

**This Notice is important and requires the immediate attention of Certificate Holders (as defined below). If Certificate Holders (as defined below) are in any doubt as to the action they should take, they should contact their own independent financial advisers immediately.**

**This Notice does not constitute an offer to sell or a solicitation of an offer to buy any securities within the United States or to U.S. persons, or in any other jurisdiction in which such offer, solicitation or sale would be unlawful. The Participation Capital Certificates (as defined below) have not and will not be registered under the U.S. Securities Act of 1933 or any securities laws of any political subdivision of the United States. Accordingly, the Participation Capital Certificates (as defined below) may not be offered or sold in the United States or to U.S. persons or U.S. residents.**



#### NOTICE

to the holders of the EUR 500,000,000 Österreichische Volksbanken-Aktiengesellschaft Participation Capital Certificates issued by Banque de Luxembourg, société anonyme, 14, Boulevard Royal, L-2449 Luxembourg, RCS B 5310, in its capacity as issuer of the Participation Capital Certificates (the *Fiduciary*) on 6 May 2008 (ISIN: XS0359924643) and 27 May 2008 (ISIN: XS0364478262), subsequently consolidated into a single series of EUR 500,000,000 Participation Capital Certificates with the ISIN: XS0359924643) and presently outstanding (the *Participation Capital Certificates*)

Terms not defined herein have the meanings given to them in the terms and conditions of the Participation Capital Certificates and the Participation Capital Notes (both as defined herein).

As previously announced through the Luxembourg Stock Exchange, the nominal amount of the EUR 500,000,000 participation capital notes (the *Participation Capital Notes*) issued by Österreichische Volksbanken-Aktiengesellschaft and held by Banque de Luxembourg as Fiduciary of the Participation Capital Certificates has been reduced to EUR 150,000,000 following a reduction (write-down) of the share capital and participation capital of Österreichische Volksbanken-Aktiengesellschaft effective 31 December 2011 (the *Capital Reduction*).

While the Capital Reduction has not affected the nominal amount of the Participation Capital Certificates, it has reduced the nominal amount of the Participation Capital Notes underlying the Participation Capital Certificates by 70%, from EUR 1,000 to EUR 300 per Participation Capital Note, reflecting a commensurate decrease in the Liquidation Entitlement of each Participation Capital Note.

In order to ensure transparency, Clearstream Banking S.A. and Euroclear Bank S.A./N.V. (in their capacities as Clearing Systems) have been instructed to reflect the Capital Reduction by displaying a pool factor (the *Pool Factor*) in their reports on the Participation Capital Certificates and applying such Pool Factor for the purpose of calculating future Remuneration Payments and amounts payable on account of Liquidation Entitlement. For technical reasons, no clearing systems other than Clearstream Banking S.A. and Euroclear Bank S.A./N.V. will use a Pool Factor.

At any time, any Remuneration Payment will equal the product of (i) the denomination (EUR 1,000) of the Participation Capital Certificates, (ii) the then applicable Rate of Remuneration (subject to the conditions for the payment of Remuneration stipulated in the terms and conditions of the Participation Capital Certificates and the Participation Capital Notes) and (iii) the Pool Factor. By result, the Rate of Remuneration (which, currently, is the Fixed Rate, i.e. 10 % p.a.) will, in future (subject to future changes of the Pool Factor), be applied in respect of a Liquidation Entitlement of EUR 300 per Participation Capital Certificate.

Further, at any time, the product of (i) the denomination of the Participation Capital Certificates (i.e. EUR 1,000) and (ii) the Pool Factor, will provide an indication of the Liquidation Entitlement per Participation Capital Certificate as of the date when such Pool Factor was determined.

Use of the Pool Factor occurs due to technical reasons and for convenience only and does not affect the Terms and Conditions of the Participation Capital Certificates.

The amount of the Pool Factor has been set at 0.3 (in words: zero point three), reflecting the extent of the Capital Reduction.

If Österreichische Volksbanken-Aktiengesellschaft has future Distributable Profits that are not used to make Remuneration Payments or payments on Parity Instruments, this may lead to an increase in the Liquidation Entitlement per Participation Capital Certificate, which will be reflected in a commensurate increase in the Pool Factor up to a maximum of 1.0. However there is no certainty that such an increase will occur at any time. Future losses may in turn reduce the Pool Factor to an amount not lower than 0.3, unless a further reduction (write-down) in the capital of Österreichische Volksbanken-Aktiengesellschaft will be effected, in which case the Pool Factor may be reduced below 0.3.

Investors are reminded that all payments of Remuneration are contingent on the availability of Distributable Profits of Österreichische Volksbanken-Aktiengesellschaft and that, despite the availability of Distributable Profits, Österreichische Volksbanken-Aktiengesellschaft has the right to elect not to make payments of Remuneration at its discretion.

Certificates Holders may contact Österreichische Volksbanken-Aktiengesellschaft for further information or instructions in accordance with the terms and conditions of the Participation Capital Certificates at [investorrelations@volksbank.com](mailto:investorrelations@volksbank.com). Certificates Holders should consult their own legal and financial advisers. The Fiduciary has not made any verification and gives no representation or warranty in respect of any information in this Notice which is provided by Österreichische Volksbanken-Aktiengesellschaft.

This notice is given by  
**Banque de Luxembourg**  
**14, Boulevard Royal**  
**L-2449 Luxembourg**  
Dated 29 October 2012

For any question please contact [investorrelations@volksbank.com](mailto:investorrelations@volksbank.com).