



Österreichische Volksbanken-Aktiengesellschaft

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

Prospectus Supplement No. 2 relating to the € 2,000,000,000 Credit Linked Notes Programme

This supplement (the **Supplement**) constitutes a prospectus supplement pursuant to Art 16 (1) of the Directive 2003/71/EC (the **Prospectus Directive**) and sec 6 of the Austrian Capital Markets Act (*Kapitalmarktgesetz*) (the **Act**) and is supplemental to, and should be read in conjunction with, the prospectus dated 03 September 2008 (the **Original Prospectus**) and the first supplement dated 13 November 2008 (the **First Supplement**, and together with the Original Prospectus and this Supplement, the **Prospectus**) relating to the € 2,000,000,000 Credit Linked Notes Programme (the **Programme**) of Österreichische Volksbanken-Aktiengesellschaft (the **Issuer**).

The Original Prospectus was approved on 03 September 2008 by the Austrian Financial Market Authority (Job No: 2008-0425) and published on 03 September 2008 by making it available in printed form, free of charge, to the public at the registered office of the Issuer and the internet homepage of the Issuer. A notice about the way of publication and where the Original Prospectus could be obtained was published on 06 September 2008 in the *Amtsblatt zur Wiener Zeitung*. The First Supplement was approved on 13 November 2008 by the Austrian Financial Market Authority (Job No: 2008-0425) and published on 13 November 2008 by making it available in printed form, free of charge, to the public at the registered office of the Issuer. A notice about the way of publication and where the First Supplement could be obtained was published on 13 November 2008 in the *Amtsblatt zur Wiener Zeitung*.

This Supplement has been filed for approval with the Austrian *Finanzmarktaufsichtsbehörde* (the **FMA**) in its capacity as competent authority under the Act and has been filed with the Filing Office (*Meldestelle*) at Oesterreichische Kontrollbank Aktiengesellschaft in accordance with the Act. This Supplement has also been filed with the Wiener Börse AG (the **Vienna Stock Exchange**) which has admitted the notes under the Prospectus (the **Notes**) to the Official Market (*Amtlicher Handel*) and the Second Regulated Market (*Geregelter Freiverkehr*). This Supplement has been published by making it available in printed form, free of charge, to the public at the registered office of the Issuer, Kolingasse 19, 1090 Vienna, Austria.

Terms defined in the Original Prospectus shall have the same meaning when used in the Supplement.

This Supplement does not constitute an offer of, or an invitation by or on behalf of the Issuer to subscribe for, or purchase, any Notes.

To the extent that there is any inconsistency between a) any statement in this Supplement and b) any other statement in or contemplated by reference in the Original Prospectus, the statements in a) above will prevail.

In accordance with Art 16 of the Prospectus Directive and sec 6 of the Act, investors who have agreed to purchase or subscribe for Notes after the occurrence of the significant new factor to which this Supplement relates to but before the publication of this Supplement have a right to withdraw their acceptances within two banking days after the date of publication of this Supplement. In case investors are consumers in the sense of sec 1 para 1 No 2 of the Austrian Consumer Protection Act (*Konsumentenschutzgesetz*), the period for a withdrawal of their acceptances is one week after the day on which this Supplement has been published.

This Supplement does not constitute an offer to sell, or the solicitation of an offer to buy Notes in any jurisdiction where such offer or solicitation is unlawful. In particular, the Notes have not been and will not be registered under the United States Securities Act of 1933.

The Issuer accepts responsibility for the information contained in this Supplement and confirms that it has taken all reasonable care to ensure that the information contained in the Supplement is, to the best of its knowledge, in accordance with the facts and contains no omissions likely to affect its import.

No person is or has been authorised to give any information or to make any representation other than those contained in this Supplement 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. Neither the delivery of this Supplement 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 Group since the date hereof or the date upon which the Original Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or the Group since the date hereof or the date upon which the Original Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme 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 Supplement and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Supplement comes are required by the Issuer to inform themselves about, and to observe, any such restriction(s). For a description of certain restrictions on offers and sales of Notes and on the distribution of this Supplement, see "Selling Restrictions" of the Original Prospectus.

1. SIGNIFICANT NEW FACTORS

On 22 December 2008 the third supplement to the Issuer's EUR 7,000,000,000 Debt Issuance Programme Prospectus dated 9 June 2008 (the *DIP Prospectus*) has been approved by the FMA, after having been published by the Issuer (the *Third DIP Supplement*).

The Third DIP Supplement contains new factors (as referred to in Art 16 (1) of the Prospectus Directive and sec 6 of the Act) relating to the information included in the Original Prospectus which are capable of affecting the assessment of the Notes. The Original Prospectus is therefore amended and supplemented as follows:

1.1 Disclosure for the Issuer

The Third DIP Supplement changed and supplemented the information contained in chapter "3. Description of the Issuer" of the DIP Prospectus, which was partially incorporated by reference into Part I "Disclosure for the Issuer" of the Original Prospectus.

The following changes/supplements are therefore made to Part I "Disclosure for the Issuer" in the Original Prospectus:

(a) „4.1.5. Recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency" on page 44 of the Original Prospectus:

The reference to pages 1 and 2 of Annex 1 of the Second DIP Supplement after the paragraph beginning "On 3 November 2008..." on page 2 of the Second DIP Supplement is supplemented by the following paragraph:

"The third quarter report 2008 includes the impairment of the goodwill of the Kommunalkredit sub-group in the amount of Euro 125 mn under the item 'other operating results'.

VBAG is considering to issue participation capital according to Sec 23 (4) of the Austrian Banking Act (Bankwesengesetz) in a total amount of up to Euro 1 billion, to be subscribed entirely by the Republic of Austria in accordance with the federal statute on safety measures for the stabilisation of the financial market (Bundesgesetz über Maßnahmen zur Sicherung der Stabilität des Finanzmarktes). The general meeting of the shareholders of the Issuer has resolved on 15 December 2008 to authorise the management board (with the consent of the supervisory board) to issue participation capital within five years after the resolution has been adopted."

(b) „7.1. Trend information - No material adverse change" on page 45 of the Original Prospectus:

The reference to page 11 of Annex 1 of the Second DIP Supplement is replaced by the following paragraph:

"Since the end of the period covered by the last audited financial statements, VBAG has not been immune to the effects of the international financial crisis. The VBAG Group is expecting a negative performance for the business year 2008. For further information please see "3. Description of the Issuer – Business history and business development of VBAG - Recent developments" of the EUR 10 bn Debt Issuance Programme Prospectus of VBAG."

1.2 Summary of the Programme

The following changes/supplements are therefore made to the chapter "Summary of the Programme – 3. Summary regarding the issuer" of the Original Prospectus:

(a) The following paragraph is added at the end of the chapter below the heading "Summary of the Programme - Summary regarding the Issuer – Financial Information" on page 20 of the Original Prospectus:

“The third quarter report 2008 includes the impairment of the goodwill of the Kommunalkredit sub-group in the amount of Euro 125 mn under the item ‘other operating results’.

VBAG is considering to issue participation capital according to Sec 23 (4) of the Austrian Banking Act (Bankwesengesetz) in a total amount of up to Euro 1 billion, to be subscribed entirely by the Republic of Austria in accordance with the federal statute on safety measures for the stabilisation of the financial market (Bundesgesetz über Maßnahmen zur Sicherung der Stabilität des Finanzmarktes). The general meeting of the shareholders of the Issuer has resolved on 15 December 2008 to authorise the management board (with the consent of the supervisory board) to issue participation capital within five years after the resolution has been adopted.”

2. FURTHER INFORMATION

The Third DIP Supplement further contains information which could be useful to investors, but is not significant to the investors under the Original Prospectus in the meaning of the Prospectus Directive (i.e. which is not capable of affecting significantly the assessment of the Notes and therefore does not require a supplement).

The board of directors of the Issuer has resolved to increase the aggregate nominal amount of the Notes outstanding under the EUR 7 bn Debt Issuance Programme of VBAG from currently EUR 7,000,000,000 to EUR 10,000,000,000 (or the respective equivalent in other currencies). All the references to EUR 7 bn Debt Issuance Programme of VBAG in the Original Prospectus are replaced by references to EUR 10 bn Debt Issuance Programme of VBAG accordingly.

3. REVISED TRANSLATIONS OF THE SUMMARY

The following paragraph is added at the end of the chapter below the heading "Zusammenfassung des Programms – Zusammenfassung der Beschreibung des Emittenten – Finanzinformation" in the Translation of the Summary of the Original Prospectus:

“Der Zwischenbericht zum dritten Quartal 2008 enthält die Abwertung des Firmenwertes des Kommunalkredit-Teilkonzerns in Höhe von EUR 125 Mio unter der Position "sonstiges betriebliches Ergebnis".

Die VBAG überlegt die Emission von Partizipationskapital gemäß § 23 Abs 4 Bankwesengesetz im Gesamtbetrag von bis zu EUR 1 Mrd, welches zur Gänze von der Republik Österreich in Übereinstimmung mit dem Bundesgesetz über Maßnahmen zur Sicherung der Stabilität des Finanzmarktes gezeichnet werden soll. Die Hauptversammlung des Emittenten hat am 15.12.2008 beschlossen, den Vorstand (mit Zustimmung des Aufsichtsrates) zu ermächtigen, Partizipationskapital innerhalb von fünf Jahren nach Beschlussfassung auszugeben.”

STATEMENTS PURSUANT TO COMMISSION REGULATION (EC) NO 809/2004

Österreichische Volksbanken-Aktiengesellschaft, with its corporate seat in Vienna, Austria, is responsible for the information in this Supplement and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplement and in the Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Vienna, 05 January 2009

Österreichische Volksbanken-Aktiengesellschaft
as Issuer

Manfred Kunert

Member of the Managing Board

(with collective signing authority)

Gerald Kauschitz

Head of Asset Liability Management

(as a „Prokurist“ with collective signing authority)

HEAD OFFICE

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