicitation of an offer to buy Notes in any jurisdiction where such offer or solicitation is unlawful. In particular, the Notes have not been and will not be registered under the United States Securities Act of 1933.

## 1. Significant new factors

The following significant new factors (as referred to in Art 16 (1) of the Prospectus Directive and sec 6 of the Act) relating to the information included in the Original Prospectus which are capable of affecting the assessment of the Notes, have arisen and the following changes / supplements are herewith made to the Original Prospectus:

(a) Due to important recent developments, the following paragraphs are added at the end of the chapter below the heading "Description of the Issuer – Business history and business development of VBAG - Recent developments" on page 39 of the Original Prospectus:

*"On 26 October 2008 Kommunalkredit announced that it had entered into negotiations with the Republic of Austria in order to obtain public assistance to strengthen its liquidity and business. Kommunalkredit, being a specialised bank for public finance, was, due to the recent turmoil in money and capital markets, only able to insufficiently satisfy the increased liquidity requirements in the near future. The measures currently negotiated may, among others, result in a capital increase subscribed for or an acquisition of all or part of the shares in Kommunalkredit by the Republic of Austria. Public assistance measures may have a material adverse effect on the Issuer's financial, trading and earnings position, e.g. in case of a sale or subscription of shares in Kommunalkredit at a low price. A failure to negotiate or implement such assistance measures may also have a material adverse effect on the Issuer's financial, trading and earnings position.*

*In October 2008, the representatives of the Issuer's shareholders confirmed that the shareholders of the Issuer are prepared to increase the capital earlier than initially anticipated.*

### *International Financial Markets*

*In recent months and weeks, the international financial markets have seen severe difficulties, the ultimate consequences and implications of which for international financial institutions in general and VBAG in particular are not yet predictable. In particular, VBAG has entered into various transactions with large international financial institutions, which may, if such large financial institutions are not able to fully or partially settle their payment obligations or were to become insolvent, negatively affect VBAG's financial, trading and earnings position.*

*In the Issuer's opinion, there is currently no need to make further provisions for bad or doubtful credit engagements. However, this assessment remains subject to change and depends in particular on the future development of the international financial crisis."*

(b) The following sentence is added at the end of the last paragraph below the heading "Description of the Issuer – Business overview - Public finance" on page 41 of the Original Prospectus:

*"For recent developments in connection with Kommunalkredit see above, "3. Description of the Issuer – Business history and business development of VBAG - Recent developments"."*

(c) The first paragraph below the heading "3.5 Trend information – Statement" on pages 48 and 49 of the Original Prospectus is replaced by the following paragraph:

*"Since the end of the period covered by the last audited financial statements, VBAG has not been immune to the effects of the international financial crisis. VBAG can therefore not give any forecast on the profitability of the Group in the current year and over the next 12 months, nor can VBAG, as almost all other banks, predict future funding opportunities. As to the situation regards Kommunalkredit, please refer to "3. Description of the Issuer – Business history and business development of VBAG - Recent developments" above."*

(d) In the chapter "3.5 Trend information – Material influences on the prospects of VBAG" on page 49 of the Original Prospectus, the following paragraph is added after the first two paragraphs:

*"For details in connection with recent developments the international financial markets and VBAG's holding in Kommunalkredit, please refer to "3. Description of the Issuer – Business history and business development of VBAG - Recent developments" above."*

(e) Below the heading "3.8 Financial information concerning VBAG - Material changes in the financial position of VBAG" on page 66 of the Original Prospectus, the following paragraph is added after the first paragraph:

*"For further details in connection with recent developments in the international financial markets and VBAG's holding in Kommunalkredit, please refer to "3. Description of the Issuer – Business history and business development of VBAG - Recent developments" and 3.5 Trend information" above."*

**Note:**

In accordance with Art 16 of the Prospectus Directive and sec 6 of the Act, investors who have agreed to purchase or subscribe for Notes after the occurrence of the significant new factor this section (1) of this Supplement relates to but before the publication of this Supplement have a right to withdraw their acceptances within two banking days after the date of publication of this Supplement. In case investors are consumers in the sense of sec 1 para 1 No 2 of the Austrian Consumer Protection Act (*Konsumentenschutzgesetz*), the period for a withdrawal of their acceptances is one week after the day on which this Supplement has been published.

**2. Further information**

The following information, which is not significant in the Prospectus Directive meaning (ie which is not capable of affecting significantly the assessment of the Notes and therefore does not require a supplement) but which could be useful to investors, is announced and the following changes / supplements are herewith made to the Original Prospectus:

(a) The last sentence of the last paragraph below the heading "Description of the Issuer – Business history and business development of VBAG - Recent developments" on page 39 of the Original Prospectus is supplemented by the wording underlined below:

*"In line with VBAG's internal corporate governance model, Europolis AG's role has been redefined. By the end of 2007, Europolis AG became (via VIBE-Holding GmbH, which itself is held 100 per cent by VBAG) a 100 per cent subsidiary company of VBAG and in January 2008, Europolis AG was accorded banking status by the Austrian Financial Market Authority. There were no further relevant material developments in the first quarter of 2008 with regard to Europolis AG."*

(b) The second paragraph below the heading "3. Description of the Issuer – Business history and business development of VBAG - Recent developments" on page 38 of the Original Prospectus is supplemented by the sentence underlined below:

*"Today, Volksbank International AG, which is based in Vienna, manages a successful and expanding bank network in nine CEE countries: Slovakia, Czech Republic, Hungary, Slovenia, Croatia, Romania, Bosnia-Herzegovina, Serbia and in Ukraine, where Volksbank International AG acquired OJSC Electron Bank at the beginning of 2007. As of September 2008, OJSC Electron Bank's name has been changed to OJSC Volksbank. Equally, Volksbank International AG finalised the acquisition of Zepter Komerc Banka a.d. in Bosnia-Herzegovina in July 2007. This acquisition is aimed at expanding Volksbank International AG's regional presence in the area of "Republika Srpska" within the territory of Bosnia-Herzegovina."*

(c) In the first line of the first paragraph below the heading "3.3 Risk management .- Competitive position" on page 46 of the Original Prospectus, the term "(aggregate)" is deleted.

(d) The table below the first paragraph below the heading "3.3 Risk management .- Competitive position" on pages 46 and 47 of the Original Prospectus is replaced by the following table:

""

<b>Rank</b>	<b>Name of Bank</b>
1	<i>UniCredit Bank Austria AG</i>
2	<i>Erste Bank der oesterreichischen Sparkassen AG</i>
3	<i>Raiffeisen Zentralbank Österreich Aktiengesellschaft</i>
4	<i>BAWAG P.S.K. Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft</i>
5	<i>Österreichische Volksbanken-Aktiengesellschaft</i>
6	<i>Oesterreichische Kontrollbank Aktiengesellschaft</i>
7	<i>Hypo Alpe-Adria-Bank International AG</i>
8	<i>Kommunalkredit Austria AG</i>
9	<i>Raiffeisenlandesbank Oberösterreich Aktiengesellschaft</i>
10	<i>Raiffeisenlandesbank Niederösterreich-Wien AG</i>

*(Source: OeNB, "Statistiken, Daten und Analysen", Q4/2008)"*

Changes reflected in the above table are: Change of the name of Bank Austria Creditanstalt AG to UniCredit Bank Austria AG, swap of positions between Österreichische Volksbanken-Aktiengesellschaft (now: rank 5) and Oesterreichische Kontrollbank Aktiengesellschaft (now: rank 6).

(e) In the first line of the first paragraph below the heading "3.4 Organisational structure – Group" on page 47 of the Original Prospectus, the number "68" is replaced by "70", so that the first sentence of this paragraph reads:

*"VBAG is the central institution of the 70 independent Austrian credit institutions and credit cooperatives (the "Austrian Volksbanken" or "Volksbanken")."*

(f) The first sentence of the second paragraph below the heading "3.4 Organisational structure – Group" on page 47 of the Original Prospectus is replaced by the following sentence:

*"Out of the 70 Austrian Volksbanken, 58 regional banks and the 6 special purpose credit cooperatives are referred to as the so called primary cooperatives ("Primär-Stufe")."*

(g) In the fourth paragraph below the heading "3.4 Organisational structure – Group" on page 47 of the Original Prospectus, the following sentence is added as first sentence:

*"The deposit insurance fund prescribed by Austrian statute guarantees every customer in the case of bankruptcy of a bank EUR 20,000 for its deposits, save that (i) if such depositor is a natural person, such customer's deposits are guaranteed in full without a maximum amount, and (ii) if such depositor is a small or medium sized enterprise, its deposits are guaranteed up to an amount of EUR 50,000."*

In the same paragraph, the second sentence is amended to read as follows:

*"In addition to the deposit insurance fund prescribed by Austrian statute, the Volksbanken have established a voluntary institutional protection system (the "Joint Security Fund")."*

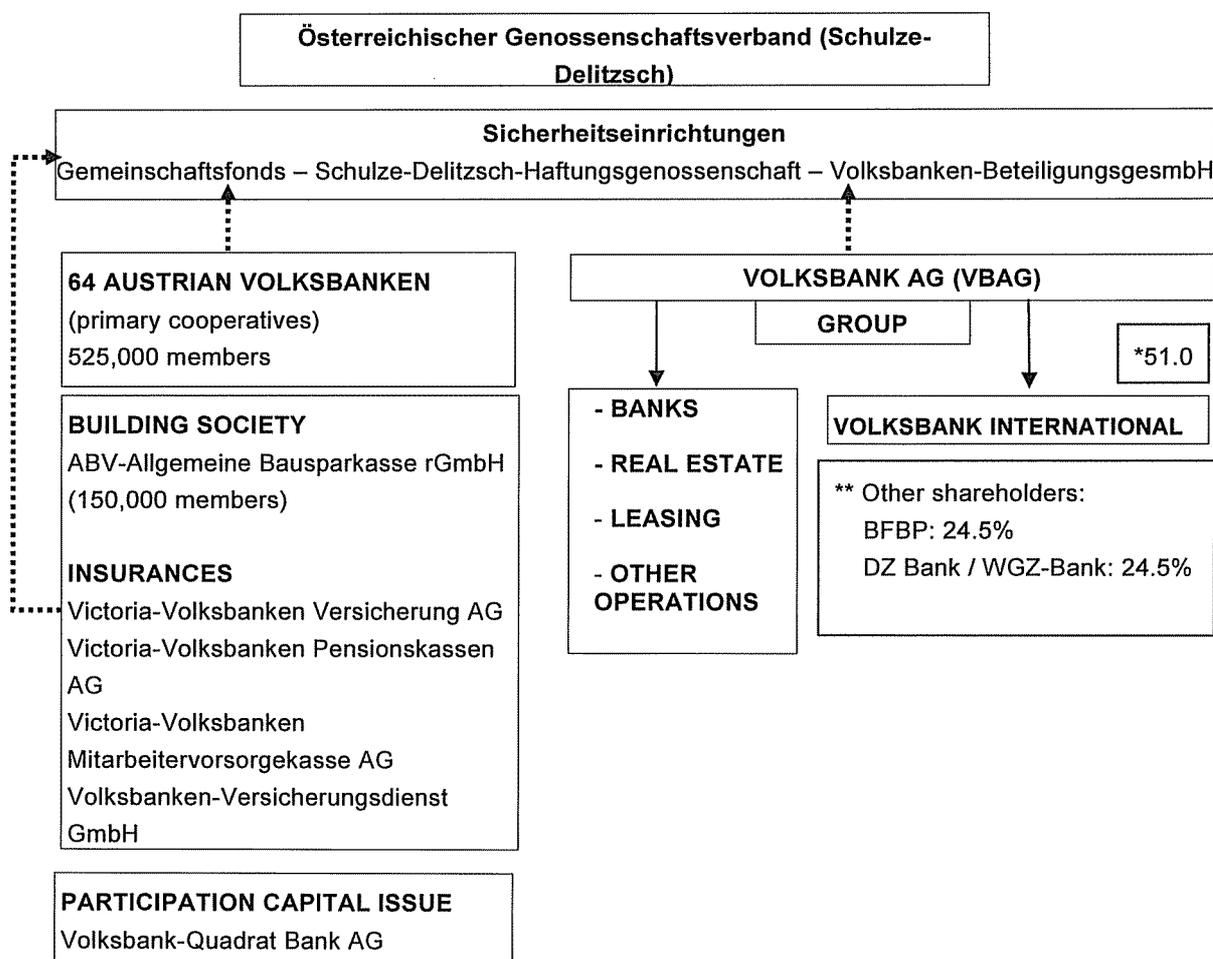
The entire fourth paragraph below the heading "3.4 Organisational structure – Group" on page 47 of the Original Prospectus therefore reads as follows:

*"The deposit insurance fund prescribed by Austrian statute guarantees every customer in the case of bankruptcy of a bank EUR 20,000 for its deposits, save that (i) if such depositor is a natural*

person, such customer's deposits are guaranteed without a maximum amount, and (ii) if such depositor is a small or medium sized enterprise, its deposits are guaranteed up to an amount of EUR 50,000. In addition to the deposit insurance fund prescribed by Austrian statute, the Volksbanken have established a voluntary institutional protection system (the "Joint Security Fund"). The purpose of the Joint Security Fund is the assistance in the form of cash grants and management know how in situations of impending or existing economic hardship. The Joint Security Fund is essentially created through the dues raised among the member banks. Although, no member bank has a legal claim to be assisted, in practice all occurring losses were always covered in the past. Therefore, in the past, no depositor or customer was suffering a loss of his deposits."

(h) The chart below the heading "Simplified depiction of selected members of the Group" on page 48 of the Original Prospectus is replaced by the following chart:

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Data as of 30 September 2008, Source: Issuer"

(i) Below the heading "4. The Austrian Banking System - Capital Adequacy Requirements" on page 70 of the Original Prospectus, the following sentence is added at the end of the first paragraph:

"The FMA is entitled to impose additional Own Funds requirements if this is necessary in order to appropriately contain the risks connected with a bank's (or group's) business."

**(j)** Below the heading "4. The Austrian Banking System – Deposit Guarantee Scheme" on page 71 of the Original Prospectus, the second paragraph is amended to read as follows:

*"Payments made by a guarantee scheme to restore guaranteed deposits are met by contributions from each member credit institution in the relevant sector. Each credit institution's contribution is determined in proportion to the aggregate amount of such credit institution's deposits, subject to a maximum contribution amount of EUR 50,000 per depositor. The balance between the maximum contribution amount and the secured deposit is met by the state. Each credit institution has to contribute an annual amount of 1.5 per cent of its weighted claims (which is the calculation base for solvability purposes), subject to certain reductions in case of multiple payouts during a period of five years. VBAG has to be, and is, a member of the Schulze-Delitzsch-Haftungsgenossenschaft registrierte Genossenschaft mit beschränkter Haftung (the Schulze-Delitzsch Deposit Guarantee Scheme)."*

**(k)** Below the heading "4. The Austrian Banking System – State Guarantees" on page 71 of the Original Prospectus, the first paragraph is deleted and replaced by the following paragraph:

*"On 27 October 2008, a new set of laws aimed at facilitating the interbanking liquidity market and the recapitalisation of troubled banks entered into force. Inter alia, the Minister of Finance was authorised to assume state guarantees for the debts of a central liquidity clearing entity and for debt issues of Austrian banks. Furthermore, the Minister of Finance was authorised to participate in recapitalisation measures of Austrian banks. All such public assistance measures may be subject to conditions as agreed upon between the Minister of Finance and the recipients of the respective assistance measures."*

**STATEMENTS PURSUANT TO COMMISSION REGULATION (EC) NO 809/2004**

Österreichische Volksbanken-Aktiengesellschaft, with its corporate seat in Vienna, Austria, is responsible for the information in this Supplement and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplement and in the Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Vienna, 29 October 2008

Österreichische Volksbanken-Aktiengesellschaft  
as Issuer



Manfred Kunert

Member of the Managing Board

(with collective signing authority)



Heimo Rottensteiner

Head of Funding

(as a "Prokurist" with collective signing authority)

**REGISTERED OFFICES OF THE ISSUER**

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