

Securities Number: QOXDB9964244

EUR 32,629,000 ÖVAG Fixed/Floating Rate Perpetual Redeemable Supplementary Capital Notes 2004

issued on 22 September 2004

by Österreichische Volksbanken-Aktiengesellschaft

GLOBAL NOTE
(Sammelurkunde)

concerning a total nominal amount of EUR 32,629,000

32,629 Notes with a denomination of EUR 1,000 each

This Global Note and the attached terms and conditions (the *Terms and Conditions*) which form an integral part of this global note represent pursuant to § 24 lit b of the Austrian Depository Act (*Depotgesetz*) the notes that form the EUR 32,629,000 ÖVAG Fixed/Floating Rate Perpetual Redeemable Supplementary Capital Notes 2004 (the *Notes*) issued by Österreichische Volksbanken-Aktiengesellschaft, Kolingasse 14-16, A-1090 Vienna, Austria. The holders of participations in the Global Note have the rights and obligations contained in the attached Terms and Conditions.

Interest is paid in arrears initially on 22 September 2005, and thereafter semi-annually on 22 March and 22 September. The Notes are perpetual and may only be redeemed in accordance with the Terms and Conditions, but not earlier than 22 September 2011. All interest payments are made against notice on this Global Note.

The Notes constitute supplementary capital (*Ergänzungskapital*) pursuant to § 23 sec 7 of the Austrian Banking Act (*Bankwesengesetz*), as amended, are **subordinated (*nachrangig*)** and constitute direct, unconditional and unsecured obligations of the Issuer. They rank *pari passu* and rateably without any preference among themselves together with all other subordinated obligations of the Issuer other than subordinated obligations which are expressed to rank junior to the Notes.

In the event of the liquidation or bankruptcy of the Issuer, the payment obligations of the Issuer under the Notes will rank in right of payment after unsubordinated creditors of the Issuer but at least *pari passu* with all other subordinated obligations of the Issuer which are not expressed by their terms to rank junior to the Notes and in priority to the claims of shareholders of the Issuer.

Signed:

Österreichische Volksbanken-Aktiengesellschaft



Manfred Wiebogen



Heimo Rottensteiner

Terms and Conditions
of the
**EUR 32,629,000 ÖVAG Fixed/Floating Rate Perpetual Redeemable Supplemen-
tary Capital Notes 2004**

§ 1 Form; Nominal Amount; Title

(1) These notes (the *Notes*) are issued by Österreichische Volksbanken-Aktiengesellschaft, Kolingasse 14-16, 1090 Vienna, Austria (the *Issuer*) by way of a private placement on 22 September 2004 (the *Issue Date*).

(2) The Notes are issued for an issue price of 99.99 per cent of the nominal amount.

(3) The total nominal amount of the Notes is EUR 32,629,000. Each Note has a nominal amount of EUR 1,000.

(4) The Notes are in bearer form (*Inhaberpapiere*).

§ 2 Global Note

(1) The Notes are represented by a global note (*Sammelurkunde*) (the *Global Note*) pursuant to § 24 No b of the Austrian Depository Act (*Depotgesetz*), Federal Law Gazette Nr. 424/1969, as amended, which bears the signature of the Issuer.

(2) The Global Note shall be held in safe custody by, or on behalf of, the noteholder.

(3) The noteholders have no right to demand the delivery of definitive notes (*effektive Stücke*).

§ 3 Status of the Notes

(1) The Notes are subordinated (*nachrangig*) pursuant to § 45 sec 4 of the Austrian Banking Act (*Bankwesengesetz*), as amended, and constitute supplementary capital (*Ergänzungskapital*) in accordance with § 23 sec 7 of the Austrian Banking Act.

(2) Pursuant to § 3 sec 1 No 9 of the Austrian Capital Markets Act (*Kapitalmarktgesetz*), as amended, the issue of the Notes in Austria is exempt from the prospectus requirement. No public offer of the Note is made in any jurisdiction and no audited prospectus or offer document has been drawn up and/or published in connection with the Notes.

(3) Supplementary capital are paid in own funds,

- a. which have a maturity of at least 8 years and which may not be terminated by the noteholder prior to the expiry of such term; the Issuer may terminate the Notes prior to such maturity date only under the conditions set forth in § 3 sec 3 (e);

- b. for which interest may only be paid out to the extent they are covered by distributable funds, which shall be the balance sheet profit (*Bilanzgewinn*) as of the end of such fiscal year, as shown in the audited unconsolidated balance sheet of the Issuer as of the end of such fiscal year; such balance sheet profit includes the annual surplus or loss (*Jahresüberschuss/Jahresfehlbetrag*), plus any profit carried forward from previous years, minus any loss carried forward from previous years, plus transfers from capital reserves and earnings reserves, minus allocations to earnings reserves, all as determined in accordance with the accounting principles generally accepted in Austria as set forth in the Austrian Commercial Code (*Handelsgesetzbuch*), the provisions of the Austrian Banking Act (*Bankwesengesetz*) and other applicable law then in effect;
- c. which, prior to the liquidation of the Issuer, may only be redeemed subject to a pro rata deduction from the principal outstanding on the Notes of the net losses of the Issuer which have accrued since the Issue Date;
- d. which are subordinated pursuant to § 45 sec 4 of the Austrian Banking Act; and
- e. which may be redeemed by the Issuer prior to the expiry of a remaining maturity time of three years, provided that this was contractually agreed upon and the Issuer has, prior to giving notice, available to it a corresponding amount of capital of at least equal own funds quality and the auditor (as referred to in § 23 sec 7 No 5 of the Austrian Banking Act) certifies that this is the case.

(4) The Notes constitute direct, unconditional and unsecured obligations of the Issuer and rank *pari passu* and rateably without any preference among themselves together with all other subordinated obligations of the Issuer other than subordinated obligations which are expressed to rank junior to the Notes.

(5) In the event of the liquidation or bankruptcy of the Issuer, the payment obligations of the Issuer under the Notes will rank in right of payment after unsubordinated creditors of the Issuer but at least *pari passu* with all other subordinated obligations of the Issuer which are not expressed by their terms to rank junior to the Notes and in priority to the claims of shareholders of the Issuer.

§ 4 Interest

(1) Each Note bears interest (the *Interest*) at the Interest Rate on its outstanding nominal amount from (and including) the Issue Date for each Interest Period and such interest will be payable in arrear on the Interest Payment Dates.

Interest Rate shall mean (i) 6.01 per cent per annum for the first Interest Period commencing on 22 September 2004, and (ii) shall, for the Interest Periods commencing on 22 March 2006, be the aggregate of the relevant Reference Rate on the Interest Determination Date plus 0.22 per cent (22 basis points) and provided that if the Interest Rate would otherwise be greater than 9.01 per cent per annum it will be deemed to be 9.01 per cent per annum.

Reference Rate means the 10-year mid swap rate in EUR (annual, 30/360) versus 6 month EURIBOR (semiannual, ACT/360) which appears on Reuters Page "ISDAFIX2" under the heading "EURIBOR BASIS" and above the caption "11:00 AM CET" (as such headings and captions may

appear from time to time) as of 11:00 am Central European time, on the second Business Day prior to the first day of such Interest Period.

In the event that the Reference Rate does not appear on the above mentioned screen page, the reference rate will be determined by the Issuer with reference to a reference rate appearing at another place or in other form or by applying another comparable reference rate, as determined in the sole discretion of the Issuer.

Interest Determination Date means, with respect to any Interest Period, the second Business Day prior to the first day of such Interest Period.

Interest Period shall mean the period from (and including) an Interest Payment Date (or the Issue Date) to (but excluding) the next (or first) Interest Payment Date.

Interest Payment Date shall mean 22 September 2005 and thereafter, 22 March and 22 September in each year, and shall remain unadjusted if any such Interest Payment Date falls on a date which is not a Business Day, as long as the Notes are outstanding.

Business Day means a day on which TARGET is operating.

(2) Interest accrued on the Notes is non-cumulative.

(3) The amount of the Interest payable for any Interest Period or any period less than an Interest Period will be calculated on the basis of the number of days elapsed in the period using a calendar year of 360 days consisting of 12 months of 30 days each divided by 360.

§ 5 Maturity

The maturity of the Notes is perpetual.

§ 6 Redemption and Purchase

(1) The Issuer is entitled to redeem the Notes as a whole, but not in part, by written notice (the *Redemption Notice*) on the Optional Redemption Date at a price of 100 % of the nominal amount, plus accrued and unpaid Interest for the then current Interest Period to the Optional Redemption Date provided that the conditions mentioned in § 3 sec 3 (c) and (e) are met.

Optional Redemption Date shall mean 22 September 2011 and thereafter, each Interest Payment Date.

(2) The Redemption Notice shall be given by the Issuer to the noteholders at least 10 Business Days prior to the Optional Redemption Date.

(3) The noteholders have no right to redeem the Notes.

(4) The Issuer may at any time purchase Notes at any price in the open market or otherwise at any price. All Notes so purchased may be held, resold or, at the option of the Issuer, cancelled.

§ 7 Prescription

Interest payments shall be prescribed (*verjähren*) after a period of 3 years and the principal under the Notes shall be prescribed after 30 years after the due date.

§ 8 Place of Performance; Paying Agent

(1) The place of performance for any and all obligations under the Notes, including set-off, shall be Malta.

(2) All payments under the Notes shall be made in euro. Volksbank Malta Ltd., Malta, or such other bank determined by the Issuer from time to time, shall be the paying agent (the *Paying Agent*). Payments in respect of the Notes shall be made upon presentation of the Global Note to the Paying Agent or to its order for credit to the account of the noteholder and in case of payments of principal upon surrender of the Global Note to the Paying Agent.

(3) Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment.

§ 9 Stock Exchange Listing

The Issuer may, but is not under an obligation to, apply for a listing of the Notes at the third market (*Dritter Markt*) of the Vienna Stock Exchange (*Wiener Börse*).

§ 10 Securities Number

The securities number (*Wertpapierkennnummer*) of the Notes shall be: QOXDB9964244.

§ 11 Partial Invalidity

Each of the provisions contained in the Notes shall be severable and distinct from one another and if at any time one or more of such provisions is or becomes invalid, illegal or unenforceable, this shall not affect, prejudice or impair the validity, legality and enforceability of the remaining provisions hereof. The invalid, illegal or unenforceable provision shall be replaced by a provision which best meets the intent of the replaced provision.

§ 12 Governing Law; Jurisdiction

(1) The Notes are governed by, and shall be construed in accordance with, Austrian law, excluding its conflict of law rules.

(2) The courts of Austria are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes.