



**Österreichische Volksbanken-Aktiengesellschaft**  
(incorporated as a stock corporation in the Republic of Austria)

**Issue of**  
**EUR 1,000,000,000**  
**3.375% Fixed Rate Notes due 2013**  
**guaranteed by the Republic of Austria**  
**ISIN XS0417722393**  
**Issue Price 99.816%**

Österreichische Volksbanken-Aktiengesellschaft (the *Issuer*) will issue up to 1,000,000 3.375% notes guaranteed by the Republic of Austria with a denomination of EUR 1,000 each (the *Notes*) on 18 March 2009 at an issue price of 99.816% of the principal amount of such Notes (the *Offering*).

The Notes will have a term of 4 years and will be repaid at their principal amount on 18 March 2013. Neither the Issuer nor the holders of the Notes (the *Holder*s) shall have a right to call for their redemption prior to maturity. The Notes constitute unsecured and unsubordinated obligations of the Issuer ranking *pari passu* among themselves and *pari passu* with all other unsecured and unsubordinated present and future obligations of the Issuer unless such other obligations take priority by mandatory provisions of law.

The Notes have the benefit of an irrevocable and unconditional guarantee issued by the Republic of Austria in favour of the Holders governed by German law.

The Notes are governed by Austrian law.

Application has been made for the Notes to be admitted to the "Geregelter Freiverkehr" (Second Regulated Market) (the *Market*) of the Wiener Börse AG (the *Vienna Stock Exchange*).

The Notes are expected to be rated "AAA" by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies Inc. (*Standard & Poor's*) and "Aaa"/"P-1" and "AAA"/"F1+" by Moody's Investor Services, Inc. (*Moody's*) and Fitch Ratings Ltd. (*Fitch*) respectively. As defined by Standard & Poor's a "AAA" rating means that the Issuer and the Guarantor's capacity to meet their financial commitment under their obligations is extremely strong. Moody's "Aaa" rating means that instruments are judged to be of the best quality, interest payments are protected by a large or by an exceptionally stable margin and principal is secure. As defined by Fitch, a "AAA" rating means that the obligations of the Issuer and the Guarantor under the Notes are of the highest credit quality and there is an exceptionally strong capacity for payment of financial commitments.

This Information Memorandum comprises neither a prospectus for the purposes of the Austrian Capital Markets Act (*Kapitalmarktgesetz*) (as amended) (the *Act*) nor a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the *Prospectus Directive*).

This Information Memorandum 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 Securities Act).

**Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Information Memorandum. This Information Memorandum does not describe all of the risks of an investment in the Notes, but the Issuer believes that all material risks relating to an investment in the Notes have been described.**

*Joint Lead Managers*

DZ BANK  
AG

Landesbank  
Baden-  
Württemberg

MORGAN STANLEY

UniCredit (CAIB)

VBAG

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

*This Information Memorandum is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "Documents Incorporated by Reference" below). Such documents shall be deemed to be incorporated in, and form part of this Information Memorandum, save that any statement contained 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 Information Memorandum to the extent that a statement contained 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 Information Memorandum.*

*The Republic of Austria (the **Guarantor**) has neither reviewed this Information Memorandum nor verified the Information contained in it, and the Guarantor makes no representation with respect to, and does not accept any responsibility for, the contents of this Information Memorandum or any other statement made or purported to be made on its behalf in connection with the Issuer or the issue and offering of the Notes. The Guarantor accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Information Memorandum or any such statement.*

*No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum 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, the Guarantor or any of the Managers (as defined in "Subscription and Sale"). Neither the delivery of this Information Memorandum nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the entities consolidated with the Issuer (the "Group") or the Guarantor since the date hereof or the date upon which this Information Memorandum has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer, the Guarantor or the Group since the date hereof or the date upon which this Information Memorandum has been most recently amended or supplemented or that any other information supplied in connection with the Offering is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.*

*The distribution of this Information Memorandum and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum comes are required by the Issuer, the Guarantor and the Managers 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 Information Memorandum, see "Subscription and Sale".*

*This Information Memorandum does not constitute an offer of, or an invitation by or on behalf of any of the Issuer, the Guarantor or the Managers to subscribe for, or purchase, any Notes.*

*The Managers have not separately verified the information contained in this Information Memorandum. None of the Managers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Information Memorandum. Neither this Information Memorandum nor any financial statements supplied in connection with the Offering 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 Guarantor or the Managers that any recipient of this Information Memorandum 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 Information Memorandum or any financial statements and its purchase of Notes should be based upon any such investigation as it deems necessary. None of the Managers undertakes to review the financial condition or affairs of the Issuer or the Volksbank Group during the life of the arrangements contemplated by this Information Memorandum nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Managers.*

This Information Memorandum has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of the Offering may only do so in circumstances in which no obligation arises for the Issuer, the Guarantor or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither the Issuer nor the Guarantor nor any Manager have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer, the Guarantor or any Manager to publish or supplement a prospectus for such offer.

In connection with the issue of the Notes, Morgan Stanley & Co. International plc, as the **Stabilising Manager** (or persons acting on its behalf) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or 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 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment shall be conducted in accordance with all applicable laws and rules.

*In this Information Memorandum, unless otherwise specified or the context otherwise requires, references to €, euro or EUR are to the currency introduced at the start of the*

*third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community (as amended from time to time).*

## **LIST OF DOCUMENTS INCORPORATED BY REFERENCE**

This Information Memorandum should be read and construed in conjunction with (i) the audited consolidated financial statements of the Issuer for the financial years ended 31 December 2006 and 2007 together in each case with the audit report thereon, and (ii) the unaudited consolidated interim financial statements for the nine months ended 30 September 2008. Such documents shall be deemed to be incorporated in, and form part of this Information Memorandum, save that any statement contained in such a document shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum 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 Information Memorandum.

Copies of documents incorporated by reference in this Information Memorandum may be obtained (without charge) from the registered office of the Issuer and its website at [www.volksbank.com](http://www.volksbank.com).

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## 1. OVERVIEW OF THE OFFERING

*The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Information Memorandum. Words and expressions defined or used in "Terms and Conditions of the Notes" below shall have the same meanings in this overview.*

<b>Issuer</b>	Österreichische Volksbanken- Aktiengesellschaft
<b>Guarantor</b>	The Republic of Austria (Federation, <i>Bund</i> )
<b>Guarantee</b>	<p>The Guarantor unconditionally and irrevocably guarantees the due and punctual payment of all sums due and payable by the Issuer under the Notes under a guarantee (the <i>Guarantee</i>) dated on or about 11 March 2009 issued pursuant to the Interbank Market Support Act (<i>Interbankmarktstärkungsgesetz</i>). The Guarantee is described in section "The Guarantee".</p> <p>The Holders of Notes are the beneficiaries of the Guarantee. The original of the Guarantee will be held by the Fiscal Agent in custody until all obligations under the Notes and the Guarantee have been fulfilled.</p>
<b>Offered Notes</b>	The Issuer intends to issue 1,000,000 Notes in the total nominal amount of EUR 1,000,000,000 with a denomination of EUR 1,000 each. The total amount may be reduced by the Issuer.
<b>Joint Lead Managers</b>	DZ BANK AG Deutsche Zentral- Genossenschaftsbank, Frankfurt am Main Landesbank Baden-Württemberg Morgan Stanley & Co. International plc Österreichische Volksbanken- Aktiengesellschaft Unicredit CAIB AG
<b>Co-Lead Managers</b>	Bayerische Landesbank AG Erste Group Bank AG Raiffeisen Zentralbank Österreich Aktiengesellschaft
<b>Fiscal Agent</b>	BNP Paribas Securities Services, Luxembourg Branch
<b>Paying Agent</b>	BNP Paribas Securities Services, Luxembourg Branch
<b>Issue Date</b>	18 March 2009

<b>Issue Price</b>	99.816 per cent. of the nominal amount
<b>Form of Notes</b>	The Notes are issued in bearer form. The Notes will be represented on issue by a Temporary Global Note without interest coupons in compliance with the D Rules (as defined in "Overview of the Offering - Selling Restrictions").
<b>Clearing Systems</b>	Notes are cleared through Euroclear and/or Clearstream.
<b>Initial Delivery of Notes</b>	On or before the Issue Date, the Global Notes will be delivered to Clearstream Banking S.A. ( <i>Clearstream</i> ) or Euroclear Bank S.A./N.V. ( <i>Euroclear</i> ) (each an <i>ICSD</i> ) as common safekeeper or to a common safekeeper elected by the relevant ICSD.  The Notes are intended to be held in a manner which allows Eurosystem eligibility. This means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper. This does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria (ECB eligibility).
<b>Currency</b>	The Notes are issued in EUR.
<b>Term</b>	The Notes have a maturity of 4 years.
<b>Interest</b>	The Notes will bear interest at a rate of 3.375 per cent. per annum on their nominal amount, payable annually in arrear on 18 March in each year, commencing on 18 March 2010.
<b>Final Redemption</b>	The Notes mature for redemption at par on 18 March 2013.
<b>Optional Redemption and Redemption for Tax Reasons</b>	None.
<b>Status of the Notes</b>	The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer, with the benefit of the Guarantee of the Guarantor, all as described in § 2 of the Terms and Conditions of the Notes.
<b>Cross Default</b>	The Terms and Conditions of the Notes do not

	contain a cross default provision.
<b>Negative Pledge</b>	The Notes are not subject to a negative pledge obligation.
<b>Withholding Tax</b>	All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of Austria, subject to customary exceptions as described in § 7 of the Terms and Conditions of the Notes.
<b>Governing Law of Notes</b>	Austrian law.
<b>Governing Law of Guarantee</b>	German law.
<b>Place of Jurisdiction</b>	<p>The competent Austrian court for the first district of Vienna shall have non-exclusive jurisdiction to settle any disputes that may arise out of or in connection with any Notes.</p> <p>The Guarantor, for the exclusive benefit of each of the Holders, has irrevocably agreed that any action or other legal proceedings arising out of or in connection with the Guarantee may be instituted in the courts of Frankfurt am Main, Germany, provided that such agreement shall not prevent any action or other legal proceedings being taken in any other competent courts.</p>
<b>Listing</b>	Application has been made to admit the Notes to the Market and references to listing shall be construed accordingly.
<b>Ratings</b>	<p>The Notes are expected to be rated "AAA" by Standard &amp; Poor's Rating Services, a division of The McGraw-Hill Companies Inc. (<i>Standard &amp; Poor's</i>) and "Aaa"/"P-1" and "AAA"/"F1+" by Moody's Investor Services, Inc. (<i>Moodys</i>) and Fitch Ratings Ltd. (<i>Fitch</i>) respectively. As defined by Standard &amp; Poor's a "AAA" rating means that the Issuer and the Guarantor's capacity to meet their financial commitment under their obligations is extremely strong. As defined by Moodys a "Aaa" rating means that instruments are judged to be of the best quality, interest payments are protected by a large or by an exceptionally stable margin and principal is secure. As defined by Fitch, a "AAA" rating means that the obligations of the Issuer and the Guarantor under the Notes are of the highest credit quality and there is an exceptionally strong capacity for payment of financial</p>

commitments.

*A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.*

## **Selling Restrictions**

United States, United Kingdom, Japan and Switzerland. See "Subscription and Sale".

The Notes to be offered and sold will be subject to the restrictions of Category 2 for the purposes of Regulation S under the Securities Act.

The Notes will be subject to the United States Tax Equity and Fiscal Responsibility Act of 1982 (*TEFRA*) and will be issued in compliance with US Treas. Reg. §1.163-5(c)(2)(i)(D) (the *D Rules*).

## 2. RISK FACTORS

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Notes are also described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum (including any documents deemed to be incorporated by reference herein) and reach their own views prior to making any investment decision.*

### **Due to future money depreciation (inflation), the real yield of an investment may be reduced**

Inflation risk describes the possibility that the value of assets such as the Notes or income therefrom will decrease as inflation shrinks the purchasing power of a currency. Inflation causes the rate of return to decrease in value. If the inflation rate exceeds the interest paid on any Notes the yield on such Notes will become negative.

### **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, an investor may not be able to sell his Notes at fair market prices (Liquidity Risk)**

Application has been made to admit the Notes to the Market which appears on the list of regulated markets issued by the European Commission. However, there can be no assurance that a liquid secondary market for the Notes will develop or, if it does develop, that it will continue. The fact that the Notes may be listed does not necessarily lead to greater liquidity as compared to unlisted Notes. In an illiquid market, an investor 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. The possibility to sell the Notes might additionally be restricted by country-specific reasons.

### **There is a risk that trading in the Notes will be suspended, interrupted or terminated**

The listing of such Notes may be suspended or interrupted by the respective 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 investors. Furthermore, trading in the Notes may be terminated, either upon decision of the stock exchange, a regulatory authority or upon application by the Issuer. Where trading in the Notes is suspended, interrupted or terminated, trading in the respective Notes will usually also be suspended, interrupted or terminated and existing orders for the sale or purchase of such

Notes will usually be cancelled. Investors 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 investors in any event must bear the risks connected therewith. In particular, investors 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 the Notes is suspended, interrupted or terminated, investors should note that such measures may neither be sufficient nor adequate nor in time to prevent price disruptions or to safeguard the investors' interests; for example, where trading in the Notes is suspended after price-sensitive information relating to the Notes has been published, the price of the Notes may already have been adversely affected. All these risks would, if they materialise, have a material adverse effect on the investors.

**Holders may be exposed to market price risk in any sale of the Notes (Market Price Risk)**

The development of market prices of the Notes depends on various factors, such as changes of market interest rate levels, the policies of central banks, overall economic developments, inflation rates or the lack of or excess demand for the relevant type of Note. The holder of Notes is therefore exposed to the risk of an unfavourable development of market prices of its Notes which materialises if the holder sells the Notes prior to the final maturity of such Notes. If the holder decides to hold the Notes until final maturity the Notes will be redeemed at par.

**Notes may not be a suitable investment for all investors**

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

**Credit ratings of the Notes may not adequately reflect all risks of the investment in the Notes and may be suspended, downgraded or withdrawn**

The rating of the Notes may not adequately reflect all risks of the investment in the Notes. Equally, ratings may be suspended, downgraded or withdrawn. Such suspension, downgrading or withdrawal may have an adverse effect on the market value 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.

**If a loan or credit is used to finance the acquisition of the Notes, the loan may significantly increase the risk of a loss**

If a loan is used to finance the acquisition of the Notes by an investor and the Notes subsequently go into default, or if the trading price diminishes significantly, the investor may not only have to face a potential loss on its investment, but it will also have to repay the loan and pay interest thereon. A loan may significantly increase the risk of a loss. Investors should not assume that they will be able to repay the loan or pay interest thereon from the profits of a transaction. Instead, investors should assess their financial situation prior to an investment, as to whether they are able to pay interest on the loan, repay the loan on demand, and that they may suffer losses instead of realising gains.

**Incidental costs related in particular to the purchase and sale of the Notes may have a significant impact on the profit potential of the Notes**

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) may be incurred in addition to the purchase or sale price of the Notes. These incidental costs may significantly reduce or eliminate any profit from holding the Notes. Credit institutions as a rule charge commissions which are either fixed minimum commissions or pro-rata commissions, depending on the order value. To the extent that additional - domestic or foreign - parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, investors may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of the Notes (direct costs), investors must also take into account any follow-up costs (such as custody fees). Investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

**Investors have to rely on the functionality of the relevant clearing system**

The Notes are purchased and sold through different clearing systems, such as Clearstream Banking S.A. and Euroclear Bank S.A./N.V. The Issuer does not assume any responsibility as to whether the Notes are actually transferred to the securities portfolio of the relevant investor. Investors have to rely on the functionality of the relevant clearing system.

**The tax impact of an investment in the Notes should be carefully considered**

Interest payments on Notes, or profits realised by an investor upon the sale or repayment of Notes, may be subject to taxation in its home jurisdiction or in other jurisdictions in which it is required to pay taxes. The tax impact on investors generally is described under "Taxation"; however, the tax impact on an individual investor may differ from the situation described for investors generally. Prospective investors, therefore, should

contact their own tax advisors for advice on the tax impact of an investment in the Notes. Furthermore, the applicable tax regime may change to the disadvantage of the investors in the future.

**The Notes are governed by Austrian law, and the Guarantee is governed by German law, and changes in applicable laws, regulations or regulatory policies may have an adverse effect on the Issuer, the Notes and the investors**

The terms and conditions of the Notes will be governed by Austrian law, and the Guarantee will be governed by German law, in effect as at the date of this Information Memorandum. Investors 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 Austrian law (or law applicable in Austria) or German law (or law applicable in Germany), respectively, or administrative practice after the date of this Information Memorandum.

**Legal investment considerations may restrict certain investments**

The investment activities of certain investors 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 (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) 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 contain certain exclusions or restrictions of the Issuer's or other parties' (e.g. the Paying Agent's) liability for negligent acts or omissions in connection with the Notes, which could result in the investors not being able to claim (or only to claim partial) indemnification for damage that has been caused to them. Investors should therefore inform themselves about such exclusions or restrictions of liability and consider whether these are acceptable for them.

### 3. TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the Terms and Conditions that shall be applicable to the Notes represented by the Global Notes. The full text of these Terms and Conditions will be attached to the Global Notes relating to such Notes.*

The Issuer will appoint a fiscal agent and paying agent in accordance with an agency agreement dated 10 March 2009. The fiscal agent and the paying agents for the time being (if any) are referred to below respectively as the **Fiscal Agent** and the **Paying Agents** (which expression shall include the Fiscal Agent).

#### § 1

#### CURRENCY, DENOMINATION, FORM, CERTAIN DEFINITIONS

(1) *Currency, Denomination.* This series of Notes (the **Notes**) of Österreichische Volksbanken-Aktiengesellschaft (the **Issuer**) is issued in Euro in the aggregate principal amount of EUR 1,000,000,000 (in words: Euro one billion) in denominations of EUR 1,000 (the **Specified Denominations**).

(2) *Form.* The Notes are issued in bearer form.

(3) *Temporary Global Note – Exchange*

(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 Specified Denominations represented by a permanent global note (the **Permanent Global Note**, and together with the Temporary Global Note, the **Global Notes**) without coupons. The Temporary Global Note and the Permanent Global Note shall each be signed manually or in facsimile by two authorised signatories of the Issuer and shall each be authenticated by or on behalf of the Fiscal Agent. Definitive notes and interest coupons will not be issued.

(b) The Temporary Global Note may be exchanged upon written request of the Holders for the Permanent Global Note on a date not earlier than 40 days after the date of issue of the Temporary Global Note. Such exchange shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Notes represented by the Temporary Global Note is not a U.S. person (other than certain financial institutions or certain persons holding Notes through such financial institutions). Payment of interest on Notes represented by a Temporary Global Note will be made only after delivery of such certifications. Any such certification received on or after the 40th day after the date of issue of the Temporary Global Note will be treated as a request to exchange such Temporary Global Note pursuant to subparagraph (b) of this § 1 (3). Any securities delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States (as defined in § 4 (3)).

(4) *Clearing System.* Each Temporary Global Note (if it will not be exchanged) and/or Permanent Global Note 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 S.A., Luxembourg (**CBL**) and Euroclear Bank S.A./N.V. (**Euroclear**) (CBL and Euroclear each an **ICSD** and together the **ICSDs**) or any successor in respect of the functions performed by each of the Clearing Systems. The Notes are issued in new global Note ("NGN") form and are deposited with an ICSD as common safekeeper or with a common safekeeper elected by the relevant ICSD.

(5) **Holder of Notes. Holder** means any holder of a proportionate co-ownership or other beneficial interest or right in the Notes.

(6) **Records of the ICSDs.** The nominal amount of the Notes represented by the Temporary Global Note and the Permanent Global Note shall be the aggregate amount from time to time entered in the records of both ICSDs. The records of the ICSDs (which expression means the records that each ICSD holds for its customers which reflect the amount of such customer's interest in the Notes) shall be conclusive evidence of the nominal amount of the Notes represented by the Temporary Global Note and the Permanent Global Note and, for these purposes, a statement issued by a ICSD stating the nominal amount of the Notes so represented at any time shall be conclusive evidence of the records of the relevant ICSD at that time.

On any redemption or payment of an instalment or interest being made in respect of, or purchase and cancellation of, any of the Notes represented by the Temporary Global Note and the Permanent Global Note the Issuer shall procure that details of such redemption, payment or purchase and cancellation (as the case may be) in respect of the Temporary Global Note and the Permanent Global Note shall be entered pro rata in the records of the ICSDs and, upon any such entry being made, the nominal amount of the Notes recorded in the records of the ICSDs and represented by the Temporary Global Note and the Permanent Global Note shall be reduced by the aggregate nominal amount of the Notes so redeemed or purchased and cancelled or by the aggregate amount of such instalment so paid.

On an exchange of a portion only of the Notes represented by a Temporary Global Note, the Issuer shall procure that details of such exchange shall be entered pro rata in the records of the ICSDs.

(7) **Business Day.** In these Terms and Conditions, **Business Day** means a day which is a day (other than a Saturday or a Sunday) on which both (i) the Clearing System, and (ii) the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) payment system which utilises a single shared platform and which was launched on 19 November 2007 (TARGET2) settle payments.

## § 2 STATUS

(1) **Guarantee.** The Republic of Austria (the **Guarantor**) has unconditionally and irrevocably guaranteed the due and punctual payment of all sums due and payable by the Issuer under the Notes under a guarantee (the **Guarantee**) dated on or about 11 March 2009 issued pursuant to the Interbank Market Support Act (*Interbankmarktstärkungsgesetz*). The Holders of Notes will be the beneficiaries of the Guarantee. The text of the Guarantee (without annex) is attached to these Terms and Conditions.

(2) *Status*. The obligations under the Notes constitute unsecured and unsubordinated obligations of the Issuer ranking *pari passu* among themselves and *pari passu* with all other unsecured and unsubordinated present and future obligations of the Issuer unless such other obligations take priority by mandatory provisions of law.

### § 3 INTEREST

(1) *Interest Payment Dates*.

(a) The Notes bear interest on their principal amount from (and including) 18 March 2009 (the ***Interest Commencement Date***) to (but excluding) the first Interest Payment Date and thereafter from (and including) each Interest Payment Date to (but excluding) the next following Interest Payment Date. Interest on the Notes shall be payable in arrear on each Interest Payment Date.

(b) ***Interest Payment Date*** means 18 March 2010 and 18 March of each following year.

(2) *Rate of Interest*. The rate of interest (the ***Rate of Interest***) for each Interest Period (as defined below) will be 3.375 per cent. per annum.

***Interest Period*** means each period from (and including) the Interest Commencement Date to (but excluding) the first Interest Payment Date and from (and including) each Interest Payment Date to (but excluding) the following Interest Payment Date.

(3) *Interest Amount*. The Paying Agent will calculate the amount of interest (the ***Interest Amount***) payable on the Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest and the Day Count Fraction (as defined below) to each Specified Denomination and rounding the resulting figure to the nearest Euro 0.01, Euro 0.005 being rounded upwards.

(4) *Accrual of Interest*. The Notes shall cease to bear interest from the date preceding their due date for redemption. If the Issuer shall fail to redeem the Notes when due, interest shall continue to accrue on the outstanding principal amount of the Notes beyond the due date until the date preceding the date of actual redemption of the Notes. This does not affect any additional rights that might be available to the Holders.

(5) *Day Count Fraction*. The ***Day Count Fraction*** will be calculated on the following basis:

- (a) if the Accrual Period is equal to or shorter than the Determination Period during which it falls, the Day Count Fraction will be the number of days in the Accrual Period divided by the number of days in such Determination Period; and
- (b) if the Accrual Period is longer than one Determination Period, the Day Count Fraction will be the sum of:

- (A) the number of days in such Accrual Period falling in the Determination Period in which it begins divided by the number of days in such Determination Period; and
- (B) the number of days in such Accrual Period falling in the next Determination Period divided by the number of days in such Determination Period,

where:

**Accrual Period** means the relevant period for which interest is to be calculated (from and including the first such day to but excluding the last); and

**Determination Period** means the period from and including the Interest Payment Date or, if none, the Interest Commencement Date to, but excluding, the next or first Interest Payment Date.

#### § 4 PAYMENTS

(1) (a) *Payment of Principal.* Payment of principal in respect of Notes shall be made, subject to paragraph (2) below, to the Clearing System or to its order for credit to the accounts of the relevant accountholders of the Clearing System upon presentation and (except in the case of partial payment) surrender of the Global Note representing the Notes at the time of payment at the specified office of the Fiscal Agent outside the United States.

(b) *Payment of Interest.* Payment of interest on Notes shall be made, subject to subparagraph (2), to the Clearing System or to its order for credit to the relevant accountholders of the Clearing System. Payment of interest on Notes represented by the Temporary Global Note shall be made, subject to paragraph (2), to the Clearing System or to its order for credit to the relevant accountholders of the Clearing System, upon due certification as provided 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 Euro.

(3) *United States.* For purposes of § 1 (3) and paragraph (1) of this § 4, **United States** means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

(4) *Discharge.* The Issuer shall be discharged by payment to, or to the order of, the Clearing System.

(5) *Payment on Business Day.* If the date for payment of any amount in respect of any Note is not a Business Day then the Holder shall not be entitled to payment until the next day which is a Business Day.

The Holder shall not be entitled to further interest or other payment in respect of such delay.

(6) *References to Principal.* Reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include the Final Redemption Amount of the Notes and any premium and any other amounts which may be payable under or in respect of the Notes. Reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts which may be payable under § 7.

## § 5

### REDEMPTION AT MATURITY

Unless previously redeemed in whole or in part or purchased and cancelled, the Notes shall be redeemed at their Final Redemption Amount on 18 March 2013 (the *Maturity Date*). The Final Redemption Amount in respect of each Note shall be its principal amount.

## § 6

### FISCAL AGENT AND PAYING AGENT

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

Fiscal Agent and Paying Agent:

BNP Paribas Securities Services, Luxembourg Branch  
Global Corporate Trust  
33, rue de Gasperich, Howald-Hesperange  
L-2085 Luxembourg  
Telephone: +352 26 96 25 21  
Fax: +352 26 96 97 58

The Fiscal Agent and the Paying Agent reserve the right at any time to change their respective specified offices to some other specified office.

(2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or any Paying Agent and to appoint another Fiscal Agent or additional or other Paying Agents. The Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Paying Agent with a specified office in a European member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with or introduced in order to conform to, such Directive, and (iii) so long as the Notes are listed on a stock exchange, a Paying Agent (which may be the Fiscal Agent) with a specified office in such place as may be required by the rules of such stock exchange.

(3) *Agents of the Issuer.* The Fiscal Agent and the Paying Agent act solely as agents of the Issuer and do not have any obligations towards or relationship of agency or trust to any Holder.

**§ 7**  
**TAXATION**

All amounts payable in respect of the Notes shall be made at source 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 at source by or on behalf of 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. In such event, the Issuer shall pay such additional amounts (the *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 in the absence of such withholding or deduction except that no such Additional Amounts shall be payable on account of any taxes or duties with respect to any Note:

- (a) to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with Austria other than the mere holding of the Note; or
- (b) presented for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day; or
- (c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (d) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a Member State of the European Union.

**Relevant Date** means the date on which payment in respect of a Note first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Holders that, upon further presentation of the Note being made in accordance with these Terms and Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

**§ 8**  
**EVENTS OF DEFAULT**

(1) *Events of Default*. If any of the following events (each, an *Event of Default*) occurs and is continuing, that is to say:

- (a) default being made for a period of 15 days (in the case of interest) or seven days (in the case of principal) in the payment on the due date of interest or principal in respect of the Notes; or
- (b) the Issuer failing to perform or observe any covenant, condition or provision contained in the Notes (other than any obligation for the payment of principal or interest in respect of the Notes) and on its part to be performed and observed which default is incapable of remedy or is not remedied within 45 days after notice of such default shall have been given to the Fiscal Agent at its specified office by any Holder; or
- (c) the Issuer shall be adjudicated or found bankrupt or insolvent, or any order shall be made by any competent court or administrative agency for, or any resolution shall be passed by the Issuer to apply for, the judicial appointment of an official controller to supervise the management of the Issuer with binding authority with the effect of a temporary moratorium (*Geschäftsaufsicht*) in relation to the Issuer or a substantial part of its assets or if the Issuer shall be wound up or dissolved, otherwise than for the purposes of reconstruction, merger or amalgamation in which the successor entity assumes all the obligations of the Issuer with respect to the Notes;

then the holder of any Note may by written notice to the Issuer at its specified office declare such Note to be due and payable at par, together with accrued interest. If the competent Austrian court declares the Issuer bankrupt, all claims due to the Holders by the Issuer of principal and/or interest and any additional amounts shall be considered due and payable according to section 14 of the Austrian Bankruptcy Act 1914 as amended (*Konkursordnung*) in such currency that is legal tender in Austria on the date such insolvency is published by judicial notice, converted at the rate of exchange applicable on the day preceding such date for the purchase with such currency that is legal tender in Austria in Vienna of the amounts due. If bankruptcy proceedings are commenced against the Issuer, the Notes will cease to bear interest from the date on which judicial notice of such insolvency is published. The Holders will be represented in any judicial action or bankruptcy proceedings instituted in Austria against the Issuer by an attorney (curator) appointed by and responsible to the Commercial Court of Vienna under the statute of 24 April 1874, Imperial Legislation Gazette no. 49 as amended (*Kuratoren-gesetz*) where the rights of the Holders are at risk due to the lack of a common representative or where the rights of another person would be deferred.

(2) *Notice.* Any notice, including any notice declaring Notes due in accordance with subparagraph (1), shall be made by means of a written declaration in the German or English language delivered by hand or registered mail to the specified office of the Fiscal Agent together with proof that such Holder at the time of such notice is a Holder of the relevant Notes by means of a certificate of his Custodian (as defined in § 11 paragraph (5)) or in other appropriate manner.

**§ 9**  
**PURCHASES AND CANCELLATION**

(1) *Purchases.* Subject to restrictions by applicable laws and regulations, the Issuer may at any time purchase Notes in the open market or otherwise and at any price. Notes purchased by the Issuer may, at the option of the Issuer, be held, resold or surrendered to the Fiscal Agent for cancellation. If purchases are made by tender, tenders for such Notes must be made available to all Holders of such Notes alike.

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

**§ 10**  
**NOTICES**

(1) *Publication.* All notices concerning the Notes shall, so long as the Notes are listed on the Vienna Stock Exchange, be published either on the internet home page of the Issuer (which is expected to be [www.volksbank.com](http://www.volksbank.com)) or, if required by mandatory law or stock exchange regulation, by means of an eligible information system. Notices to the Holders of unlisted Notes shall be published on the internet homepage of the Issuer. Notwithstanding the foregoing, if any such publication is not practicable, notice shall be validly given if published in a leading daily English language newspaper with general circulation in Europe. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange on which the Notes are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

(2) *Notification to Clearing System.* The Issuer may, in lieu of publication set forth in subparagraph (1) above, deliver all notices concerning the Notes to the Clearing System for communication by the Clearing System to the Holders, provided that in case of listed Notes the applicable rules of the relevant stock exchange so permit. Any such notice shall be deemed to have been given to the Holders on the fifth day after the day on which said notice was given to the Clearing System.

**§ 11**  
**APPLICABLE LAW, PLACE OF PERFORMANCE, PLACE OF JURISDICTION,  
ENFORCEMENT, INVALIDITY, PRESCRIPTION**

(1) *Applicable Law.* The Notes, as to form and content, and all rights and obligations of the Holders and the Issuer, and any non-contractual obligations arising out of or in connection with the Notes, shall be governed by Austrian law which shall not include its rules on the conflict of laws where they would lead to the application of a law other than Austrian law.

(2) *Place of Performance.* Place of performance shall be Vienna, Austria.

(3) *Submission to Jurisdiction.* The competent Austrian court for the first district of Vienna shall have non-exclusive jurisdiction to settle any disputes that may arise out of or in

connection with any Notes. Nothing contained in this Clause shall limit the right of any of the Holders to take proceedings in any other court of competent jurisdiction, nor shall the taking of proceedings in one or more jurisdictions preclude the taking of proceedings in any other jurisdiction (whether concurrently or not).

(4) *Enforcement.* Any Holder of Notes may in any proceedings against the Issuer, or to which such Holder and the Issuer are parties, in his own name enforce his rights arising under such Notes on the basis of (i) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of Notes (a) stating the full name and address of the Holder, (b) specifying the aggregate principal amount of Notes credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b) or (ii) a copy of the Note in global form certified as being a true copy by a duly authorised officer of the Clearing System or a depositary of the Clearing System, without the need for production in such proceedings of the actual records or the global note representing the Notes. For purposes of the foregoing, *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. Each Holder may, without prejudice of the foregoing, protect and enforce his rights under the Notes also in any other way which is permitted in the country in which the proceedings are initiated.

(5) *Invalidity.* If at any time, any one or more of the provisions of the Notes is or becomes invalid, illegal or unenforceable in any respect under the law of any jurisdiction, such provision shall as to such jurisdiction, be ineffective to the extent necessary without affecting or impairing the validity, legality and enforceability of the remaining provisions hereof or of such provisions in any other jurisdiction. The invalid or unenforceable provision shall be deemed replaced by such valid, legal or enforceable provision which comes as close as possible to the original intent of the parties and the invalid, illegal or unenforceable provision.

(6) *Prescription.* Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within ten years (in the case of principal) and three years (in the case of interest) from the appropriate Relevant Date in respect of them.

Annex: Guarantee (omitted in this Information Memorandum)

#### **4. USE OF PROCEEDS**

The net proceeds from the issue of the Notes will be used by the Issuer for its funding purposes in line with the Interbank Market Support Act (*Interbankmarktstärkungsgesetz*), the decree promulgated thereunder and agreements between the Guarantor and the Issuer concluded from time to time.

## 5. DESCRIPTION OF THE ISSUER

The Issuer is a stock corporation (*Aktiengesellschaft*) established under Austrian law and registered in the Austrian companies' register (*Firmenbuch*) under the name of Österreichische Volksbanken-Aktiengesellschaft, registration number 116476 p. The competent court for registration is the Commercial Court Vienna (*Handelsgericht Wien*). Its registered office is at Kolingasse 19, A-1090 Vienna, Austria.

On 4 November 1922, the "Österreichische Zentralgenossenschaftskasse registrierte Genossenschaft mit beschränkter Haftung", a co-operative with limited liability, was - in an effort to implement the ideas of Hermann Schulze Delitzsch - established as the umbrella organisation for regional credit co-operatives and primary banks, which were members of the Federation of Austrian Credit Co-operatives (*Fachverband der Kreditgenossenschaften nach dem System Schulze-Delitzsch*). It was renamed "Zentralkasse der Volksbanken Österreichs" on 10 December 1956 and was merged into the Issuer in 1974, which was founded in 1974 specifically for this purpose.

The Issuer is now the central institution of the Austrian Volksbanken as well as an independent commercial bank offering banking services to private clients, corporate clients, clients from the public sector and to its partners, mainly the Austrian Volksbanken (credit co-operatives).

## 6. THE GUARANTEE

The Republic of Austria (the *Guarantor*) unconditionally and irrevocably guarantees the due and punctual payment of all sums due and payable by the Issuer under a guarantee (the *Guarantee*) dated on or about 11 March 2009 issued pursuant to the Austrian Interbank Market Support Act (*Interbankmarktstärkungsgesetz*). The Holders of Notes are the beneficiaries of the Guarantee.

The full text of the Guarantee (without annex) will be attached to the Terms and Conditions of the Notes and will read as follows:

"**GUARANTEE** of the Republic of Austria (the "Guarantor") for the benefit of the holders of the EUR 1,000,000,000 3.375 per cent. Notes of 2009 due 2013 (ISIN XS0417722393) (the "Notes") issued by Österreichische Volksbanken-Aktiengesellschaft (incorporated as a company limited by shares under Austrian company law) (the "Issuer")

Unless otherwise defined herein, terms used in this Guarantee and defined in the Conditions of Issue shall in this Guarantee have the meaning attributed to them in the Conditions of Issue.

### **Clause 1 Undertakings of the Guarantor**

1.1 The Guarantor is entitled to issue this Guarantee according to § 1 (4) of the Interbank Market Support Act (*Interbankmarktstärkungsgesetz*) of 26 October 2008 (Federal Law Gazette I No. 136/2008), adopted in connection with § 66 of the Act on Federal Budgets (*Bundeshaushaltsgesetz*) of 4 April 1986, as amended (Federal Law Gazette No. 213/1986 in the current version No. 20/2008).

1.2 The intent and purpose of this Guarantee is to ensure that in the case of default by the Issuer in the punctual payment of any amounts payable under the Notes on the respective due date (however subject to any applicable grace period according to the conditions of issue of the Notes annexed hereto (the "Conditions of Issue")) the Guarantor shall, upon written demand by any holder of a Note (a "Noteholder") according to Clause 3 hereof, pay or procure to be paid such amounts payable in accordance with the Conditions of Issue.

1.3 The Guarantor hereby unconditionally and irrevocably guarantees for the benefit of the Noteholders the due and punctual payment of the amounts payable by the Issuer in accordance with the Conditions of Issue. To the extent that the rights and obligations under this Guarantee are determined or specified by reference to the Conditions of Issue, only the version of the Conditions of Issue annexed hereto shall be relevant. Neither changes and amendments of the Conditions of Issue nor other agreements between the Issuer and Noteholder(s) which are not evident from the Conditions of Issue annexed hereto, have any effect on the rights and obligations of the Guarantor under this Guarantee.

1.4 The Guarantee is irrevocable and unconditional, irrespective of value, genuineness, validity, or enforceability of the Notes and the Guarantor waives the right of set-off and counterclaim in relation to the claims of any Noteholder under the Guarantee.

1.5 The obligations of the Guarantor under this Guarantee are independent from and irrespective of the obligations of the Issuer to fulfil its payment obligations under the Notes.

The Guarantor is not entitled to raise any objections or defences which the Issuer may have in respect of its payment obligations under this Guarantee.

1.6 The obligations of the Guarantor under this Guarantee constitute direct, unsecured and unsubordinated obligations of the Guarantor, ranking at least pari passu with all other unsecured and unsubordinated obligations of the Guarantor, except for obligations ranking in priority pursuant to mandatory provisions of law.

1.7 All amounts payable by the Guarantor in respect of this Guarantee shall be made free and clear of and without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Republic of Austria or any political subdivision of the Republic of Austria or any authority therein or thereof having power to tax, unless the deduction or withholding of such taxes, duties, assessments or governmental charges is required by law, provided however, that § 7 of the Conditions of Issue applies mutatis mutandis to payments of the Guarantor under this Guarantee.

## **Clause 2 Benefit of the Guarantee**

This Guarantee constitutes a contract in favour of the respective Noteholders as third party beneficiaries pursuant to § 328 (1) of the German Civil Code giving rise to the right of each such Noteholder to require performance of the obligations assumed hereby directly from the Guarantor and to enforce such obligations directly against the Guarantor. Each Noteholder may enforce its claims under this Guarantee directly in legal actions or proceedings against the Guarantor without being required to institute legal actions or proceedings against the Issuer first.

## **Clause 3 Payments**

3.1 Payments by the Guarantor to a Noteholder under this Guarantee shall be effected upon written request of the Noteholder to an account to be specified by such Noteholder. Payment to such account shall discharge the Guarantor from its obligations under this Guarantee. The Noteholder shall notify such account in writing to the following address:

Bundesministerium für Finanzen  
Abteilung III/6  
Hintere Zollamtsstraße 2b  
1030 Vienna  
Telephone: +43 1 51433 503150  
Fax: +43 1 51433 507079

3.2 No payments will be made by the Guarantor to a Noteholder prior to such notification by the relevant Noteholder. In case payment by the Guarantor to a Noteholder under this Guarantee is delayed due to the absence of such notification by the relevant Noteholder, such Noteholder is not entitled to receive any additional amounts in respect of such delay.

3.3 Subject to any mandatory provisions of law, the rate of interest for default under this Guarantee shall correspond to the rate of interest applicable to the Notes in accordance with § 3 of the Conditions of Issue.

**Clause 4**  
**Expiry of Guarantee**

This Guarantee expires upon irrevocable redemption in full of all Notes or upon irrevocable discharge in full of all obligations under this Guarantee.

**Clause 5**  
**Governing Law; Place of Jurisdiction; Enforcement of the Guarantee**

5.1 This Guarantee shall be governed exclusively by the laws of the Federal Republic of Germany without giving effect to the principles of conflict of laws thereof.

5.2 The Guarantor, for the exclusive benefit of each of the Noteholders, hereby irrevocably agrees that any action or other legal proceedings ("Proceedings") arising out of or in connection with this Guarantee may be instituted in the courts of Frankfurt am Main, provided that such agreement shall not prevent any Proceeding being taken in any other competent courts. The Guarantor hereby irrevocably waives, to the fullest extent it may effectively do so, any claim that any Proceedings brought in connection with the Notes in such courts has been brought in an inconvenient forum.

5.3 To the extent that it is legally able to do so, the Guarantor hereby waives irrevocably any immunity to which it might otherwise be entitled in proceedings brought before such courts and hereby consents generally in respect of any Proceedings arising out of or in connection with this Guarantee to the giving of any relief or the issue of any process in the aforementioned courts in Frankfurt am Main in connection with such Proceedings including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use except minor property such as the equipment of embassies) of any judgment which may be given in such Proceedings.

5.4 The Guarantor hereby appoints the Ambassador of the Republic of Austria in the Federal Republic of Germany as its authorised agent for the receipt of any process in connection with any Proceedings arising out of or in connection with this Guarantee (the "Agent for Service of Process") and irrevocably agrees that any process shall be sufficiently and effectively served on it if delivered to the Agent for Service of Process at his official address for the time being in the Federal Republic of Germany or in any other manner permitted by law.

5.5 Each Noteholder may enforce its rights under this Guarantee in any legal proceedings against the Guarantor, or in any legal proceeding where each of such Noteholder and the Guarantor is a party, in its own name on the basis of a duly certified copy of this Guarantee without submission of the original of this Guarantee.

5.6 BNP Paribas Securities Services, Luxembourg Branch, which accepts this Guarantee, is not acting as trustee or in a similar capacity for the Noteholders. BNP Paribas Securities Services, Luxembourg Branch, undertakes to hold the original of this Guarantee in custody until all obligations under the Notes and this Guarantee have been fulfilled.

Vienna, March 2009

**Republic of Austria**

For the Federal Minister of Finance

We accept the terms of the above Guarantee without recourse, warranty or liability and without acting as agent, fiduciary or in any similar capacity for any Noteholders.

Luxembourg, March 2009

**BNP Paribas Securities Services, Luxembourg Branch"**

## **7. TAXATION**

*The statements herein regarding certain tax issues in Austria are based on the laws in force in Austria as of the date of this Information Memorandum and are subject to any changes in such laws. The following summaries do not purport to be comprehensive descriptions of all the tax considerations which may be relevant to a decision to purchase, own or dispose of Notes and further disclosure may be included in a supplement to this Information Memorandum. Prospective holders of Notes should consult their tax advisers as to the relevant tax consequences of the ownership and disposition of Notes.*

### **Austria**

#### **Residents**

Under Austrian tax law currently in effect, payments of interest on the Notes (as defined in Sec. 27(1)(4) and 27(2)(2) of the Austrian Income Tax Act, *Einkommensteuergesetz*) in accordance with their terms and conditions to a resident individual or corporation (within the meaning of the relevant Austrian tax laws) will generally be subject to Austrian income tax (at a flat rate of 25 per cent. levied by way of withholding or by way of assessment) and Austrian corporate income tax (at a flat rate of 25 per cent. levied by way of assessment) respectively. The same should most likely apply in case of payments of interest made under the Guarantee.

Capital gains derived from the sale of the Notes by a resident individual or corporation will generally be subject to Austrian income tax (at a progressive rate of up to 50 per cent.) or Austrian corporate income tax (at a flat rate of 25 per cent.), respectively, with an exemption applying in the case of individuals holding the Notes as a non-business asset and selling/redeeming them after the expiry of a minimum one-year holding period.

According to the Gift Notification Act 2008 (*Schenkungsmitteilungsgesetz 2008*) the inheritance tax as well as the gift tax have expired as of 1 August 2008. This means that inter alia transfers of assets both inter vivos and inter mortuos after 31 July 2008 are neither subject to inheritance tax nor to gift tax (except in the case of transfers to certain foundations). Instead of the inheritance and gift tax a notification obligation has been introduced for certain gifts inter vivos.

No stamp, issue, registration or similar tax or duty will, under present Austrian law, be payable in Austria by resident Holders in connection with the issue of the Notes.

#### **Non-residents**

Under Austrian tax law currently in effect, payments of interest on the Notes in accordance with their terms and conditions to a non-resident individual or corporation (within the meaning of the relevant Austrian tax laws) having no other connection to Austria except for the mere holding of the Notes are not subject to Austrian taxation of income. If interest payments are made by a paying agent in Austria, a non-resident individual or corporation can - according to the practice of the Austrian tax authorities - prevent the Austrian withholding tax (currently 25 per cent.) from being deducted if proof of non-residency is furnished (e.g. by disclosing its identity and non-Austrian address). Such exemption will, however, only be effective if the Notes have been deposited with an Austrian bank.

Capital gains derived from the sale of the Notes by a non-resident individual or corporation having no other relation to Austria except for the mere holding of the Notes are not subject to Austrian income or corporation tax.

Reference is made to the abolition of the inheritance tax and gift tax mentioned above.

No stamp, issue, registration or similar tax or duty will, under present Austrian law, be payable in Austria by non-resident Holders in connection with the issue of the Notes.

This summary of Austrian taxation issues is for general information purposes only and is based on a qualification of the Notes as debt instruments (*Forderungswertpapiere*) in the sense of Sec. 93(3) of the Austrian Income Tax Act. The tax consequences would substantially differ if the Notes were to be qualified as equity instruments or as units in a foreign investment fund within the meaning of Sec. 42(1) of the Austrian Investment Funds Act (*Investmentfondsgesetz*). Prospective holders of the Notes are advised to consult their tax and legal advisers with regard to the tax effects of their holding of the Notes.

### **EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a paying agent within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State; however for a transitional period, Austria, Belgium and Luxembourg will instead operate a withholding system for a transitional period in relation to such payments, unless the beneficiary of the interest payments elects for the exchange of information. The withholding tax is currently 20 per cent. and will be increased to 35 per cent. on 1 July 2011. The end of this transitional period depends on the conclusion of certain other agreements relating to exchange of information with certain other countries. Austria has enacted the EU Withholding Tax Act (*EU-Quellensteuergesetz*) and has concluded certain bilateral agreements in order to comply with the provisions of the above mentioned directive.

A number of non-EU countries, including Switzerland, and certain dependent or associated territories of certain Member States have adopted similar measures in relation to payments of interest or other similar income paid by a paying agent within its jurisdiction to, or collected by such a person for, an individual resident in another Member State, or certain third countries or dependent and associated territories.

## **8. SUBSCRIPTION AND SALE**

Subject to the terms and on the conditions contained in a subscription agreement dated 10 March 2009 (the *Subscription Agreement*) between the Issuer and the Joint Lead Managers and the Co-Lead Managers (together the *Managers*), the Managers have agreed to severally (but not jointly) underwrite the Notes at the Issue Price.

The Issuer will pay each Manager a commission as agreed between the Issuer and the Manager, which commission may be deducted from the net proceeds payable to the Issuer on the closing of the Offering.

The Issuer has agreed to indemnify the Managers against certain liabilities in connection with the Offering and sale of the Notes.

The Subscription Agreement entitles the Managers to terminate any agreement that they make to subscribe the Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

### **United States**

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, US persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to US tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by US tax regulations. Terms used in this paragraph have the meanings given to them by the US Internal Revenue Code of 1986 and regulations thereunder.

Each Manager has represented and agreed that, except as permitted by the Subscription Agreement, it has not offered or sold and will not offer or sell the Notes of any identifiable Tranche, (i) as part of its distribution at any time and (ii) otherwise until 40 days after completion of the distribution of the Notes as determined, and certified to the relevant Manager and the Issuer, by the Lead Manager, of all Notes within the United States or to, or for the account or benefit of, US persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period, as defined in Regulation S under the Securities Act, a confirmation or other 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, US persons.

In addition, until 40 days after the commencement of the offering an offer or sale of Notes within the United States by any Manager (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### **United Kingdom**

Each 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 an 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 any 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 any Notes in, from or otherwise involving the United Kingdom.

### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan, as amended (the *FIEL*) and, accordingly, each Manager has undertaken that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan.

### **Switzerland**

Each Manager has represented and agreed that: (a) it has not offered or sold, and will not offer or sell, the Notes to any investors in or from Switzerland other than on a non-public basis; (b) this Information Memorandum does not constitute a prospectus within the meaning of Article 652a or Article 1156 of the Swiss Code of Obligations (*Schweizerisches Obligationenrecht*); and (c) neither this offering nor the Notes have been or will be approved by any Swiss regulatory authority.

### **General**

No representation is made that any action has been taken in any jurisdiction (other than Austria) that would permit a public offering of any of the Notes or possession or distribution of the Information Memorandum or any other offering material, in any country or jurisdiction where action for that purpose is required.

Each Manager has agreed that it will, to the best of its knowledge and belief, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Information Memorandum or any other offering material and none of the Issuer nor any other Manager shall have responsibility therefor.

## 9. GENERAL INFORMATION

1. Application has been made for the Notes to be admitted to the Market.
2. The Offering was authorised by a resolution of the Management Board of the Issuer passed on 9 March 2009, and a resolution of the Supervisory Board of the Issuer of 9 March 2009.
3. Each Note will bear the following legend:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
4. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 1210, Brussels, Belgium, and the address of Clearstream is 42 Avenue JF Kennedy L-1855 Luxembourg.
5. The issue price and the amount of the relevant Notes will be determined by the Issuer before closing of the Offering based on the then prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to the Offering.
6. For so long as Notes are outstanding, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the registered office of the Issuer and the specified office of the Fiscal Agent:
  - (i) the articles of association of the Issuer;
  - (ii) the published consolidated annual report and audited financial statements of the Issuer for the two most recent financial years ended prior to the date of this Information Memorandum and any subsequent interim financial statements of the Issuer; and
  - (iii) a copy of this Information Memorandum together with any supplement to this Information Memorandum or further Information Memorandum.
7. The Notes have the International Securities Identification Number (ISIN) XS0417722393 and Common Code 041772239.

**REGISTERED OFFICES OF THE ISSUER**

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A-1090 Vienna  
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