

AD-HOC ANNOUNCEMENT

Vienna, 14 June 2012

ANNOUNCEMENT BY ÖSTERREICHISCHE VOLKSBANKEN-
AKTIENGESELLSCHAFT AND INVESTKREDIT RELATING TO THE
PRELIMINARY RESULTS OF VOTING REGARDING THE PREFERRED
SECURITIES AND WITHDRAWAL OF THE SCHEME OF ARRANGEMENT WITH
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

14 June 2012

Further to the announcements made on 22 May 2012, Österreichische Volksbanken-
Aktiengesellschaft ("ÖVAG") and Investkredit Funding Ltd ("**Investkredit**"), hereby announce:

(A) Preliminary results of voting in respect of the Proposals put to holders of the Preferred Securities issued by ÖVAG Finance (Jersey) Limited

As at today's date, voting instructions received in favour of the Proposals set out in the invitation memorandum dated 22 May 2012 approximately account for 86.4 per cent. of outstanding liquidation preference of holders of the €250,000,000 Fixed/Floating Rate Non-cumulative Non-voting preferred securities issued by ÖVAG Finance (Jersey) Limited (ISIN: XS0201306288 and Common Code: 020130628) (the "**Preferred Securities**"). The meeting of the holders of the Preferred Securities convened by ÖVAG Finance (Jersey) Limited will be held at Clifford Chance, 4 Place de Paris, B.P. 1147, L-1011 Luxembourg, Grand Duché de Luxembourg on 15 June 2012 at 12:00 noon, Central European Time.

(B) Withdrawal of the scheme of arrangement by Investkredit Funding Ltd and launch of an invitation to offer to sell for cash

(i) Today, Investkredit has withdrawn the scheme of arrangement (the "**Scheme**") previously proposed pursuant to Part 18A of the Companies (Jersey) Law 1991 in relation to the €50,000,000 subordinated non-cumulative Limited Recourse Notes (ISIN: DE0009576108 and WKN: 957 610) issued by Investkredit on 28 November 2002 (the "**Notes**").

Today, ÖVAG and Investkredit have decided not to proceed with the Scheme and will instead invite holders of the Notes to sell their Notes to ÖVAG for cash pursuant to a tender offer announced and further described under paragraph (ii) below. **The meeting of holders of Notes convened to consider the Scheme on 15 June 2012 starting at 12:00 noon Central European Time at the offices of Freshfields Bruckhaus Deringer LLP, Seilergasse 16, 1010 Vienna, Republic of Austria has been cancelled.**

For the avoidance of doubt, the Invitation (as defined below) replaces the previously announced Scheme, any direct participant letters previously submitted by holders of the Notes in respect of the Scheme will be void and no payments will be due to holders of the Notes pursuant to the Scheme.

(ii) Invitation to holders of the €50,000,000 subordinated non-cumulative Limited Recourse Notes (ISIN: DE0009576108 and WKN: 957 610) issued by Investkredit Funding Ltd

ÖVAG is inviting holders of the Notes to offer to sell any and all of their Notes to ÖVAG for cash (the "**Invitation**"). The terms and conditions of the Invitation are set out in the Invitation Memorandum dated 14 June 2012 (the "**Invitation Memorandum**"). The Austrian Financial Market Authority has approved the purchase of the Notes.

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

Notes	Aggregate Outstanding Amount	Clearing Codes	Purchase Price
€50,000,000 subordinated non-cumulative Limited Recourse Notes issued by Investkredit Funding Limited	€50,000,000	ISIN: DE0009576108 German Security Code: 957 610	€400 per €1,000 nominal amount

Rationale for the Invitation

The Invitation for offers to sell Notes to ÖVAG for cash is part of ÖVAG's ongoing capital management and based on an agreement with the Republic of Austria. The aim of the Invitation is to enhance ÖVAG's capital position by increasing common equity. As part of the Invitation ÖVAG is offering Holders an opportunity to exit their investment at a premium to current market prices.

Purchase Price to be Received for the Notes

ÖVAG proposes to accept for purchase any and all of the Notes on the terms and subject to the conditions contained in the Invitation Memorandum.

Holders who have validly submitted an Electronic Order prior to the Expiration Time and whose offers to sell are accepted by ÖVAG will receive €400 per €1,000 nominal amount of the Notes (the "**Purchase Price**") and the Accrued Interest Payment, in immediately available funds in cash on the Settlement Date.

Participating in the Invitation

To offer to sell Notes pursuant to the Invitation, a Holder should deliver, or arrange to have delivered on its behalf, through Clearstream, Frankfurt and in accordance with the requirements of, Clearstream Frankfurt, a valid Electronic Order that is received by the Tender Agent by the Expiration Time.

Holders are advised to check with any bank, securities broker or other intermediary through which they hold Notes whether such intermediary must receive instructions to participate in the Invitation before the deadlines specified in the timeline below.

Expected Transaction Timeline

<u>Date</u>	<u>Event</u>
14 June 2012	Commencement of the Invitation and distribution of the Invitation Memorandum.
5 p.m., CET, 28 June 2012 ("Expiration Time")	<p>The Invitation expires unless ÖVAG extends or terminates it prior to the Expiration Time in its sole discretion: deadline for receipt by the Tender Agent of Electronic Orders.</p> <p>After this time, an Electronic Order may only be withdrawn in the limited circumstances set out in the Invitation Memorandum.</p>
29 June 2012	Announcement by ÖVAG of (i) whether it accepts offers to sell; (ii) the aggregate nominal amount of Notes accepted for purchase (which may be zero); and (iii) the aggregate nominal amount of the Notes remaining outstanding following completion of the Invitation.
4 July 2012 ("Settlement Date")	<p>Expected Settlement Date.</p> <p>If ÖVAG has accepted offers to sell Notes, the Purchase Price and the Accrued Interest Payment will be paid.</p>

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:

DEALER MANAGERS

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Citigroup Global Markets Deutschland AG

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

Neither of the Dealer Managers takes responsibility for the contents of this announcement and none of ÖVAG, ÖVAG Finance Jersey Limited, Investkredit, the Dealer Managers, the Tender Agent or any of their respective directors, employees or affiliates makes any representation or recommendation whatsoever regarding the Invitation, or any recommendation as to whether Holders should tender Notes in the Invitation. 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 Holder 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

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

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

United States

The Invitation 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 (including, without limitation, facsimile transmission, telex, telephone, email and other forms of electronic transmission) of interstate or foreign commerce of, or any facility of a national securities exchange of, the United States, and no offer to sell Notes may be made by any such use, means, instrumentality or facility from or within the United States, or by any U.S. Person (as defined in Regulation S of the United States Securities Act of 1933, as amended (each a "**U.S. Person**")) or by persons located or resident in the United States. Accordingly, copies of the Invitation Memorandum and any other documents or materials relating to the Invitation are not being, and must not be, directly or indirectly,

mailed or otherwise transmitted, distributed or forwarded in or into the United States, or to U.S. Persons or to persons located or resident in the United States. Any purported offer to sell Notes resulting directly or indirectly from a violation of these restrictions will be invalid and offers to sell Notes made by a U.S. Person, by any person acting for the account or benefit of a U.S. Person, or by a person located or resident in the United States or any agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal located or resident in the United States will not be accepted. For the purposes of this 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.

Italy

None of the Invitation, the Invitation Memorandum or any other documents or materials relating to the Invitation have been or will be submitted to the clearance procedure of the *Commissione Nazionale per le Società e la Borsa* (CONSOB). The Invitation 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 3, 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.

United Kingdom

The communication of the Invitation Memorandum and any other documents or materials relating to the Invitation are 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 Article 43 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"), or to other persons to whom it may lawfully be communicated in accordance with the Order.

Belgium

The Invitation Memorandum is not addressed to, and may not be accepted by, any Holder or Registered Holder who is resident in Belgium and is not a qualified investor (*investisseur qualifié/gekwalificeerde belegger*) as defined pursuant to Article 10 of the Belgian law of 16 June 2006 on public offerings of investment instruments and the admission of investment instruments to trading on regulated markets.

France

Neither the Invitation Memorandum, nor any other offering material or information relating to the Invitation, has been submitted for clearance to the *Autorité des Marchés Financiers* and they

may not be released, issued, or distributed or caused to be released, issued, or distributed, directly or indirectly, to the public in the French Republic, except to (i) providers of investment services relating to portfolio management for the account of third parties and/or (ii) qualified investors (*investisseurs qualifiés*), other than individuals, 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*.

General

Neither the Invitation Memorandum nor the electronic transmission thereof constitutes an offer to buy or the solicitation of an offer to sell the Notes (and any offer to sell the Notes pursuant to the Invitation will not be accepted from Holders) in any circumstances in which such offer or solicitation is unlawful. In those jurisdictions where the securities, blue sky or other laws require the Invitation to be made by a licensed broker or dealer and the Dealer Managers or any of its affiliates is such a licensed broker or dealer in any such jurisdiction, such Invitation shall be deemed to be made by the Dealer Managers or such affiliate, as the case may be, on behalf of ÖVAG in such jurisdiction.

In addition to the representations referred to above in respect of the United States, each Holder participating in the Invitation will be deemed to give certain representations in respect of the other jurisdictions referred to above and generally as set out in the Invitation Memorandum. Any offer to sell Notes made by a Holder that is unable to make these representations will not be accepted.

Stock exchange listed issues of participation capital issued by Österreichische Volksbanken-Aktiengesellschaft:

ISIN:

AT0000755665 Österreichische Volksbanken-AG Partizipationsscheine
XS0359924643 EUR 500,000,000 Perpetual Non Cumulative Participation Capital
Certificates

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

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