

## AD-HOC ANNOUNCEMENT

Vienna, 10 December 2012

### ANNOUNCEMENT BY ÖSTERREICHISCHE VOLKSBANKEN-AG RELATING TO AN INVITATION TO OFFER TO SELL FOR CASH

**NOT FOR DISTRIBUTION IN THE UNITED STATES OR TO ANY PERSON  
RESIDENT AND/OR LOCATED IN THE UNITED STATES OR TO ANY U.S.  
PERSON**

10 December 2012

Österreichische Volksbanken-Aktiengesellschaft hereby announces:

### **Invitation to holders of the "EUR 300,000,000 Subordinated Lower Tier II Notes due November 2016" (ISIN: XS0275528627) issued by ÖSTERREICHISCHE VOLKSBANKEN-AKTIENGESELLSCHAFT**

ÖSTERREICHISCHE VOLKSBANKEN-AKTIENGESELLSCHAFT (the "Issuer") is inviting the holders (the "Noteholders") of the "EUR 300,000,000 Subordinated Lower Tier II Notes due November 2016" (ISIN: XS0275528627) (the "Notes") issued under the Euro 6,000,000,000 Debt Issuance Programme dated 14 June 2006 by the Issuer to tender for the purchase for cash (the "Offer") any and all of the outstanding Notes. The terms and conditions of the Offer are set out in the Invitation Memorandum dated 10 December 2012 (the "Invitation Memorandum").

Capitalised terms used in the following paragraphs of this announcement have the meanings ascribed to them in such Invitation Memorandum.

Description of the Notes	ISIN	Outstanding Principal Amount*	Minimum Denomination	Purchase Price
EUR 300,000,000 Subordinated Lower Tier II Notes due November 2016	XS0275528627	EUR 300,000,000	EUR 50,000	75 per cent.

### **Rationale for the Invitation**

The purpose of the Offer is to optimise the Issuer's capital structure and to generate a core tier one capital effect for the group, thereby strengthening the quality of its capital base. The Invitation also provides investors with an opportunity to realise their investments at prices higher than prevailing market prices.

### **Purchase Price to be Received for the Notes**

The amount the Issuer will pay, or procure to be paid, on the Settlement Date to Noteholders who validly tender their Notes before the Offer Deadline, will be a cash purchase price (expressed as a percentage) as specified in the table above for each EUR 50,000 in principal amount of each Note validly tendered in the Offer and accepted for purchase by the Issuer.

### **Participating in the Offer**

To tender Notes in the Offer, a Noteholder should deliver, or arrange to have delivered on its

behalf, via the relevant Clearing System and in accordance with the requirements of such Clearing System, a valid Tender Instruction that is received by the Tender Agent by the Offer Deadline.

*Noteholders are advised to check with any bank, securities broker or other intermediary through which they hold Notes whether such intermediary would require to receive instructions to participate in, or (in the limited circumstances in which revocation is permitted) revoke their instruction to participate in, the Offer before the deadlines specified in this Invitation Memorandum. The deadlines set by each Clearing System for the submission and revocation of Tender Instructions may also be earlier than the relevant deadlines specified in this Invitation Memorandum.*

Tenders of Notes for purchase may be rejected in the sole discretion of the Issuer for any reason and the Issuer is not under any obligation to Noteholders to furnish any reason or justification for refusing to accept a tender of Notes for purchase. Whether the Issuer will accept for purchase Notes validly tendered in the Offer is subject, without limitation, to the consent of the Austrian Financial Markets Authority (*Finanzmarktaufsichtsbehörde*) that (parts of) the Issuer's capital increase from September 2012 amounting to €480mn may be accounted for by the Issuer as replacement capital for the Notes pursuant to Sec 23 (8) of the Austrian Banking Act (*Bankwesengesetz*) (the "**Regulatory Condition**"). The Offeror expects the Regulatory Condition to be satisfied prior to the Offer Deadline.

### **Expected Transaction Timeline**

<b>Date</b>	<b>Event</b>
10 December 2012	Launch Date. Offer announced.  Invitation Memorandum available (subject to the offer and distribution restrictions set out in " <i>Offer and Distribution Restrictions</i> ") from the Tender Agent.
18 December 2012, 5.00 p.m. (CET)	Offer Deadline  Latest time for Tender Instructions to be received by the Tender Agent.
19 December 2012	Offer Acceptance Announcement Time.  Announcement of acceptance and results of Offer
21 December 2012	Expected Offer Settlement Date

### **For further information:**

A complete description of the terms and conditions of the Invitation is set out in the Invitation Memorandum. Further details about the transaction can be obtained from:

#### **THE JOINT DEALER MANAGERS**

**BNP Paribas**

**Österreichische Volksbanken-**

10 Harewood Avenue  
London NW1 6AA  
United Kingdom

For information by telephone:  
+44 20 7595 8668

Attention: Liability Management Group  
email: liability.management@bnpparibas.com

**Aktiengesellschaft**

Kolingasse 14-16  
1090 Vienna  
Austria

For information by telephone:  
+43(0)50 4004-3338

Attention: Mr Karl Kinsky, MBA  
email: investorrelations@volksbank.com

**THE TENDER AGENT**

**Lucid Issuer Services Limited**

Leroy House, 436 Essex Road,  
London N1 3QP, England,  
Great Britain

For information by telephone: +44 20 7704 0880

Attention: Yves Theis / Paul Kamminga

email:volksbank@lucid-is.com

A copy of the Invitation Memorandum is available to eligible persons upon request from the Tender Agent.

Neither of the Joint Dealer Managers takes responsibility for the contents of this announcement and none of the Issuer, the Joint Dealer Managers, the Tender Agent or any of their respective directors, employees or affiliates makes any representation or recommendation whatsoever regarding the Offer, or any recommendation as to whether Noteholders should tender Notes in the Offer. This announcement must be read in conjunction with the Invitation Memorandum. No Invitation to acquire any Notes is being made pursuant to this announcement. Any such Invitation is only being made in the Invitation Memorandum and any such acquisition or acceptance of offers to sell should be made solely on the basis of information contained in the Invitation Memorandum. This announcement and the Invitation Memorandum contain important information which should be read carefully before any decision is made with respect to the Invitation. If any Noteholder is in any doubt as to the action it should take, it is recommended to seek its own advice, including as to any tax consequences, from its stockbroker, bank manager, solicitor, accountant or other independent adviser.

**Jurisdictional Restrictions**

*This notice does not constitute an offer to buy or a solicitation of an offer to sell any Notes (and tenders of Notes in the Offer will not be accepted from Noteholders) in any jurisdiction or circumstances in which such offer or solicitation is unlawful. In any jurisdiction where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer and any of the Joint Dealer Managers or any of its respective affiliates is such a licensed broker or dealer in such jurisdiction, the Offer shall be deemed to be made on behalf of the Issuer in such jurisdiction by that Joint Dealer Manager or respective affiliate, as the case may be.*

*The distribution of the Invitation Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession the Invitation Memorandum comes are required by the Issuer, the Joint Dealer Managers and the Tender Agent to inform themselves about, and to observe, any such restrictions.*

Noteholders with any questions on the Invitation should contact the Joint Dealer Managers for further information.

## **United States**

The Offer is not being made and will not be made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality of interstate or foreign commerce of, or of any facilities of, a national securities exchange of, the United States. This includes, without limitation, facsimile transmission, telex, telephone, e-mail, the internet and other forms of electronic communication. The Notes may not be tendered in the Offer by any such use, means, instrumentality or facility from or within the United States or by persons located or resident in the United States. Accordingly, copies of this Invitation Memorandum and any other documents or materials relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise transmitted, distributed or forwarded (including, without limitation, by custodians, nominees or trustees) in or into the United States or to any persons located or resident in the United States. Any purported tender of Notes in the Offer resulting directly or indirectly from a violation of these restrictions will be invalid and any purported tender of Notes made by a person located in the United States or any agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States will be invalid and will not be accepted.

Each holder of Notes participating in the Offer will represent that it is not located in the United States and is not participating in the Offer from the United States or it is acting on a non-discretionary basis for a principal located outside the United States that is not giving an order to participate in the Offer from the United States. For the purposes of this and the above paragraph, "**United States**" means the United States of America, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any state of the United States of America and the District of Columbia.

## **United Kingdom**

The communication of this Invitation Memorandum and any other documents or materials relating to the Offer is not being made and such documents and/or materials have not been approved by an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom, and are only for circulation to persons outside the United Kingdom or to persons within the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**")) or within Article 49(2) of the Order, or to other persons to whom it may lawfully be communicated in accordance with the Order.

Insofar as the communication of this Invitation Memorandum and any other documents or materials relating to the Offer is made to or directed at investment professionals (as defined in Article 19(5) of the Order), it is made to or directed at persons having professional experience in matters relating to investments, and any investment or investment activity to which it relates is available only to such persons or will be engaged in only with such persons, and persons who do not have professional experience in matters relating to investments should not rely upon it.

## **Italy**

None of the Offer, this Invitation Memorandum or any other documents or materials relating to the Offer have been or will be submitted to the clearance procedure of the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**"). The Offer is being carried out in the Republic of Italy ("**Italy**") as an exempted offer pursuant to article 101-bis, paragraph 3-bis of the Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Services Act**") and article 35-bis, paragraph 4, of CONSOB Regulation No. 11971 of 14 May 1999, as amended ("**CONSOB Regulation**").

Holders can offer the Notes through authorised persons (such as investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007, as amended from time to time, and Legislative Decree No. 385 of September 1, 1993, as amended) and in compliance with applicable laws and regulations or with requirements imposed by CONSOB or any other Italian authority.

Each intermediary must comply with the applicable laws and regulations concerning information duties

vis-à-vis its clients in connection with the Existing Notes or this Offer.

### **Belgium**

The Offer is not being made, directly or indirectly, to the public in Belgium. This Invitation Memorandum has not been and will not be notified or approved by the Belgian Financial Services and Markets Authority (*Autorité des services et marchés financiers/Autoriteit voor Financiële Diensten en Markten*) (the "**Belgian FSMA**") and neither this Invitation Memorandum nor any other documents or materials relating to the Offer have been, or will be, approved by the Belgian FSMA and, accordingly, the Offer may not be made in Belgium by way of a public offering, as defined in Article 3 of the Law of 1 April 2007 on public takeover bids or as defined in Article 3 of the Law of 16 June 2006 on the public offer of investment instruments and the admission to trading of investment instruments on regulated markets, each as amended or replaced from time to time. Accordingly, the Offer may not be advertised or made (either directly or indirectly) and neither the Invitation Memorandum nor any such documents or materials may be distributed or made available (either directly or indirectly) to any person in Belgium other than to "qualified investors", as referred to in article 10 of the Law of 16 June 2006 on public offers of investment instruments and the admission to trading of investment instruments on a regulated market (as amended from time to time), acting for their own account. Insofar as Belgium is concerned, this Invitation Memorandum has been issued only for the personal use of the above qualified investors and exclusively for the purpose of the Offer. Accordingly, the information contained in this Invitation Memorandum may not be used for any other purpose or disclosed to any other person in Belgium.

### **France**

The Offer is not being made, directly or indirectly, to the public in the Republic of France ("**France**"). Only qualified investors (*investisseurs qualifiés*), other than individuals, acting for their own account, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code Monétaire et Financier*, are eligible to participate in the Offer. This Invitation Memorandum and all other materials in connection with the Offer have not been and may not be distributed publicly in France. This Invitation Memorandum has not been and will not be submitted to or approved by the Autorité des Marchés Financiers.

### **General**

In addition to the representations referred to above, each Noteholder participating in the Offer will also be deemed to give certain representations in respect of the other jurisdictions referred to above and generally as set out in the Invitation Memorandum ("*Procedures for Participating in the Offer*"). Any tender of Notes for purchase pursuant to the Offer from a Noteholder that is unable to make these representations may be rejected. Each of the Issuer, the Joint Dealer Managers and the Tender Agent reserves the right, in their absolute discretion, to investigate, in relation to any tender of Notes for purchase pursuant to the Offer, whether any such representation given by a Noteholder is correct and, if such investigation is undertaken and as a result the Issuer determines (for any reason) that such representation is not correct, such tender may be rejected.

### **The five biggest listed issues of Österreichische Volksbanken-Aktiengesellschaft in terms of issue volume are:**

ISIN:

XS0451759012

XS0417722393

AT000B053442

XS0275528627

AT000B061437

**The issues of Österreichische Volksbanken-Aktiengesellschaft are admitted on the following stock exchanges:**

Second Regulated market of Wiener Börse AG

Official trading of Wiener Börse AG

Regulated market of Baden-Württembergische Wertpapierbörse

Regulated market of the Prague Stock Exchange

Regulated market of the Luxembourg Stock Exchange

Open Market of Berlin Stock Exchange

Open Market of Stuttgart Stock Exchange

Open Market of Frankfurt Stock Exchange