



## **Österreichische Volksbanken-Aktiengesellschaft**

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

### **Prospectus Supplement No. 2 relating to the € 10,000,000,000 Debt Issuance Programme**

This supplement (the **Supplement**) constitutes a prospectus supplement pursuant to Art 16 (1) of 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 1 June 2010 (the **Original Prospectus**, and the first supplement dated 25 June 2010 (the **First Supplement**, and together with the Original Prospectus and this Supplement, the **Prospectus**) relating to the € 10,000,000,000 Debt Issuance Programme (the **Programme**) of Österreichische Volksbanken-Aktiengesellschaft (the **Issuer**).

The Original Prospectus was approved on 1 June 2010 by the Austrian Financial Market Authority (*Finanzmarktaufsichtsbehörde*, the **FMA**) and published on 4 June 2010 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 4 June 2010 in the *Amtsblatt zur Wiener Zeitung*. The First Supplement was approved on 2 July 2010 by the FMA and published on 25 June 2010 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 26 June 2010 in the *Amtsblatt zur Wiener Zeitung*.

This Supplement has been filed for approval with 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 (the **Vienna Stock Exchange**) which has admitted the notes issued under the Prospectus (the **Notes**) to the Official Market (*Amtlicher Handel*) and the Second Regulated Market (*Geregelter Freiverkehr*) and with the Baden-Württembergische Wertpapierbörse (EUWAX), which has admitted the Notes to its regulated market. The Issuer has requested the FMA to provide to the competent authorities of Germany, the Czech Republic, the Slovak Republic, Slovenia, Hungary, and Romania notifications concerning the approval of this Supplement. 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 14-16, 1090 Vienna, Austria.

Terms defined in the Original Prospectus shall have the same meaning when used in the Supplement, if there is no indication to the contrary.

**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.

**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.**

**This Supplement has been approved by the FMA in its capacity as competent authority under the Capital Markets Act. The accuracy of the information contained in this Supplement does not fall within the scope of examination by the FMA under applicable Austrian law. The FMA examines the Supplement only in respect of its completeness, coherence and comprehensibility pursuant to §8a of the Capital Market Act.**

*Arranger*  
**DZ BANK AG**  
*Dealers*

**VBAG**

**DZ BANK AG**

*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.*

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

*No person has been authorised to give any information or to make any representation other than those contained in this Supplement in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers or the Arranger (other than the Issuer).*

*The distribution of this Supplement and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Supplement comes are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and may include Notes in bearer form that are subject to US tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to US persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Supplement, see "Subscription and Sale" of the Original Prospectus.*

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

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

## **1. Significant new factors**

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:

On 7 December 2010, the Issuer published an ad-hoc notification relating to its further business developments.

The following changes are therefore made in the chapter "Description of the Issuer – Business history and business development of VBAG – Recent developments" on page 44 of the Original Prospectus.

### **1.1 Deletion of certain paragraphs:**

- a) The last but one paragraph of the chapter "Description of the Issuer – Business history and business development of VBAG – Recent developments" on page 44 which reads:

*“Moreover in January 2010, the Issuer announced that it had established a formal process to evaluate all strategic options, including strategic partnerships in the course of its restructuring. Lazard & Co GmbH had been mandated to assist VBAG in this evaluation process.”*

is herewith deleted.

- b) The last paragraph of the chapter "Description of the Issuer – Business history and business development of VBAG – Recent developments" on page 44 which reads

*“The strategic options could lead to the sale, in part or in whole of certain subsidiaries (such as Europolis AG or Investkredit Bank AG). A sale of Volksbank International AG is however currently not considered as the CEE banking network is an integral part of the Group's strategic plan. Strategic partnerships could also lead to a change in the ownership of VBAG as well as to a possible change in the company structure. Currently, VBAG is in confidential talks with several interested parties that might or might not lead to a transaction in the future. The board of directors also works on a plan for a stand-alone solution in case the current talks do not lead to an accomplishable transaction.”*

is herewith deleted.

### **1.2 Inclusion of certain paragraphs:**

- a) The following paragraphs are included at the end of the chapter "Description of the Issuer – Business history and business development of VBAG – Recent developments" on page 44 of the Original Prospectus:

*"In accordance with its “Strategy 2015”, the Issuer will be focusing on its core business. This includes VBAG’s function as the central institution of the Volksbank sector, the corporate business and the real estate activities. Austria and its neighbouring countries constitute the core regions for these activities. For business activities and participations which are not part of VBAG’s core business, various options are currently being evaluated. In this context, the Management Board resolved at its meeting held on 7 December 2010 to review the possible sale of the stakes in Volksbank International AG and VB-Leasing International Holding GmbH and to initiate the respective process. The corresponding steps, which will take place over the course of the next few months following 7 December 2010 and are to be supported by the mandated consultants, could result in the sale of these stakes.*

*It is expected that dividend payments on the participation capital held by the Republic of Austria and all other profit-related instruments will be made from 2012 onwards (i.e. for the fiscal years 2011 onwards). The government participation capital is expected to be redeemed starting in 2011 as stipulated by the agreement."*

- b) The following sentence is included at the end of the chapter "Description of the Issuer – Business overview – Retail" on page 45 of the Original Prospectus:

*"For information on the possible sale of Volksbank International AG, please see the sub-chapter "Description of the Issuer – Business history and business development of VBAG – Recent developments" on page 44 of this Prospectus."*

- c) The following sentence is included at the end of the first paragraph of the chapter "Description of the Issuer – Organisational structure – Group" on page 55 of the Original Prospectus:

*"For information on the possible sale of Volksbank International AG, please see the sub-chapter "Description of the Issuer – Business history and business development of VBAG – Recent developments" on page 44 of this Prospectus."*

## **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 herewith published:

*The Issuer has changed its registered business address to Kolingasse 14-16, 1090 Vienna.*

The last paragraph below the heading "Shareholder structure" on page 66 is replaced by the following two paragraphs:

*"Due to a stake of 58.2 % in VBAG, Volksbanken-Holding e. Gen has significant influence in VBAG. The shares in Volksbanken Holding e.Gen. are held by 59 (regional) Austrian Volksbanken (altogether 95.17 per cent), Österreichischer Genossenschaftsverband (Schulze-Delitzsch) (1.15 per cent), Volksbanken-Beteiligungsgesellschaft m.b.H. (0.92 per cent), nine goods co-operative societies (Warengenossenschaften) (altogether 0.54 per cent), and Allgemeine Bausparkasse rGenmbH (2.22 per cent). Therefore not all 63 (regional) Austrian Volksbanken have a direct ownership with the Volksbanken-Holding e. Gen..*

*Other shareholdings in VBAG are direct shareholdings."*

## **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, 20 December 2010

Österreichische Volksbanken-Aktiengesellschaft  
as Issuer

Prok. Mag. Friedrich Fuchs

Prok. Dir. Alfred Pribil

**REGISTERED OFFICES OF THE ISSUER**

**Österreichische Volksbanken-Aktiengesellschaft**

Kolingasse 19  
A-1090 Vienna  
Austria

**ARRANGER**

**DZ BANK AG Deutsche  
Zentral-Genossenschaftsbank,  
Frankfurt am Main**  
Platz der Republik  
D-60265 Frankfurt am Main  
Germany

**DEALERS**

**Österreichische Volksbanken -  
Aktiengesellschaft**  
Kolingasse 14-16  
A-1090 Vienna  
Austria

**DZ BANK AG Deutsche  
Zentral-Genossenschaftsbank,  
Frankfurt am Main**  
Platz der Republik  
D-60265 Frankfurt am Main  
Germany

**FISCAL AGENT AND  
INTERNATIONAL PAYING AGENT**

**BNP Paribas Securities Services,  
Luxembourg Branch**  
33, rue de Gasperich, Howald-  
Hesperange  
L-2085 Luxembourg

**AUSTRIAN PAYING AGENT AND  
CALCULATION AGENT**

**Österreichische Volksbanken-  
Aktiengesellschaft**  
Kolingasse 19  
A-1090 Vienna  
Austria

**AUDITOR**

**KPMG Wirtschaftsprüfungs- und Steuerberatungs GmbH**  
(former KPMG Alpen-Treuhand GmbH  
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft)  
Kolingasse 19  
A-1090 Vienna  
Austria

**LEGAL ADVISER**  
to the Arrangers

**WOLF THEISS Rechtsanwälte GmbH**  
Schubertring 6  
A-1010 Vienna  
Austria