



## **Österreichische Volksbanken-Aktiengesellschaft**

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

### **Prospectus Supplement No. 2 relating to the EUR 2,000,000,000 Credit Linked Notes Programme**

This supplement (the **Supplement**) constitutes a prospectus supplement pursuant to Art 16 (1) of the Directive 2003/71/EC 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 14 September 2007 (the **Original Prospectus**) and the prospectus supplement dated 6 February 2008 (the **First Supplement**) (the Original Prospectus, the First Supplement and this Supplement are referred to herein together as the **Prospectus**) relating to the EUR 2,000,000,000 Credit Linked Notes Programme (the **Programme**) of Österreichische Volksbanken-Aktiengesellschaft (the **Issuer**).

The Original Prospectus was approved on 14 September 2007 by the Austrian Financial Market Authority (Job No: 2007-0497) and published on 14 September 2007 by making it available in printed form, free of charge, to the public at the registered office of the Issuer. A notice about the way of publication and where the Original Prospectus could be obtained was published on 15 September 2007 in the *Amtsblatt zur Wiener Zeitung*. The First Supplement was approved on 6 February 2008 by the Austrian Financial Market Authority (Job No: 2007-0497) and published on 6 February 2008 by making it available in printed form, free of charge, to the public at the registered office of the Issuer. A notice about the way of publication and where the First Supplement could be obtained was published on 8 February 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 Second Regulated Market (*Geregelter Freiverkehr*). 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 the Issuer 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 and/or the First Supplement, 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. Annual Financial Statements 2007

The Issuer has published on 2 April 2008 its audited consolidated annual financial statements for the financial year ended 31 December 2007, together with the audit report thereon.

Accordingly, the table on page 16 of the Original Prospectus is replaced by the following table, showing selected financial information which has been extracted from the audited consolidated financial statements of V BAG for the financial years ended 31 December 2006 and 31 December 2007:

| <i>Amounts in EUR thousand</i>  | <i>as of 31 December 2007</i> | <i>as of 31 December 2006</i> |
|---|-------------------------------|-------------------------------|
| Total assets  | 78,640,829                    | 67,429,317                    |
| Net interest income   | 830,728                       | 662,925                       |
| Annual result before taxes  | 388,121                       | 309,433                       |
| Annual result after taxes   | 345,910                       | 262,776                       |
| Profit attributable to shareholders of the parent company (Consolidated net income) | 219,682                       | 155,159                       |

Furthermore, set out below are extracts from the audited consolidated annual financial statements for the financial years ended 31 December 2006 and 31 December 2007:

### *Consolidated Balance Sheet of V BAG (for 2007 and 2006 according to IFRS)*

|   | <i>as of 31 December 2007</i> | <i>as of 31 December 2006</i> |
|---|-------------------------------|-------------------------------|
|   | <i>(in EUR 1,000)</i>         |                               |
| <b>Assets</b>                                   |                               |                               |
| 1. Liquid funds                                 | 3,200,392                     | 1,199,865                     |
| 2. Loans and advances to credit institutions    | 11,367,838                    | 6,019,658                     |
| 3. Loans and advances to customers              | 39,047,815                    | 31,109,599                    |
| 4. Risk provisions                              | -502,414                      | -442,758                      |
| 5. Trading assets                               | 1,008,738                     | 1,109,894                     |
| 6. Financial investments                        | 18,195,539                    | 17,172,195                    |
| 7. Assets for operating lease                   | 1,417,796                     | 971,493                       |
| 8. Investments in associates measured at equity | 103,091                       | 84,892                        |
| 9. Participations                               | 249,417                       | 232,379                       |
| 10. Intangible fixed assets                     | 455,087                       | 410,367                       |
| 11. Tangible fixed assets                       | 308,409                       | 262,152                       |
| 12. Tax assets                                  | 141,291                       | 122,425                       |
| 13. Other assets                                | 3,647,829                     | 3,077,635                     |
| 14. Assets of a disposal group                  | 0                             | 6,099,521                     |
| <b>Total assets</b>                             | <b>78,640,829</b>             | <b>67,429,317</b>             |

| <b>Liabilities and equity</b>          |                   |                   |
|--|-------------------|-------------------|
| 1. Amounts owed to credit institutions | 24,200,454        | 13,382,971        |
| 2. Amounts owed to customers           | 10,850,921        | 8,087,131         |
| 3. Debts evidenced by certificates     | 33,108,714        | 30,845,675        |
| 4. Trading liabilities                 | 329,024           | 243,236           |
| 5. Provisions                          | 203,763           | 165,925           |
| 6. Tax liabilities                     | 160,770           | 101,286           |
| 7. Other liabilities                   | 4,873,324         | 4,071,476         |
| 8. Liabilities of a disposal group     | 0                 | 5,868,299         |
| 9. Subordinated liabilities            | 1,966,480         | 1,817,489         |
| 10. Equity                             | 2,947,380         | 2,845,829         |
| Shareholders' equity                   | 1,600,384         | 1,516,790         |
| Minority interests                     | 1,346,996         | 1,329,039         |
| <b>Total liabilities and equity</b>    | <b>78,640,829</b> | <b>67,429,317</b> |

*Consolidated Income Statement of VBAG for the year ended 31 December 2007*

|  | <i>1 – 12 / 2007</i>     | <i>1 – 12 / 2006</i> |
|--|--------------------------|----------------------|
|  | <i>(in EUR thousand)</i> |                      |
| 1. Interest and similar income and expenses  | 804,339                  | 656,183              |
| 2. Income from associates measured at equity   | 26,389                   | 6,742                |
| <b>I. Net interest income</b>  | <b>830,728</b>           | <b>662,925</b>       |
| 3. Risk provisions   | -89,915                  | -61,729              |
| 4. Net fee and commission income   | 191,603                  | 135,317              |
| 6. Net trading income  | 57,489                   | 70,597               |
| 7. General administrative expenses   | -622,313                 | -507,361             |
| 8. Other operating result  | 762                      | -1,197               |
| 9. Income from financial investments   | 234                      | -12,457              |
| 10. Income of a disposal group   | 19,533                   | 23,336               |
| <b>II. Annual result before taxes</b>  | <b>388,121</b>           | <b>309,433</b>       |
| 11. Income taxes   | -41,085                  | -47,925              |
| 12. Income taxes of a disposal group   | -1,126                   | 1,268                |
| <b>III. Annual result after taxes</b>  | <b>345,910</b>           | <b>262,776</b>       |
| <b>Profit attributable to shareholders of the parent company (Consolidated net income)</b> | <b>219,682</b>           | <b>155,159</b>       |
| Profit attributable to minority interest (Minority interests)                              | 126,228                  | 107,617              |

## 2. Covered Notes

The Issuer intends to amend the Programme in order to be able to issue Notes also in the form of covered bank bonds (*fundierte Bankschuldverschreibungen*) pursuant to and in accordance with the Austrian Act on Covered Bank Bonds (*Gesetz über fundierte Bankschuldverschreibungen*).

Accordingly, the following changes are made to the Original Prospectus:

- (a) On the cover page, the following new second sentence shall be inserted in the first paragraph of the page:

"The Notes may be issued as senior notes, or as covered notes in accordance with the Austrian Act on Covered Bank Bonds (*Gesetz über fundierte Bankschuldverschreibungen*) (*Covered Notes*)."

- (b) In the summary, on page 10, below the heading "1.8 Status of the Notes", the existing paragraph shall be changed to read as follows (the underlined text being newly incorporated):

"The Notes will, where they are specified to be senior Notes, constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer ranking *pari passu* among themselves and *pari passu* with all other unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by mandatory provisions of law."

- (c) The following paragraphs shall be inserted on page 10 under the first paragraph below the heading "1.8 Status of the Notes":

"Where Notes are specified to be Covered Notes (*fundierte Bankschuldverschreibungen*), claims of the holders against the Issuer constitute direct, unconditional and unsubordinated obligations of the Issuer secured by a special pool of cover assets.

Investors should note that the security provided for Covered Notes by the above described special cover asset pool in accordance with the Austrian Act on Covered Bank Bonds (*Gesetz über fundierte Bankschuldverschreibungen*) extends only to the payment obligations of the Issuer vis-à-vis the holders of such Covered Notes. The special cover asset pool only secures the payment obligations of the Issuer, but does not protect the holder of a Covered Note against a deterioration of the credit of the relevant reference entity and/or any adverse development of any other underlying of the Covered Notes (if any). Therefore, where in accordance with the terms and conditions of Covered Notes, a redemption and/or interest payment is not required to be made by the Issuer (e.g. due to the occurrence of a credit event), an investor will not have recourse to the special cover asset pool to receive payment, to the extent the Issuer owes no payment to the holder. The special statutory framework for Covered Notes protects investors only against an insolvency of, or enforcement proceedings levied against, the Issuer, but not against risks associated with the reference entity and/or adverse developments of the underlying.

Therefore, in the opinion of the Issuer, Covered Notes should not be treated or used as gilt-edged securities (*keine mündelsicheren Wertpapiere*), as they carry a considerable amount of risk making them unsuitable for an investment of funds of minors."

- (d) In the summary, on page 15, below the paragraph entitled "Currency risk", the following new paragraph shall be inserted:

### "2.2.3 Special Risks of Covered Notes

Notes issued as Covered Notes are subject to the same risks as senior Notes, save that the Issuer's payment obligations under Notes issued as Covered Notes are secured by a special

pool of cover assets. Such cover pool is separated from the assets of the Issuer in insolvency and enforcement proceedings levied against the Issuer and may not be used to repay claims of other creditors of the Issuer. However, there is no absolute certainty that the cover assets will at any time be sufficient to cover the obligations under the Covered Notes and/or that, in case of a shortfall of cover assets, substitute cover assets can be timely added by the Issuer to the special cover asset pool."

- (e) On page 20, as new last paragraph below the heading "Credit risk", the following sentence shall be inserted:

"For Covered Notes, see "Special Risks for Covered Notes" below."

- (f) On page 30, below the paragraph entitled "Legal investment considerations may restrict certain investments", the following new paragraph shall be inserted:

### "3.6 Special Risks of Covered Notes

Notes issued as Covered Notes are subject to the same risks as senior Notes, save that the Issuer's payment obligations under Notes issued as Covered Notes are secured by a special pool of cover assets. Such cover pool is separated from the assets of the Issuer in insolvency and enforcement proceedings levied against the Issuer and may not be used to repay claims of other creditors of the Issuer. However, there is no absolute certainty that the cover assets will at any time be sufficient to cover the obligations under the Covered Notes and/or that, in case of a shortfall of cover assets, substitute cover assets can be timely added by the Issuer to the special cover asset pool.

Investors should note that the security provided for Covered Notes by the above described special cover asset pool in accordance with the Austrian Act on Covered Bank Bonds (*Gesetz über fundierte Bankschuldverschreibungen*) extends only to the payment obligations of the Issuer vis-à-vis the holders of such Covered Notes. The special cover asset pool only secures the payment obligations of the Issuer, but does not protect the holder of a Covered note against a deterioration of the credit of the relevant reference entity and/or any adverse development of any other underlying of the Covered Notes (if any). Therefore, where in accordance with the terms and conditions of Covered Notes, a redemption and/or interest payment is not required to be made by the Issuer (e.g. due to the occurrence of a credit event), an investor will not have recourse to the special cover asset pool to receive payment, to the extent the Issuer owes no payment to the holder. The special statutory framework for Covered Notes protects investors only against an insolvency of, or enforcement proceedings levied against, the Issuer, but not against risks associated with the reference entity and/or adverse developments of the underlying.

Therefore, in the opinion of the Issuer, Covered Notes should not be treated or used as gilt-edged securities (*keine mündelsicheren Wertpapiere*), as they carry a considerable amount of risk making them unsuitable for an investment of funds of minors."

- (g) On page 39, in the paragraph below the heading "4.1.3 Legislation under which the Notes have been created", the following sentence shall be inserted after the existing sentence:

"Furthermore, Covered Notes are governed by, and subject to the provisions of, the Austrian Act on Covered Bank Bonds (*Gesetz über fundierte Bankschuldverschreibungen*)."

- (h) On page 39, below the heading "4.1.6 Ranking of the Notes", the existing paragraph shall be changed to read as follows (the underlined text being newly incorporated):

"The Notes, where they are specified to be senior Notes, constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer ranking *pari passu* among

themselves and *pari passu* with all other unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by mandatory provisions of law."

- (i) On page 39, the following new paragraphs shall be inserted under the first paragraph below the heading "4.1.6 Ranking of the Notes":

"Where Notes are specified to be Covered Notes (*fundierte Bankschuldverschreibungen*), claims of the holders against the Issuer constitute direct, unconditional and unsubordinated obligations of the Issuer secured by special pools of cover assets.

Covered Bonds are Austrian law debt instruments, the quality and standards of which are regulated by the Austrian Act on Covered Bank Bonds (*Gesetz über fundierte Bankschuldverschreibungen*). The investors' claims under such Notes are secured at all times by a separate pool of certain eligible assets (*Deckungsstock*).

Such cover assets are listed in special registers kept by the Issuer. Assets included in these asset pools may only be seized and sold to satisfy claims arising from the relevant Covered Notes.

Covered Notes are secured by a separate asset pool which comprises claims against, or securities issued by, certain Austrian and other EEA Member States' and Switzerland's public authorities and claims and securities that are guaranteed by such public authorities, gilt-edged securities and claims, and claims and securities that are secured by a pledge registered in a public register.

Certain assets held in trust on behalf of the Issuer may also be included in the relevant cover pools, as well as derivative contracts if they are used to hedge interest rates, foreign exchange or issuer insolvency risks connected with the Covered Notes.

The total redemption amount of and the interest paid on Covered Notes (and the potential costs in case of an insolvency) are at any time required to be covered by cover assets. With regard to the Issuer, it has been provided in its articles of association that the cover assets need at any time cover the present net value of all issued Covered Notes plus a safety margin of at least 2 per cent.

In the event that the existing cover assets do not fully cover the issued Covered Notes, the Issuer may replace the shortfall in cover assets by credit balances held with certain central banks or credit institutions or cash. Such substitute cover assets may never exceed 15 per cent. of the total amount of outstanding Covered Notes.

A trustee (*Treuhänder*) has been appointed for a term of five years for the cover pool of the Issuer by the Federal Minister of Finance, which holds in trust the title relating to the asset pool and the cash contained therein. The trustee's primary task is to ensure that the required cover assets for the Covered Notes, and the claims of derivative counter-parties of the Issuer, are at all times sufficient. No asset may be deleted from the relevant register without the written consent of the trustee.

In the event of bankruptcy of the Issuer, applicable Austrian law expressly contemplates a continuation rather than a liquidation of the asset pools: in a bankruptcy of the Issuer, the Covered Notes will not be automatically terminated by operation of law but the cash flows will in general remain unaffected. The asset pool would be administered by a special court-appointed receiver (which may also be another credit institution) without infringement of the rights of the holders of the Covered Notes. In the event that funds are required to discharge obligations that become due, the special receiver may collect claims that have become due, sell cover assets or raise bridge financing. After its appointment, the special receiver is obliged to sell the asset pool together with the obligations from the

Covered Notes to an appropriate credit institution. Only where a sale is not possible must the asset pool be liquidated in accordance with the relevant statutes. In such case, the Covered Notes will fall immediately due and the liquidation proceeds from such assets will be used (preferentially) to satisfy the claims of the holders of such securities (and counterparties under derivative contracts, if any).

Covered Notes are full recourse obligations of the Issuer. Since the Covered Notes constitute general liabilities of the credit institution, holders also have recourse to the assets of the Issuer outside the asset pools. However, as regards those assets, holders of the Covered Notes will rank equally with other unsecured and unsubordinated creditors of the Issuer, their claims being limited to the (foreseeable) shortfall, if any, they may suffer in the liquidation of the respective cover pool.

The supervisory authority has the right to request the competent court to appoint a joint curator to represent the holders of Covered Notes. Such curator may also be appointed in the event of a bankruptcy of the Issuer, and on the application of any third party whose rights would be deferred due to the lack of a common representative. In such an event, the common rights of the holders arising out of the Covered Notes may only be exercised by the curator. The holders may join the proceedings conducted by the common curator at their own cost.

Investors should note that the security provided for Covered Notes by the above described special cover asset pool in accordance with the Austrian Act on Covered Bank Bonds (*Gesetz über fundierte Bankschuldverschreibungen*) extends only to the payment obligations of the Issuer vis-à-vis the holders of such Covered Notes. The special cover asset pool only secures the payment obligations of the Issuer, but does not protect the holder of a Covered note against a deterioration of the credit of the relevant reference entity and/or any adverse development of any other underlying of the Covered Notes (if any). Therefore, where in accordance with the terms and conditions of Covered Notes, a redemption and/or interest payment is not required to be made by the Issuer (e.g. due to the occurrence of a credit event), an investor will not have recourse to the special cover asset pool to receive payment, to the extent the Issuer owes no payment to the holder. The special statutory framework for Covered Notes protects investors only against an insolvency of, or enforcement proceedings levied against, the Issuer, but not against risks associated with the reference entity and/or adverse developments of the underlying.

Therefore, in the opinion of the Issuer, Covered Notes should not be treated or used as gilt-edged securities (*keine mündelsicheren Wertpapiere*), as they carry a considerable amount of risk making them unsuitable for an investment of funds of minors."

- (j) On page 53, § 2 of the Terms and Conditions of the Notes shall be changed to read as follows (with the underlined text being newly incorporated):

**"§ 2 Rang**

[Im Falle von nicht fundierten Schuldverschreibungen einfügen:

Die Schuldverschreibungen begründen direkte, unbedingte, unbesicherte und nicht-nachrangige Verpflichtungen der Emittentin und haben untereinander den

**2. Status**

[In case of Notes other than Covered Notes, insert:

The Notes constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank *pari passu* among

gleichen Rang.]

[Im Falle von fundierten Schuldverschreibungen einfügen:

(a) Die Schuldverschreibungen sind fundierte Bankschuldverschreibungen und begründen direkte, unbedingte und nicht-nachrangige Verpflichtungen der Emittentin und haben untereinander den gleichen Rang.

(b) Fundierte Bankschuldverschreibungen werden durch einen gesonderten Deckungsstock besichert, der zur vorzugsweisen Deckung der Schuldverschreibungen gemäß dem Gesetz über fundierte Schuldverschreibungen bestimmt ist und der, wie gesetzlich festgelegt, unter anderem Forderungen gegen inländische Körperschaften des öffentlichen Rechts, andere Mitgliedstaaten des Europäischen Wirtschaftsraumes als Österreich oder gegen die Schweiz sowie gegen deren Regionalregierungen oder örtliche Gebietskörperschaften, für welche die zuständigen Behörden nach Art 43 Abs 1 lit b Z 5 der Richtlinie 2000/12/EG eine Gewichtung von höchstens 20% festgelegt haben, oder Forderungen, die von einer der vorgenannten Körperschaften garantiert werden, oder Wertpapiere, wenn sie von einer der vorstehend genannten Körperschaften begeben wurden oder wenn eine dieser Körperschaften die Gewährleistung übernimmt, oder Forderungen und Wertpapiere, wenn sie zur Anlage von Mündelgeldern geeignet sind (§ 230b ABGB), oder Forderungen und Wertpapiere, wenn ein Pfandrecht dafür in einem öffentlichen Buch eingetragen ist, oder Sicherungsgeschäfte (Derivatgeschäfte), die zur Verminderung der Gefahr künftiger Zins-, Währungs- oder Schuldnerisiken dienen, enthält.

Die Deckungswerte haben zu jeder Zeit zumindest den Rückzahlungsbetrag und die Zinsen der ausgegebenen fundierten

themselves.]

[In case of Covered Notes, insert:

(a) The Notes are Covered Notes and constitute direct, unconditional and unsubordinated obligations of the Issuer and rank *pari passu* among themselves.

(b) Covered Notes are secured by a separated pool of cover assets which is designated to cover the Notes pursuant to the Austrian Act on Covered Bank Bonds (*Gesetz über fundierte Schuldverschreibungen*) and which *inter alia* comprises, as determined by applicable law, securities issued by, or claims of the Issuer against or guaranteed by an Austrian public corporation, other member states of the EEA or Switzerland (including their provincial governments or municipalities, for which the competent authorities pursuant to Art 43 sec 1 lit b No 5 of the EC Directive 2000/12/EC have determined a risk weighting of up to 20 per cent), gilt-edged securities and gilt-edged receivables (pursuant to sec 230 of the Austrian General Civil Code), or claims or securities benefiting from a pledge registered in a public register, or hedging transactions (derivatives) which are entered into in order to reduce future interest rate, currency or counterparty risks.

Such assets shall at any time cover at least the redemption amount and the interest of the issued Covered Notes as well as the



Bankschuldverschreibungen sowie die voraussichtlichen Verwaltungskosten im Falle eines Konkurses der Emittentin zu decken.

Investoren werden darauf hingewiesen, dass sich die Besicherung von fundierten Bankschuldverschreibungen durch den oben beschriebenen Deckungsstock gemäß dem Gesetz über fundierte Bankschuldverschreibungen nur auf die Zahlungspflichten der Emittentin gegenüber Anleihegläubigern erstreckt. Der Deckungsstock besichert nur Zahlungspflichten der Emittentin, schützt einen Anleihegläubiger aber nicht gegen eine Verschlechterung der Bonität des jeweiligen Referenzschuldners und/oder eine nachteilige Entwicklung eines anderen Referenzwertes der fundierten Bankschuldverschreibungen (wenn solche vorhanden sind). Daher sind nach Meinung der Emittentin als Credit Linked Notes ausgestaltete fundierte Bankschuldverschreibungen keine mündelsicheren Wertpapiere und sollten nicht als solche verwendet werden, da sie wegen der damit verbundenen beträchtlichen Risiken nicht geeignet für die Anlage von Mündelgeld sind.]

[Sonstige Details einfügen.]

prospective administrative costs in case of a bankruptcy of the Issuer.

Investors should note that the security provided for Covered Notes by the above described special cover asset pool in accordance with the Austrian Act on Covered Bank Bonds (*Gesetz über fundierte Bankschuldverschreibungen*) extends only to the payment obligations of the Issuer vis-à-vis the holders of such Covered Notes. The special cover asset pool only secures the payment obligations of the Issuer, but does not protect the holder of a Covered Note against a deterioration of the credit of the relevant Reference Entity and/or any adverse development of an underlying of the Covered Notes (if any). Therefore, in the opinion of the Issuer, credit linked notes issued as Covered Notes should not be treated or used as gilt-edged securities, as they carry a considerable amount of risk making them unsuitable for an investment of funds of minors.]

[Insert other details.]"

- (k) On page 133, § 8 of the Terms and Conditions of the Notes shall be changed to read as follows (with the underlined text being newly incorporated):

**"§ 8 Kündigung durch die Anleihegläubiger**

Die ordentliche Kündigung der Schuldverschreibungen durch die Anleihegläubiger vor Ablauf der Laufzeit ist ausgeschlossen, soweit in diesen Bedingungen nicht ausdrücklich etwas anderes bestimmt wird.

[Im Fall von fundierten Schuldverschreibungen einfügen:]

Wenn ein Konkursverfahren gegen die Emittentin durch ein zuständiges

**8. Termination of the Notes by Noteholders**

No Noteholder shall be entitled to terminate its Notes prior to maturity absent exceptional reasons, unless explicitly provided for in these Conditions.

[in case of Covered Notes insert:]

If bankruptcy proceedings are opened against the Issuer by a competent Austrian

österreichisches Gericht eröffnet wird, werden die Schuldverschreibungen, vorbehaltlich des folgenden Satzes, nicht fällig und zahlbar, wenn der maßgebliche Deckungsstock an ein geeignetes Kreditinstitut übertragen wurde, und ein Anleihegläubiger kann seinen Anspruch gemäß den Schuldverschreibungen in der Höhe des Ausfalls (oder des angenommenen Ausfalls, je nachdem) geltend machen, soweit solche Ansprüche durch die Liquidationserlöse des maßgeblichen Deckungsstockes nicht gedeckt sind. In Fällen, in denen der maßgebliche Deckungsstock nicht an ein anderes Kreditinstitut in Übereinstimmung mit österreichischem Recht übertragen wird und vorausgesetzt, dass die im Deckungsstockregister aufgeführten Vermögenswerte nicht ausreichen, um die Ansprüche aller Anleihegläubiger der Schuldverschreibung zu befriedigen, wird der maßgebliche Deckungsstock für die Schuldverschreibungen auf Antrag des Verwalters des Deckungsstockes und nach Genehmigung durch das zuständige Konkursgericht liquidiert, und die Schuldverschreibungen gelten als fällig und zahlbar gemäß dem anwendbaren Recht.]

[Sonstige Details einfügen.]

court, the Notes will, subject to the following sentence, not become due and payable in the event that the relevant pool of cover assets has been transferred to an appropriate credit institution and each Noteholder may enforce its claims under the Notes up to the shortfall (or estimated shortfall, as the case may be) by which such claims are not covered by the liquidation proceeds of the respective relevant pool of cover assets. Where the respective pool of cover assets is not transferred to another credit institution in accordance with Austrian law, and provided the assets listed in the relevant register are not sufficient to satisfy the claims of all Noteholders, the relevant pool of cover assets for the Notes will be liquidated upon application by the special administrator for the pool of cover assets and approval by the competent bankruptcy court, and the Notes will be deemed to be due and payable by operation of applicable law.]

[Insert other details.]"

- (I) On page 143, as new paragraphs before item 1 of the Final Terms, the following shall be inserted (with the underlined text being newly incorporated):

"[Investors should note that the security provided for Covered Notes by the above described special cover asset pool in accordance with the Austrian Act on Covered Bank Bonds (*Gesetz über fundierte Bankschuldverschreibungen*) extends only to the payment obligations of the Issuer vis-à-vis the holders of such Covered Notes. The special cover asset pool only secures the payment obligations of the Issuer, but does not protect the holder of a Covered Note against a deterioration of the credit of the relevant Reference Entity and/or any adverse development of an underlying of the Covered Notes (if any). Therefore, in the opinion of the Issuer, credit linked notes issued as Covered Notes should not be treated or used as gilt-edged securities, as they carry a considerable amount of risk making them unsuitable for an investment of funds of minors.]<sup>9</sup>

[Investoren werden darauf hingewiesen, dass sich die Besicherung von fundierten Bankschuldverschreibungen durch den oben beschriebenen Deckungsstock gemäß dem Gesetz über fundierte Bankschuldverschreibungen nur auf die Zahlungspflichten der Emittentin gegenüber Anleihegläubigern erstreckt. Der Deckungsstock besichert nur Zahlungspflichten der Emittentin, schützt einen Anleihegläubiger aber nicht gegen eine

Verschlechterung der Bonität des jeweiligen Referenzschuldners und/oder eine nachteilige Entwicklung eines anderen Referenzwertes der fundierten Bankschuldverschreibungen (wenn solche vorhanden sind). Daher sind nach Meinung der Emittentin als Credit Linked Notes ausgestaltete fundierte Bankschuldverschreibungen keine mündelsicheren Wertpapiere und sollten nicht als solche verwendet werden, da sie wegen der damit verbundenen beträchtlichen Risiken nicht geeignet für die Anlage von Mündelgeld sind.]<sup>10</sup>"

- (m) On page 143, as new footnotes, the following shall be inserted (with the underlined text being newly incorporated):

"<sup>9</sup> Insert only in case of Covered Notes.

<sup>10</sup> Nur einzufügen bei fundierten Bankschuldverschreibungen."

- (n) On page 144, item 10 of the Form of Final Terms for Credit Linked Notes shall be changed to read as follows (with the underlined text being newly incorporated):

"10. **Status of the Notes:**

[Senior]

[Covered Notes pursuant to the Austrian Act on Covered Bank Bonds (Gesetz über fundierte Schuldverschreibungen)

Note: The Notes should not be treated or used as gilt-edged securities (keine mündelsicheren Wertpapiere).]

10. **Rang der Schuldverschreibungen:**

[Nicht nachrangig]

[Fundierte Bankschuldverschreibungen gemäß dem Gesetz über fundierte Bankschuldverschreibungen

Hinweis: Die Schuldverschreibungen sollen nicht als mündelsichere Wertpapiere behandelt oder verwendet werden.]"

Note:

In accordance with Art 16 of the Directive 2003/71/EC 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 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.

**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, 7 April 2008

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