

Information Memorandum



HYPO ALPE-ADRIA-BANK INTERNATIONAL AG

(Incorporated as a stock corporation in the Republic of Austria under registered number FN 108415 i)

€ 1,350,000,000

Debt Issuance Programme

in respect of issues guaranteed by the Republic of Austria

Under the Debt Issuance Programme described in this Information Memorandum (the "Programme"), HYPO ALPE-ADRIA-BANK INTERNATIONAL AG (the "Issuer"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue guaranteed debt securities under Austrian law (the "Notes"). Subject to compliance with all relevant laws, regulations and directives, the Notes will have a minimum maturity of one year and a maximum maturity of five years. The aggregate principal amount of Notes outstanding (i.e. Notes not redeemed) under this Programme will not at any time exceed € 1,350,000,000 (or the equivalent in other currencies).

The Notes issued under the Programme have the benefit of an irrevocable and unconditional guarantee issued by the Republic of Austria in favour of the Noteholders.

This Information Memorandum comprises neither a prospectus for the purposes of the Austrian Capital Markets Act (*Kapitalmarktgesetz*) (as amended) (the "Act") nor a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the "Prospectus Directive").

Application has been made for the Programme to be admitted to the "*Geregelter Freiverkehr*" (Second Regulated Market) (the "Market") of the Wiener Börse AG (the "Vienna Stock Exchange"). References in this Information Memorandum to Notes being listed (and all related references) shall mean that such Notes have been admitted to trading on the Market, which is a regulated market for the purposes of the Directive 2004/39/EC on markets in financial instruments ("MiFID"). Unlisted Notes may be issued pursuant to this Programme. The relevant Final Terms in respect of the issue of any Notes will specify whether or not such Notes will be admitted to trading on the Market (or any other market and/or stock exchange).

Each Series (as defined herein) of Notes will be represented on issue by a temporary global note in bearer form (a "temporary Global Note") or a permanent global note in bearer form (a "permanent Global Note" and each of the temporary Global Note and permanent Global Note, a "Global Note"). If the Global Notes are stated in the applicable Final Terms to be issued in new global note ("New Global Note" or "NGN") form they may be intended to be eligible collateral for Eurosystem monetary policy and will be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the "Common Safekeeper") for Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream, Luxembourg").

Global Notes which are not issued in NGN form ("Classic Global Notes" or "CGNs") and Global Certificates will be deposited on the issue date with a common depository on behalf of Euroclear and Clearstream, Luxembourg (the "Common Depository"). Global Notes and Global Certificates may also be deposited on the issue date with Oesterreichische Kontrollbank Aktiengesellschaft ("OeKB") or with a depository on behalf of OeKB or with or on behalf of the Issuer, and Global Certificates may be registered in the name of a nominee for Euroclear, Clearstream, Luxembourg and/or any other clearing system.

Tranches of Notes (as defined in "Overview of the Programme") may be rated or unrated. Where a Tranche of Notes is rated, such rating will be specified in the relevant Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The Programme is expected to be rated "AAA" by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies Inc. ("Standard & Poor's") and "Aaa" and "AAA" by Moody's Investor Services, Inc. ("Moody's") and Fitch Ratings Ltd. (*Fitch*) respectively. Notes issued under the Programme may be rated or unrated. As defined by Standard & Poor's a "AAA" rating means that the Issuer and the Guarantor's capacity to meet their financial commitment under their obligations is extremely strong. Moody's a "Aaa" rating means that instruments are judged to be of the best quality, interest payments are protected by a large or by an exceptionally stable margin and principal is secure.

Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Information Memorandum. This Information Memorandum does not describe all of the risks of an investment in the Notes, but the Issuer believes that all material risks relating to an investment in the Notes have been described.

11 February 2009

Arranger

HYPO ALPE-ADRIA-BANK INTERNATIONAL AG

Dealers

HYPO ALPE-ADRIA-BANK INTERNATIONAL AG

HYPO ALPE-ADRIA-BANK AG

The Issuer accepts responsibility for the information contained in this Information Memorandum. Having taken all reasonable care to ensure that such is the case, the information contained in this Information Memorandum is, to the best of the knowledge of the Issuer, in accordance with the facts and contains no omission likely to affect its import.

This Information Memorandum is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "Documents Incorporated by Reference" below). Such documents shall be deemed to be incorporated in, and form part of this Information Memorandum, save that any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

The Republic of Austria (the "Guarantor") has neither reviewed this Information Memorandum nor verified the Information contained in it, and the Guarantor makes no representation with respect to, and does not accept any responsibility for, the contents of this Information Memorandum or any other statement made or purported to be made on its behalf in connection with the Issuer or the issue and offering of the Notes. The Guarantor accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Information Memorandum or any such statement.

No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum 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, the Guarantor or any of the Dealers (as defined in "Subscription and Sale"). Neither the delivery of this Information Memorandum 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 entities consolidated with the Issuer (the "HAA Group") or the Guarantor since the date hereof or the date upon which this Information Memorandum has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer, the Guarantor or the HAA Group since the date hereof or the date upon which this Information Memorandum 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 Information Memorandum and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum comes are required by the Issuer, the Guarantor and the Dealers to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and may include Notes in bearer form that are subject to US tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to US persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Information Memorandum, see "Subscription and Sale".

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

The Dealers have not separately verified the information contained in this Information Memorandum. None of the Dealers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Information Memorandum. Neither this Information Memorandum nor any financial statements supplied in connection with the Programme or any Notes are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Guarantor, the Dealers or the Arrangers that any recipient of this Information Memorandum or any financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Information Memorandum or any financial statements and its purchase of Notes should be based upon any such investigation as it deems necessary. None of the Dealers undertakes to review the financial condition or affairs of the Issuer or the HAA Group during the life of the arrangements contemplated by this Information Memorandum nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers.

This Information Memorandum has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Information Memorandum as completed by final terms in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for the Issuer, the Guarantor or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither the Issuer nor the Guarantor nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer, the Guarantor or any Dealer to publish or supplement a prospectus for such offer.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment shall be conducted in accordance with all applicable laws and rules.

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed € 1,350,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into Euro at the date of the signing of the Guarantee).

In this Information Memorandum, unless otherwise specified or the context otherwise requires, references to €, euro or EUR are to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community (as amended from time to time), references to "US dollars" and USD are to the currency of the United States of America, references to GBP are to the currency of the United Kingdom, and references to CHF are to the currency of Switzerland.

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DOCUMENTS INCORPORATED BY REFERENCE

This Information Memorandum should be read and construed in conjunction with (i) the audited consolidated financial statements of the Issuer for the financial years ended 31 December 2006 and 2007 together in each case with the audit report thereon, and (ii) the reviewed condensed consolidated interim financial statements for the six months ended 30 June 2008. Such documents shall be deemed to be incorporated in, and form part of this Information Memorandum, save that any statement contained in such a document shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

Copies of documents incorporated by reference in this Information Memorandum may be obtained (without charge) from the registered office of the Issuer and its Website at www.hypo-alpe-adria.com.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum (including any documents deemed to be incorporated by reference herein) and reach their own views prior to making any investment decision.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme:

Due to future money depreciation (inflation), the real yield of an investment may be reduced

Inflation risk describes the possibility that the value of assets such as the Notes or income therefrom will decrease as inflation shrinks the purchasing power of a currency. Inflation causes the rate of return to decrease in value. If the inflation rate exceeds the interest paid on any Notes the yield on such Notes will become negative.

There can be no assurance that a liquid secondary market for the Notes will develop or, if it does develop, that it will continue. In an illiquid market, an investor may not be able to sell his Notes at fair market prices (Liquidity Risk)

Application has been made to admit the Programme to the Market, which appears on the list of regulated markets issued by the European Commission. In addition, the Programme provides that Notes may be listed on an alternative market or stock exchange or may not be listed at all.

Regardless of whether the Notes are listed or not, there can be no assurance that a liquid secondary market for the Notes will develop or, if it does develop, that it will continue. The fact that the Notes may be listed does not necessarily lead to greater liquidity as compared to unlisted Notes. If the Notes are not listed on any stock exchange, pricing information for such Notes may, however, be more difficult to obtain, which may adversely affect the liquidity of the Notes. In an illiquid market, an investor might not be able to sell its Notes at any time at fair market prices or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific

investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes. The possibility to sell the Notes might additionally be restricted by country-specific reasons.

There is a risk that trading in the Notes will be suspended, interrupted or terminated

If the Notes are listed on one (or more) markets (which may be regulated or unregulated), the listing of such Notes may – depending on the rules applicable to such stock exchange - be suspended or interrupted by the respective stock exchange or a competent regulatory authority upon the occurrence of a number of reasons, including violation of price limits, breach of statutory provisions, occurrence of operational problems of the stock exchange or generally if deemed required in order to secure a functioning market or to safeguard the interests of investors. Furthermore, trading in the Notes may be terminated, either upon decision of the stock exchange, a regulatory authority or upon application by the Issuer. Where trading in the Notes is suspended, interrupted or terminated, trading in the respective Notes will usually also be suspended, interrupted or terminated and existing orders for the sale or purchase of such Notes will usually be cancelled. Investors should note that the Issuer has no influence on trading suspension or interruptions (other than where trading in the Notes is terminated upon the Issuer's decision) and that investors in any event must bear the risks connected therewith. In particular, investors may not be able to sell their Notes where trading is suspended, interrupted or terminated, and the stock exchange quotations of such Notes may not adequately reflect the price of such Notes. Finally, even if trading in Notes is suspended, interrupted or terminated, investors should note that such measures may neither be sufficient nor adequate nor in time to prevent price disruptions or to safeguard the investors' interests; for example, where trading in Notes is suspended after price-sensitive information relating to such Notes has been published, the price of such Notes may already have been adversely affected. All these risks would, if they materialise, have a material adverse effect on the investors.

Noteholders may be exposed to market price risk in any sale of Notes (Market Price Risk)

The development of market prices of the Notes depends on various factors, such as changes of market interest rate levels, the policies of central banks, overall economic developments, inflation rates or the lack of or excess demand for the relevant type of Note. The holder of Notes is therefore exposed to the risk of an unfavourable development of market prices of its Notes which materialises if the holder sells the Notes prior to the final maturity of such Notes. If the holder decides to hold the Notes until final maturity the Notes will be redeemed at the amount set out in the relevant Final Terms.

A holder of Notes denominated in a foreign currency may be exposed to adverse changes in currency exchange rates which may affect the yield of such Notes (Currency Risk)

A holder of Notes denominated in a foreign currency is exposed to the risk of changes in currency exchange rates which may affect the yield of such Notes. Changes in currency exchange rates result from various factors such as macro-economic factors, speculative

transactions and interventions by central banks and governments. A change in the value of any foreign currency against the euro, for example, will result in a corresponding change in the euro value of Notes denominated in a currency other than euro and a corresponding change in the euro value of interest and principal payments made in a currency other than in euro in accordance with the terms of such Notes. If the underlying exchange rate falls and the value of the euro correspondingly rise, the price of the Notes and the value of interest and principal payments made thereunder expressed in euro falls.

Furthermore, there is a risk that authorities with jurisdiction over the currency in which an investor's financial activities are denominated principally, may impose or modify exchange controls. Such exchange controls could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Holders of Fixed Rate Notes are exposed to the risk that the price of such Notes falls as a result of changes in the market interest rate

A holder of Fixed Rate Notes is exposed to the risk that the price of such Notes falls as a result of changes in the market interest rate. While the nominal interest rate of Fixed Rate Notes as specified in the applicable Final Terms is fixed during the life of such Notes, the current interest rate on the capital market for issues of the same maturity (the "market interest rate") typically changes on a daily basis. As the market interest rate changes, the price of Fixed Rate Notes also changes, but in the opposite direction. If the market interest rate increases, the price of Fixed Rate Notes typically falls, until the yield of such Notes is approximately equal to the market interest rate. If the market interest rate falls, the price of Fixed Rate Notes typically increases, until the yield of such Notes is approximately equal to the market interest rate. If the holder of Fixed Rate Notes holds such Notes until maturity, changes in the market interest rate are without relevance to such holder as the Notes will be redeemed at a specified redemption amount, usually the principal amount of such Notes. The same risk applies to Step-Up Notes and Step-Down Notes if the market interest rates in respect of comparable Notes are higher than the rates applicable to such Notes.

Holders of Floating Rate Notes may be exposed to the risk of fluctuating interest rate levels and uncertain interest income

Floating Rate Notes tend to be volatile investments. A holder of Floating Rate Notes is exposed to the risk of fluctuating interest rate levels and uncertain interest income. Fluctuating interest rate levels make it impossible to determine the profitability of Floating Rate Notes in advance. If Floating Rate Notes are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, the market value may be more volatile than those for Floating Rate Notes that do not include these features. If the amount of interest payable is determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the interest rates on interest payable will be increased. The effect of a cap is that the amount of interest will never rise above and beyond the predetermined cap, so that the holder will not be able to benefit from any actual favourable development beyond the cap. The yield could therefore be considerably lower than that of similar Floating Rate Notes without a cap.

The market value of Inverse/Reverse Floating Rate Notes is more volatile than the market value of other more conventional floating rate notes based on the same reference rate

Inverse Floating Rate Notes (also called Reverse Floating Rate Notes) have an interest rate which is determined as the difference between a fixed interest rate and a floating rate reference rate such as the Euro Inter-bank Offered Rate ("EURIBOR") or the London Inter-bank Offered Rate ("LIBOR") which means that interest income on such Notes falls if the reference interest rate increases. Typically, the market value of Inverse Floating Rate Notes is more volatile than the market value of other more conventional floating rate notes based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest payable on the Notes, but may also reflect an increase in prevailing interest rates, which may further adversely affect the market value of such Notes.

Fixed to Floating Rate Notes bear specific risks

Fixed to Floating Rate Notes bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed to Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes relating to the same reference rate. In addition, the new floating rate at any time may be lower than the interest rates payable on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than the then prevailing interest rates payable on its Notes.

Changes in market interest rates have a substantially stronger impact on the prices of Zero Coupon Notes than on the prices of ordinary notes

Zero Coupon Notes do not pay current interest but are issued at a discount from their nominal value. Instead of periodical interest payments, the difference between the redemption price and the issue price constitutes interest income until maturity and reflects the market interest rate. A holder of Zero Coupon Notes is exposed to the risk that the price of such Notes falls as a result of changes in the market interest rate. Prices of Zero Coupon Notes are more volatile than prices of Fixed Rate Notes and are likely to respond to a greater degree to market interest rate changes than interest bearing notes with a similar maturity.

In case of a cap, a Noteholder will not be able to benefit from any actual favourable development beyond the cap

If the interest rate and/or redemption amount of an issue of Notes are not fixed but will be determined according to the structure of Notes as set out in the relevant Final Terms of the Notes, such an issue may also incorporate a cap. The effect of a cap is that the amount of interest and/or the redemption amount will never rise above the predetermined cap, so that the holder will not be able to benefit from any actual favourable development beyond the cap. The yield could therefore be considerably lower than that of similarly structured Notes without a cap.

Notes may not be a suitable investment for all investors

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Credit ratings of Notes may not adequately reflect all risks of the investment in such Notes and may be suspended, downgraded or withdrawn

A rating of Notes may not adequately reflect all risks of the investment in such Notes. Equally, ratings may be suspended, downgraded or withdrawn. Such suspension, downgrading or withdrawal may have an adverse effect on the market value and trading price of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

If a loan or credit is used to finance the acquisition of the Notes, the loan may significantly increase the risk of a loss

If a loan is used to finance the acquisition of the Notes by an investor and the Notes subsequently go into default, or if the trading price diminishes significantly, the investor may not only have to face a potential loss on its investment, but it will also have to repay the loan and pay interest thereon. A loan may significantly increase the risk of a loss. Investors should not assume that they will be able to repay the loan or pay interest thereon from the profits of a transaction. Instead, investors should assess their financial situation prior to an investment, as to whether they are able to pay interest on the loan, repay the loan on demand, and that they may suffer losses instead of realising gains.

Incidental costs related in particular to the purchase and sale of the Notes may have a significant impact on the profit potential of the Notes

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) may be incurred in addition to the purchase or sale price of the Notes. These incidental costs may significantly reduce or eliminate any profit from holding the Notes. Credit institutions as a rule charge commissions which are either fixed minimum commissions or pro-rata commissions, depending on the order value. To the extent that additional - domestic or foreign - parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, investors may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of Notes (direct costs), investors must also take into account any follow-up costs (such as custody fees). Investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

Investors have to rely on the functionality of the relevant clearing system

The Notes are purchased and sold through different clearing systems, such as Clearstream Banking S.A., Euroclear Bank S.A./N.V. or Oesterreichische Kontrollbank Aktiengesellschaft. The Issuer does not assume any responsibility as to whether the Notes are actually transferred to the securities portfolio of the relevant investor. Investors have to rely on the functionality of the relevant clearing system.

The tax impact of an investment in the Notes should be carefully considered

Interest payments on Notes, or profits realised by an investor upon the sale or repayment of Notes, may be subject to taxation in its home jurisdiction or in other jurisdictions in which it is required to pay taxes. The tax impact on investors generally is described under "Taxation"; however, the tax impact on an individual investor may differ from the situation described for investors generally. Prospective investors, therefore, should contact their own tax advisors for advice on the tax impact of an investment in the Notes. Furthermore, the applicable tax regime may change to the disadvantage of the investors in the future.

The Notes are governed by Austrian law, and changes in applicable laws, regulations or regulatory policies may have an adverse effect on the Issuer, the Notes and the investors

The terms and conditions of the Notes will be governed by Austrian law in effect as at the date of this Information Memorandum. Investors should thus note that the governing law may not be the law of their own home jurisdiction and that the law applicable to the Notes may not provide them with similar protection as their own law. Furthermore, no assurance can be given as to the impact of any possible judicial decision or change to Austrian law (or law applicable in Austria), or administrative practice after the date of this Information Memorandum.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Furthermore, the terms and conditions of the Notes may contain certain exclusions or restrictions of the Issuer's or other parties' (e.g. the Paying Agent's) liability for negligent acts or omissions in connection with the Notes, which could result in the investors not being able to claim (or only to claim partial) indemnification for damage that has been caused to them. Investors should therefore inform themselves about such exclusions or restrictions of liability and consider whether these are acceptable for them.

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Information Memorandum and, in relation to the Terms and Conditions of any particular Tranche of Notes, the applicable Final Terms. Words and expressions defined or used in "Terms and Conditions of the Notes" below shall have the same meanings in this overview. The Issuer may agree with any Dealer that Notes may be issued in a form other than that contemplated in "Terms and Conditions of the Notes" herein, in which event (in the case of listed or publicly offered Notes only) a supplement to the Information Memorandum, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Summary regarding the Notes

Issuer	HYPO-ALPE-ADRIA-BANK INTERNATIONAL AG
Guarantor	The Republic of Austria (Federation, <i>Bund</i>)
Guarantee	<p>The Guarantor unconditionally and irrevocably guarantees the due and punctual payment of all sums due and payable by the Issuer under the Notes under a guarantee (the "Guarantee") dated on or about 13 February 2009 issued pursuant to the Interbank Market Support Act (<i>Interbankmarktstärkungsgesetz</i>). The Guarantee is described in section "The Guarantee".</p> <p>The Holders of Notes are the beneficiaries of the Guarantee. The original of the Guarantee will be held in custody by the Issuer.</p>
Size	<p>Up to €1,350,000,000 (or the equivalent in other currencies at the date of the signing of the Guarantee) aggregate nominal amount of Notes outstanding at any one time.</p> <p>No single Series of Notes will have an aggregate nominal amount of more than €1,000,000,000 (or the equivalent in other currencies at the date of the signing of the Guarantee) or less than € 50,000,000 (or the equivalent in other currencies at the date of the signing of the Guarantee).</p>
Arranger	HYPO-ALPE-ADRIA-BANK INTERNATIONAL AG
Dealers	HYPO ALPE-ADRIA-BANK INTERNATIONAL AG and HYPO ALPE-ADRIA-BANK AG
Fiscal Agent	Deutsche Bank Aktiengesellschaft
Paying Agent	<p>Deutsche Bank Aktiengesellschaft</p> <p>The Issuer may, subject to the terms of the Agency Agreement from time to time, remove the Fiscal Agent and/or the Paying Agent, and/or may appoint other or additional agents, as set out in the Final Terms. Such</p>

other agents will be appointed in accordance with applicable statutory requirements and/or the rules of the stock exchanges where Notes of the respective Series are listed.

Maturities	Such maturities as may be agreed between the Issuer and the relevant Dealer(s) and as indicated in the Final Terms, subject to a minimum maturity of one year and a maximum maturity of five years.
Form of Notes	Notes may be issued in bearer form.
Currencies	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in EUR, USD, GBP and CHF if the Issuer and the relevant Dealers so agree.
Denomination	Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) and as indicated in the Final Terms, save that the minimum denomination of the Notes will be, if in euro, EUR 50,000, if in any currency other than euro, an amount in such other currency nearly equivalent to EUR 50,000 at the time of the issue of the Notes.
Description of Notes	Notes may be either interest bearing at fixed or variable rates or non-interest bearing, with principal repayable at a fixed amount or by reference to a formula as may be agreed between the Issuer and the relevant Dealer(s) as specified in the Final Terms.
Fixed Rate Notes	Fixed Rate Notes bear a fixed interest income throughout the entire term of the Notes. Fixed interest will be payable on such basis as may be agreed between the Issuer and the relevant Dealer(s) (as specified in the Final Terms).
Floating Rate Notes	<p>Floating Rate Notes will bear interest at a rate determined (and as adjusted for any applicable margin):</p> <ul style="list-style-type: none">– on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service,– on the same basis as the floating rate under a notional interest rate swap transaction in the relevant specified currency governed by an agreement incorporating either the 2000 ISDA Definitions or the 2006 ISDA Definitions (each as published by the International Swaps and Derivatives Association, Inc., and each as amended and updated as at the date on which the first Tranche of the Notes of the relevant Series is issued), or– on such other basis as indicated in the Final Terms. <p>The margin (if any) relating to such floating rate will be indicated in the Final Terms for each Series of Floating Rate Notes. Interest periods for Floating Rate Notes will be one, two, three, six or twelve months or such other period(s) as may be agreed between the Issuer and the relevant Dealer (as specified in the Final Terms).</p>
Other provisions in relation to	Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Floating Rate Notes	Interest on Floating Rate Notes in respect of each Interest Period, as selected prior to issue by the Issuer and the relevant Dealer(s), will be payable on such Interest Payment Dates specified in, or determined pursuant to, the Final Terms and will be calculated as specified in the Final Terms.
Zero Coupon Notes	Zero Coupon Notes will be offered and sold at a discount to their principal amount and will not bear interest other than in the case of late payment.
Redemption	The Final Terms will indicate either that the Notes cannot be redeemed prior to their stated maturity (except for taxation reasons, or, only upon the occurrence of an Event of Default) or that such Notes will be redeemable at the option of the Issuer upon giving notice within the notice period (if any) indicated in the Final Terms to the Holders on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as indicated in the Final Terms.
Taxation	Payments of principal and interest in respect of the Notes will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction at source by or on behalf of the Republic of Austria, or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law. In such event, the Issuer in respect of Notes will pay such additional amounts as shall be necessary in order that the net amounts received by the Holders of the Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes in the absence of such withholding or deduction, subject to the exceptions set out in § 7 of the Terms and Conditions of the Notes.
Early Redemption for Taxation Reasons	Early redemption for taxation reasons will be permitted in the case of Notes if as a result of any change in, or amendment to, the laws or regulations of the Republic of Austria or any political subdivision or taxing authority thereof or therein affecting taxation or the obligation to pay duties of any kind, or any change in, or amendment to, an official interpretation or application of such laws or regulations, which amendment or change is effective on or after the date on which the last tranche of this series of Notes was issued, the Issuer is required to pay additional amounts on the Notes, all as more fully set out in the Terms and Conditions.
Status of the Notes	The Notes will constitute unsecured and unsubordinated obligations of the Issuer, with the benefit of the Guarantee of the Guarantor, ranking <i>pari passu</i> among themselves and at least <i>pari passu</i> with all other unsecured and unsubordinated obligations of the Issuer subject to obligations which are preferred by mandatory law.
Negative Pledge	The Notes are not subject to a negative pledge obligation.
Cross Default	The Terms and Conditions of the Notes do not contain a cross-default

provision.

Governing Law

The Notes and the Guarantee will be subject to Austrian law.

**Jurisdiction and
Process Agent**

Non-exclusive place of jurisdiction for any legal proceedings arising under the Notes is Klagenfurt am Wörthersee, Austria. Non-exclusive place of jurisdiction for all legal proceedings arising out of or in connection with the Guarantee shall be the courts competent for commercial matters for the first district of Vienna.

TERMS AND CONDITIONS OF THE NOTES

The Terms and Conditions of the Notes ("Terms and Conditions") are set forth below:

* * *

This Series of Notes is issued pursuant to a Fiscal Agency Agreement dated as of 11 February 2009 (the "Agency Agreement") between HYPO ALPE-ADRIA-BANK INTERNATIONAL AG (the "Issuer") and Deutsche Bank Aktiengesellschaft as fiscal agent (the "Fiscal Agent", which expression shall include any successor fiscal agent thereunder) and the other parties named therein. Copies of the Agency Agreement may be obtained free of charge at the specified office of the Fiscal Agent, at the specified office of any Paying Agent and at the head office of the Issuer.

[In the case of Long-Form Conditions insert:

The provisions of these Terms and Conditions apply to the Notes as completed, modified, supplemented or replaced, in whole or in part, by the Final Terms which are attached hereto (the "Final Terms"). The blanks in the provisions of these Terms and Conditions which are applicable to the Notes shall be deemed to be completed by the information contained in the Final Terms as if such information were inserted in the blanks of such provisions; any provisions of the Final Terms modifying, supplementing or replacing, in whole or in part, the provisions of these Terms and Conditions shall be deemed to so modify, supplement or replace the provisions of these Terms and Conditions; alternative or optional provisions of these Terms and Conditions as to which the corresponding provisions of the Final Terms are not completed or are deleted shall be deemed to be deleted from these Terms and Conditions; and all provisions of these Terms and Conditions which are inapplicable to the Notes (including instructions, explanatory notes and text set out in square brackets) shall be deemed to be deleted from these Terms and Conditions, as required to give effect to the Final Terms. Copies of the Final Terms may be obtained free of charge at the specified office of the Fiscal Agent and at the specified office of any Paying Agent provided that, in the case of Notes which are not listed on any stock exchange, copies of the relevant Final Terms will only be available to Holders of such Notes.]

§ 1

CURRENCY, DENOMINATION, FORM, CERTAIN DEFINITIONS

(1) *Currency; Denomination.* This Series of Notes (the “Notes”) of HYPO ALPE-ADRIA-BANK INTERNATIONAL AG (the “Issuer”) is being issued in **[insert Specified Currency]** (the “Specified Currency”) in the aggregate principal amount **[in the case the Global Note is an NGN insert: (subject to § 1 (6))]** of **[insert aggregate principal amount]** (in words: **[insert aggregate principal amount in words]**) in the denomination of **[insert Specified Denomination]** (the “Specified Denomination”).

(2) *Form.* The Notes are in bearer form and represented by one or more global notes (each a “Global Note”).

[In the case of Notes which are represented by a Permanent Global Note insert:

(3) *Permanent Global Note.* The Notes are represented by a permanent global note (the “Permanent Global Note”) without coupons. The Permanent Global Note shall be signed by authorised signatories of the Issuer and shall be authenticated by or on behalf of the Fiscal Agent. Definitive Notes and interest coupons will not be issued.]

[In the case of Notes which are initially represented by a Temporary Global Note insert:

(3) *Temporary Global Note – Exchange.*

(a) The Notes are initially represented by a temporary global note (the “Temporary Global Note”) without coupons. The Temporary Global Note will be exchangeable for Notes in the Specified Denomination represented by a permanent global note (the “Permanent Global Note”) without coupons. The Temporary Global Note and the Permanent Global Note shall each be signed by authorised signatories of the Issuer and shall each be authenticated by or on behalf of the Fiscal Agent. Definitive Notes and interest coupons will not be issued.

(b) The Temporary Global Note shall be exchanged for the Permanent Global Note on a date (the “Exchange Date”) not later than 180 days after the date of issue of the Temporary Global Note. The Exchange Date for such exchange will not be earlier than 40 days after the date of issue of the Temporary Global Note. Such exchange shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Notes represented by the Temporary Global Note is not a U. S. person (other than certain financial institutions or certain persons holding Notes through such financial institutions). Payment of interest on Notes represented by a Temporary Global Note will be made only after delivery of such certifications. A separate certification shall be required in respect of each such payment of interest. Any such certification received on or after the 40th day after the date of issue of the Temporary Global Note will be treated as a request to exchange such Temporary Global Note pursuant to this subparagraph. Any securities delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States (as defined in § 4(3)).]

(4) *Clearing System.* Each Global Note representing the Notes will be kept in custody by or on behalf of the Clearing System. “Clearing System” means **[if more than one Clearing System**

insert: each of] the following: [Clearstream Banking AG, Frankfurt am Main ("CBF"),] [Clearstream Banking société anonyme, Luxembourg ("CBL"),] [Euroclear Bank SA/NV ("Euroclear"),] [(CBL and Euroclear each an "ICSD" and together the "ICSDs")] [Oesterreichische Kontrollbank Aktiengesellschaft ("OeKB")] [and] [specify other Clearing System].

[In the case of Notes kept in custody on behalf of the ICSDs insert:

[In the case the Global Note is a NGN insert: The Notes are issued in new global note ("NGN") form and are kept in custody by a common safekeeper on behalf of both ICSDs.]

[In the case the Global Note is a CGN insert: The Notes are issued in classical global note ("CGN") form and are kept in custody by a common depositary on behalf of both ICSDs.]

(5) *Holder of Notes.* "Holder" means any holder of a proportionate co-ownership or other beneficial interest or right in the Notes.

[In the case the Global Note is a NGN insert:

(6) *Records of the ICSDs.* The nominal amount of Notes represented by the Global Note shall be the aggregate amount from time to time entered in the records of both ICSDs. The records of the ICSDs (which expression means the records that each ICSD holds for its customers which reflect the amount of such customer's interest in the Notes) shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and, for these purposes, a statement issued by a ICSD stating the nominal amount of Notes so represented at any time shall be conclusive evidence of the records of the relevant ICSD at that time.

On any redemption or payment of an instalment or interest being made in respect of, or purchase and cancellation of, any of the Notes represented by the Global Note the Issuer shall procure that details of any redemption, payment or purchase and cancellation (as the case may be) in respect of the Global Note shall be entered pro rata in the records of the ICSDs and, upon any such entry being made, the nominal amount of the Notes recorded in the records of the ICSDs and represented by the Global Note shall be reduced by the aggregate nominal amount of the Notes so redeemed or purchased and cancelled or by the aggregate amount of such instalment so paid.]]

[In the case the Temporary Global Note is a NGN insert: On an exchange of a portion only of the Notes represented by a Temporary Global Note, the Issuer shall procure that details of such exchange shall be entered pro rata in the records of the ICSDs.]]

§ 2 STATUS

(1) The Republic of Austria ("Guarantor") has unconditionally and irrevocably guaranteed the due and punctual payment of all sums due and payable by the Issuer under the Notes under a guarantee ("Guarantee") issued pursuant to the Interbank Market Support Act (*Interbankmarktstärkungsgesetz*). The Holders of Notes will be the beneficiaries of the Guarantee. The text of the Guarantee (without annex) is attached to the Final Terms.

(2) *Status.* The obligations under the Notes constitute unsecured and unsubordinated obligations of the Issuer ranking *pari passu* among themselves and at least *pari passu* with all other unsecured and unsubordinated obligations of the Issuer except for any obligations preferred by law.

§ 3
INTEREST

[In the case of Fixed Rate Notes insert:

(1) *Rate of Interest and Interest Payment Dates.* The Notes shall bear interest on their principal amount at the rate of **[insert Rate of Interest]** per cent. per annum from (and including) **[insert Interest Commencement Date]** to (but excluding) the Maturity Date (as defined in § 5(1)). Interest shall be payable in arrears on **[insert Fixed Interest Date or Dates]** in each year (each such date, an “Interest Payment Date”). The first payment of interest shall be made on **[insert First Interest Payment Date]** **[if First Interest Payment Date is not first anniversary of Interest Commencement Date insert:** and will amount to **[insert Initial Broken Amount for Specified Denomination]** for a Note in a denomination of **[insert Specified Denomination]**. **[If the Maturity Date is not a Fixed Interest Date insert:** Interest in respect of the period from **[insert Fixed Interest Date preceding the Maturity Date]** (inclusive) to the Maturity Date (exclusive) will amount to **[insert Final Broken Amount for Specified Denomination]** for a Note in a denomination of **[insert Specified Denomination].]**

(2) *Accrual of Interest.* The Notes shall cease to bear interest as from the expiry of the day preceding their due date for redemption. If the Issuer shall fail to redeem the Notes when due, interest shall continue to accrue on the outstanding principal amount of the Notes beyond the due date until the expiry of the day preceding the day of the actual redemption of the Notes at the default rate of interest established by law.⁽¹⁾

(3) *Calculation of Interest for Partial Periods.* If interest is required to be calculated for a period of less than a full year, such interest shall be calculated on the basis of the Day Count Fraction (as defined below).]

[In the case of Floating Rate Notes insert:

(1) *Interest Payment Dates.*

(a) The Notes shall bear interest on their principal amount from **[insert Interest Commencement Date]** (inclusive) (the “Interest Commencement Date”) to the first Interest Payment Date (exclusive) and thereafter from each Interest Payment Date (inclusive) to the next following Interest Payment Date (exclusive). Interest on the Notes shall be payable on each Interest Payment Date.

(b) “Interest Payment Date” means **[in the case of Specified Interest Payment Dates insert:** each **[insert Specified Interest Payment Dates].]** **[in the case of Specified Interest Periods insert:** each date which (except as otherwise provided in these Terms and Conditions) falls **[insert number]** **[weeks]** **[months]** **[insert other specified periods]** after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.]

(c) **[If any Interest Payment Date would otherwise fall on a day which is not a Business Day, it shall be:**

⁽¹⁾ The default rate of interest established by law is (i) between non-consumers eight percentage points above the basic rate of interest published by European Central Bank from time to time, and (ii) four percentage points per annum otherwise (see § 352 Austrian Enterprises Act and § 1000(1) Austrian Civil Code).

[if Modified Following Business Day Convention insert: postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event the payment date shall be the immediately preceding Business Day.]

[if FRN Convention insert: postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) the payment date shall be the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls **[[insert number] months] [insert other specified periods]** after the preceding applicable payment date.]

[if Following Business Day Convention insert: postponed to the next day which is a Business Day.]

[if Preceding Business Day Convention insert: the immediately preceding Business Day.]

(d) In this § 3 “Business Day” means **[if the Specified Currency is not euro insert:** a day which is a day (other than a Saturday or a Sunday) on which commercial banks are generally open for business in, and foreign exchange markets settle payments in **[insert all relevant financial centres].]** **[if the Specified Currency is euro insert:** a day (other than a Saturday or a Sunday) on which the Clearing System as well as all relevant parts of the Trans-European Automated Real-time Gross Settlement Express Transfer System (TARGET) are operational to effect the relevant payment in euro.]

(2) *Rate of Interest.* **[if Screen Rate Determination insert:** The rate of interest (the “Rate of Interest”) for each Interest Period (as defined below) will, except as provided below, be the offered quotation (expressed as a percentage rate per annum) for deposits in the Specified Currency for that Interest Period which appears on the Screen Page as of 11:00 a. m. (**[Brussels] [London]** time) on the Interest Determination Date (as defined below) **[if Margin insert:** **[plus] [minus]** the Margin (as defined below)], all as determined by the Calculation Agent (as defined in § 6).

“Interest Period” means each period from (and including) the Interest Commencement Date to (but excluding) the first Interest Payment Date and from (and including) each Interest Payment Date to (but excluding) the following Interest Payment Date.

“Interest Determination Date” means the **[[second] [insert other applicable number of days] [London] [TARGET] [insert other relevant location]** Business Day prior to the commencement of the relevant Interest Period. **[“[London] [insert other relevant location] Business Day”** means a day (other than a Saturday or Sunday) on which commercial banks are open for business (including dealings in foreign exchange and foreign currency) in **[London] [insert other relevant location].]** **[“TARGET Business Day”** means a day (other than a Saturday or a Sunday) on which the Clearing System as well as all relevant parts of TARGET are operational.]

[If Margin insert: “Margin” means **[•]** per cent. per annum.]

“Screen Page” means **[insert relevant Screen Page]** or any successor page.

[If another basis for determining any reference rate is agreed upon, full details thereof will be set forth in the applicable Final Terms.]

If the Screen Page is not available or if no such quotation appears as at such time, the Calculation Agent shall request the Reference Banks selected by it to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for deposits in

the Specified Currency for the relevant Interest Period to leading banks in the [London] [Euro-Zone] [insert other relevant location] interbank market at approximately 11.00 a. m. ([Brussels] [London] time) on the Interest Determination Date. If two or more of the selected Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the nearest one [if the Reference Rate is EURIBOR insert: thousandth of a percentage point, with 0.0005] [if the Reference Rate is not EURIBOR insert: hundred-thousandth of a percentage point, with 0.000005] being rounded upwards) of such offered quotations [if Margin insert: [plus] [minus] the Margin], all as determined by the Calculation Agent.

If on any Interest Determination Date only one or none of the selected Reference Banks provides the Calculation Agent with such offered quotations as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the nearest one [if the Reference Rate is EURIBOR insert: thousandth of a percentage point, with 0.0005] [if the Reference Rate is not EURIBOR insert: hundred-thousandth of a percentage point, with 0.000005] being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the selected Reference Banks or any two or more of them, at which such banks were offered, as at 11.00 a. m. ([Brussels] [London] time) on the relevant Interest Determination Date, deposits in the Specified Currency for the relevant Interest Period by leading banks in the [London] [Euro-Zone] [insert other relevant location] interbank market [if Margin insert: [plus] [minus] the Margin] or, if fewer than two of the selected Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for the relevant Interest Period, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for the relevant Interest Period, at which, on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Calculation Agent and the Issuer suitable for such purpose) inform(s) the Calculation Agent it is or they are quoting to leading banks in the [London] [Euro-Zone] [insert other relevant location] interbank market (or, as the case may be, the quotations of such bank or banks to the Calculation Agent) [if Margin insert: [plus] [minus] the Margin]. If the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be the offered quotation or the arithmetic mean of the offered quotations on the Screen Page, as described above, on the last day preceding the Interest Determination Date on which such quotations were offered [if Margin insert: [plus] [minus] the Margin (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period)].

As used herein, "Reference Banks" means [if no other Reference Banks are specified in the Final Terms, insert: those offices of four of such banks whose offered rates were used to determine such quotation when such quotation last appeared on the Screen Page] [if other Reference Banks are specified in the Final Terms, insert names here].

[in the case of Euro-Zone interbank insert: "Euro-Zone" means the region comprised of those member states of the European Union that have adopted, or will have adopted from time to time, the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992) and the Amsterdam Treaty of 2 October 1997, as further amended from time to time.]

[If Reference Rate is other than EURIBOR or LIBOR, insert relevant details in lieu of the provisions of this subparagraph (2)]

[If ISDA Determination or other method of determination, i. e. the Masters Agreement for Derivatives including Annexes, if any, thereto, applies, insert the relevant provisions and, if applicable, attach the 2000 ISDA Definitions or the 2006 ISDA Definitions, as applicable, published by the International Swaps and Derivatives Association, Inc.]

[If other method of determination applies, insert relevant details in lieu of the provisions of this subparagraph (2)]

[If Minimum and/or Maximum Rate of Interest applies insert:

(3) [Minimum] [and] [Maximum] Rate of Interest.

[If Minimum Rate of Interest applies insert: If the Rate of Interest in respect of any Interest Period determined in accordance with the above provisions is less than **[insert Minimum Rate of Interest]**, the Rate of Interest for such Interest Period shall be **[insert Minimum Rate of Interest].]**

[If Maximum Rate of Interest applies insert: If the Rate of Interest in respect of any Interest Period determined in accordance with the above provisions is greater than **[insert Maximum Rate of Interest]**, the Rate of Interest for such Interest Period shall be **[insert Maximum Rate of Interest].]**

[(4)] *Interest Amount.* The Calculation Agent will, on or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest and calculate the amount of interest (the "Interest Amount") payable on the Notes in respect of the Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest and the Day Count Fraction (as defined below) to the Specified Denomination and rounding the resultant figure, with 0.5 of such unit being rounded upwards.

[(5)] *Notification of Rate of Interest and Interest Amount.* The Calculation Agent will cause the Rate of Interest, each Interest Amount for each Interest Period, each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and to the Holders in accordance with § 11 as soon as possible after their determination, but in no event later than the fourth **[London] [Frankfurt] [TARGET] [insert other relevant location]** Business Day (as defined in § 3(2)) thereafter, and, if required by the rules of any stock exchange on which the Notes are from time to time listed, to such stock exchange, as soon as possible after their determination, but in no event later than the first day of the relevant Interest Period. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to any stock exchange on which the Notes are then listed and to the Holders in accordance with § 11.

[(6)] *Determinations Binding.* All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this § 3 by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Fiscal Agent **[, the Paying Agents]** and the Holders.

[(7)] *Accrual of Interest.* The Notes shall cease to bear interest from the expiry of the day preceding the day they are due for redemption. If the Issuer shall fail to redeem the Notes when due, interest shall continue to accrue on the outstanding principal amount of the Notes beyond the due date until the expiry of the day preceding the day of the actual redemption of the Notes. The applicable Rate of Interest will be the default rate of interest established by law.⁽²⁾]

[In the case of Zero Coupon Notes insert:

(1) *No Periodic Payments of Interest.* There will not be any periodic payments of interest on the Notes.

(2) *Accrual of Interest.* If the Issuer shall fail to redeem the Notes when due, interest shall accrue on the outstanding principal amount of the Notes as from the due date to the date of actual redemption at the default rate of interest established by law.⁽²⁾]

[(•)] *Day Count Fraction.* “Day Count Fraction” means, in respect of the calculation of an amount of interest on any Note for any period of time (the “Calculation Period”):

[if Actual/Actual (ICMA Rule 251) insert: the actual number of days in the Calculation Period divided by **[in case of one interest period within an interest year insert:** the actual number of days in the respective interest period.] **[in case of two or more constant interest periods within an interest year insert:** (x) in the case of Notes where interest is scheduled to be paid only by means of regular annual payments, the number of days in the Interest Period or (y) in the case of Notes where interest is scheduled to be paid other than only by means of regular annual payments, the product of the number of days in the Interest Period and the number of Interest Payment Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year.] **[in the case of first/last short or long Interest Periods insert appropriate Actual/Actual method]**

[if Actual/Actual (ISDA) is applicable insert: the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365).]

[if Actual/365 (Fixed) insert: the actual number of days in the Calculation Period divided by 365.]

[if Actual/360 insert: the actual number of days in the Calculation Period divided by 360.]

[if 30/360, 360/360 or Bond Basis insert: the number of days in the Calculation Period divided by 360, the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months (unless (A) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (B) the last day of the Calculation Period is the last day of the month of February in which case the month of February shall not be considered to be lengthened to a 30-day month).]

⁽²⁾ The default rate of interest established by law is (i) between non-consumers eight percentage points above the basic rate of interest published by European Central Bank from time to time, and (ii) four percentage points per annum otherwise (see § 352 Austrian Enterprises Act and § 1000(1) Austrian Civil Code).

[if 30E/360 or Eurobond Basis: the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of the final Calculation Period, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).]

§ 4 PAYMENTS

(1)[(a)] *Payment of Principal.* Payment of principal in respect of Notes shall be made, subject to subparagraph (2) below, to the Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System upon presentation and (except in the case of partial payment) surrender of the Global Note representing the Notes at the time of payment at the specified office of the Fiscal Agent outside the United States.

[In the case of Notes other than Zero Coupon Notes insert:

(b) *Payment of Interest.* Payment of interest on Notes shall be made, subject to subparagraph (2), to the Clearing System or to its order for credit to the relevant account holders of the Clearing System.

[In the case of Payments of Interest on a Temporary Global Note insert: Payments of Interest on Notes represented by the Temporary Global Note shall be made, subject to subparagraph (2), to the Clearing System or to its order for credit to the relevant account holders of the Clearing System.]

If on the date the Notes are actually redeemed the interest due is not covered by the immediately preceding Annual Surplus, the right to receive such interest shall lapse.]

(2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made in the freely negotiable and convertible currency which on the respective due date is the currency of the country or the countries of the Specified Currency.

(3) *United States.* For purposes of **[in the case of TEFRA D Notes insert: § 1(3) and]** subparagraph (1) of this § 4, "United States" means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U. S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

(4) *Discharge.* The Issuer shall be discharged by payment to, or to the order of, the Clearing System.

[In case of Fixed Rate Notes or Zero Coupon Notes insert:

(5) *Payment Business Day.* If the date for payment of any amount in respect of any Note is not a Payment Business Day then the Holder shall not be entitled to payment until the next such day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "Payment Business Day" means **[if the Specified Currency is not euro insert:** a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in **[insert all relevant financial centres].]** **[if the Specified Currency is euro insert:** a day (other than a Saturday

or Sunday) on which the relevant Clearing Systems and all relevant parts of TARGET are operational to effect the relevant payment in euro.]]

[In case of Floating Rate Notes insert:

(5) *Payment Business Day.* The Payment Business Day is the Interest Payment Date determined in accordance with § 3(1).]

(6) *References to Principal and Interest.* Reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable: the Final Redemption Amount of the Notes; the Early Redemption Amount of the Notes; **[if redeemable at the option of the Issuer for other than taxation reasons insert:** the Call Redemption Amount of the Notes;] **[in the case of Zero Coupon Notes insert:** the Amortised Face Amount of the Notes;] and any premium and any other amounts which may be payable under or in respect of the Notes. Reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts which may be payable under § 7.

§ 5 REDEMPTION

(1) *Redemption at Maturity.*

Unless previously redeemed in whole or in part or purchased and cancelled, the Notes shall be redeemed at their Final Redemption Amount on **[in the case of a specified Maturity Date insert such Maturity Date]** **[in the case of a Redemption Month insert:** the Interest Payment Date falling in **[insert Redemption Month]** (the “Maturity Date”). The Final Redemption Amount in respect of each Note shall be **[if the Notes are redeemed at their principal amount insert:** its principal amount] **[otherwise insert Final Redemption Amount for the Specified Denomination].**

(2) *Early Redemption for Reasons of Taxation.* If as a result of any change in, or amendment to, the laws or regulations of the Republic of Austria or any political subdivision or taxing authority thereto or therein affecting taxation or the obligation to pay duties of any kind, or any change in, or amendment to, an official interpretation or application of such laws or regulations, which amendment or change is effective on or after the date on which the last tranche of this series of Notes was issued, the Issuer is required to pay Additional Amounts (as defined in § 7 herein) **[in the case of Notes other than Zero Coupon Notes insert:** on the next succeeding Interest Payment Date (as defined in § 3(1))] **[in the case of Zero Coupon Notes insert:** at maturity or upon the sale or exchange of any Note], and this obligation cannot be avoided by the use of reasonable measures available to the Issuer, the Notes may be redeemed, in whole but not in part, at the option of the Issuer, upon not more than 60 days’ nor less than 30 days’ prior notice of redemption given to the Fiscal Agent and, in accordance with § 11 to the Holders, at their Early Redemption Amount (as defined below), together with interest (if any) accrued to the date fixed for redemption.

However, no such notice of redemption may be given (i) earlier than 90 days prior to the earliest date on which the Issuer would be obligated to pay such Additional Amounts where a payment in respect of the Notes then due, or (ii) if at the time such notice is given, such obligation to pay such Additional Amounts or make such deduction or withholding does not

- (b) The Amortised Face Amount of a Note shall be an amount equal to the sum of:
- (i) **[insert Reference Price]** (“the Reference Price”) and
 - (ii) the product of **[insert Amortisation Yield]** (compounded annually) and the Reference Price from (and including) **[insert Issue Date]** to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Notes become due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year (“the Calculation Period”) shall be made on the basis of the Day Count Fraction (as defined in § 3).

- (c) If the Issuer fails to pay the Early Redemption Amount when due, the Amortised Face Amount of a Note shall be calculated as provided herein, except that references in subparagraph (b)(ii) above to the date fixed for redemption or the date on which such Note becomes due and repayable shall refer to the date on which upon due presentation and surrender of the relevant Note (if required), payment is made to or to the order of the Clearing System.]

§ 6 AGENTS

(1) *Appointment; Specified Offices.* The initial Fiscal Agent **[,]** **[and]** Paying Agent**[s]** **[and the Calculation Agent]** and their respective initial specified offices are:

Fiscal Agent: Deutsche Bank Aktiengesellschaft
 Grosse Gallusstrasse 10-14
 60272 Frankfurt am Main
 Germany

Paying Agent**[s]**: Deutsche Bank Aktiengesellschaft
 Grosse Gallusstrasse 10-14
 60272 Frankfurt am Main
 Germany

[insert other Paying Agents and specified offices]

[If the Fiscal Agent is to be appointed as Calculation Agent insert: The Fiscal Agent shall also act as Calculation Agent.]

[If a Calculation Agent other than the Fiscal Agent is to be appointed insert: The Calculation Agent and its initial specified office shall be:

Calculation Agent: **[insert name and specified office]**

The Fiscal Agent **[,]** **[and]** the Paying Agent**[s]** **[and the Calculation Agent]** reserve the right at any time to change their respective specified offices to some other specified office in the same city.

(2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or any Paying Agent [or the Calculation Agent] and to appoint another Fiscal Agent or additional or other Paying Agents [or another Calculation Agent]. The Issuer shall at all times maintain (i) a Fiscal Agent **[in the case of Notes listed on a stock exchange insert: [,] [and]** (ii) so long as the Notes are listed on the **[name of Stock Exchange]**, a Paying Agent (which may be the Fiscal Agent) with a specified office in **[location of Stock Exchange]** and/or in such other place as may be required by the rules of such stock exchange] **[in the case of payments in U. S. dollars insert: [,] [and]** **[(iii)]** if payments at or through the offices of all Paying Agents outside the United States (as defined in § 4 hereof) become illegal or are effectively precluded because of the imposition of exchange controls or similar restrictions on the full payment or receipt of such amounts in United States dollars, a Paying Agent with a specified office in New York City] **[if any Calculation Agent is to be appointed insert: and [(iv)]** a Calculation Agent **[if Calculation Agent is required to maintain a Specified Office in a Required Location insert: with a specified office located in [insert Required Location]].** Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Holders in accordance with § 11.

(3) *Agents of the Issuer.* The Fiscal Agent[,] [and] the Paying Agent[s] [and the Calculation Agent] act solely as agents of the Issuer and do not have any obligations towards or relationship of agency or trust to any Holder.

§ 7 TAXATION

All amounts payable in respect of the Notes shall be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction at source by or on behalf of the Republic of Austria or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts (the "Additional Amounts") as shall be necessary in order that the net amounts received by the Holders, after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable in the absence of such withholding or deduction; except that no such Additional Amounts shall be payable on account of any taxes or duties which:

- (a) are payable by any person acting as custodian bank or collecting agent on behalf of a Holder, or otherwise in any manner which does not constitute a deduction or withholding by the Issuer from payments of principal or interest made by it, or
- (b) are payable by reason of the Holder having, or having had, some personal or business connection with the Republic of Austria and not merely by reason of the fact that payments in respect of the Notes are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, the Republic of Austria (For avoidance of doubt the Austrian "*Kapitalertragsteuer*" (withholding tax/capital-yields tax), each as in effect at the time of the issue of the Notes, are regarded as a tax subject to this subsection (b) and with respect to which no additional amounts will be payable), or

- (c) are withheld or deducted by a Paying Agent from a payment if the payment could have been made by another Paying Agent without such withholding or deduction, or
- (d) are deducted or withheld pursuant to (i) any European Union Directive or Regulation concerning the taxation of interest income, or (ii) any international treaty or understanding relating to such taxation and to which the Republic of Austria or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such Directive, Regulation, treaty or understanding, or
- (e) are payable by reason of a change in law that becomes effective more than 30 days after the relevant payment becomes due, or is duly provided for and notice thereof is published in accordance with § 11, whichever occurs later.

§ 8 PRESCRIPTION

The obligations of the Issuer to pay principal and interest in respect of the Notes shall be prescribed (i) in respect of principal upon the expiry of ten years following the respective due date for the payment of principal and (ii) in respect of interest upon the expiry of three years following the respective due date for the relevant payment of interest

§ 9 EVENTS OF DEFAULT

(1) *Events of Default.* Each Holder shall be entitled to declare his Notes due and demand immediate redemption thereof at the Early Redemption Amount (as described in § 5), together with accrued interest (if any) to the date of repayment, in the event that

- (a) the Issuer fails to pay principal or interest within 30 days from the relevant due date, or
- (b) the Issuer fails duly to perform any other obligation arising from the Notes which failure is not capable of remedy or, if such failure is capable of remedy, such failure continues for more than 45 days after the Issuer through the Fiscal Agent has received provable notice thereof from a Holder, or
- (c) the Issuer ceases to effect payments or announces its inability to meet its financial obligations; or
- (d) a court institutes insolvency proceedings over the assets of the Issuer or orders supervision over the Issuer or the Federal Finance Minister of the Republic of Austria, or any person appointed to supervise the Issuer applies for the institution of insolvency proceedings; or
- (e) the Issuer goes into liquidation unless this is done in connection with a merger, or other form of combination, with another company and such other company assumes all obligations which the Issuer has undertaken in connection with the Notes.

The right to declare Notes due shall terminate if the situation giving rise to it has been cured before the right is exercised.

(2) *Notice.* Any notice, including any notice declaring Notes due, in accordance with subparagraph (1) shall be made by means of a written declaration in the German or English language delivered by hand or registered mail to the specified office of the Fiscal Agent

together with proof that such Holder at the time of such notice is a holder of the relevant Notes.

§ 10

FURTHER ISSUES, PURCHASES AND CANCELLATION

(1) *Further Issues.* The Issuer may from time to time, without the consent of the Holders, issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the issue date, interest commencement date and/or issue price) so as to form a single Series with the Notes.

(2) *Purchases.* The Issuer may at any time purchase Notes in the open market or otherwise and at any price. Notes purchased by the Issuer may, at the option of the Issuer, be held, resold or surrendered to the Fiscal Agent for cancellation. If purchases are made by tender, tenders for such Notes must be made available to all Holders of such Notes alike.

(3) *Cancellation.* All Notes redeemed in full shall be cancelled forthwith and may not be reissued or resold.

§ 11

NOTICES

[In the case of Notes which are listed on the Vienna Stock Exchange insert: [(1)] *Publication.* [All notices concerning the Notes will be made available on the homepage of the Issuer and, if required, by eligible information systems. Any notice so given will be deemed to have been validly given on the third day following the date of such publication.]

[(2)] Notification to Clearing System.

[The Issuer shall deliver the relevant notice to the Clearing System for communication by the Clearing System to the Holders. Any such notice shall be deemed to have been validly given on the seventh day after the day on which the said notice was given to the Clearing System.]

[So long as any Notes are listed on the Vienna Stock Exchange, subparagraph (1) shall apply. In the case of notices regarding the Rate of Interest and , if the Rules of the Vienna Stock Exchange otherwise so permit, the Issuer may deliver the relevant notice to the Clearing System for communication by the Clearing System to the Holders, in lieu of publication as set forth in subparagraph (1) above; any such notice shall be deemed to have been validly given on the seventh day after the day on which the said notice was given to the Clearing System.]]

[In case of Notes which are unlisted insert: [(1)] *Notification to Clearing System.* The Issuer shall deliver all notices concerning the Notes to the Clearing System for communication by the Clearing System to the Holders. Any such notice shall be deemed to have been validly given on the seventh day after the day on which the said notice was given to the Clearing System.]

[In the case of Notes which are listed on a Stock Exchange other than the Vienna Stock Exchange insert: [insert relevant provisions]]

[(3)] *Form of Notice.* Notices to be given by any Holder shall be made by means of a written declaration to be delivered by hand or registered mail together with the relevant Note or Notes to the Fiscal Agent. So long as any of the Notes are represented by a global note, such notice

may be given by any Holder of a Note to the Fiscal Agent through the Clearing System in such manner as the Fiscal Agent and the Clearing System may approve for such purpose.

§ 12

APPLICABLE LAW, PLACE OF JURISDICTION, PROCESS AGENT AND ENFORCEMENT

(1) *Applicable Law.* The Notes, as to form and content, and all rights and obligations of the Holders and the Issuer and any non-contractual obligations arising out of or in connection with the Notes, shall be governed by Austrian law excluding its conflict of law rules where these would result in the application of a law other than Austrian law.

(2) *Submission to Jurisdiction.* The competent court in Klagenfurt am Wörthersee, Austria shall have non-exclusive jurisdiction for any action or other legal proceedings (“Proceedings”) arising out of or in connection with the Notes. Nothing contained herein shall limit the right of any party hereto to take Proceedings against any other party hereto in any other court of competent jurisdiction.

(3) *Enforcement.* Any Holder of Notes may in any Proceedings against the Issuer, or to which such Holder and the Issuer are parties, protect and enforce in his own name his rights arising under such Notes on the basis of (i) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of the Notes (a) stating the full name and address of the Holder, (b) specifying the aggregate principal amount of Notes credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b) and (ii) a copy of the Note in global form certified as being a true copy by a duly authorised officer of the Clearing System or a depository of the Clearing System, without the need for production in such proceedings of the actual records or the global note representing the Notes. For purposes of the foregoing, “Custodian” means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which the Holder maintains a securities account in respect of the Notes and includes the Clearing System. Each Holder may, without prejudice to the foregoing, protect and enforce his rights under these Notes also in any other way which is admitted in the country of the Proceedings.

USE OF PROCEEDS

The net proceeds from the issue of any Notes will be used by the Issuer for its funding purposes in line with the Interbank Market Support Act (*Interbankmarktstärkungsgesetz*), the decree promulgated thereunder and agreements between the Guarantor and the Issuer concluded from time to time. If, in respect of any particular issue of Notes, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

HYPO ALPE-ADRIA-BANK INTERNATIONAL AG

HYPO ALPE-ADRIA-BANK INTERNATIONAL AG is the legal successor of the Kärntner Landes- und Hypothekenbank Aktiengesellschaft, which succeeded the Kärntner Landes- und Hypothekenbank (the former Kärntner Landeshypothekenanstalt). The latter was incorporated by a resolution of the State Parliament of Carinthia on 17 February 1894 for an unlimited duration. Within the meaning of the Austrian Banking Act, the HYPO ALPE-ADRIA-BANK INTERNATIONAL AG is a provincial mortgage bank but also a Public Credit Institution under the Act Regarding Mortgage Bonds and Related Bonds of Public Credit Institutions (*Gesetz über die Pfandbriefe und verwandten Schuldverschreibungen öffentlich rechtlicher Kreditanstalten*).

On 8 July 1991, the Kärntner Landes- und Hypothekenbank, as sole founder, formed a stock corporation under Austrian law by transferring its enterprise as a non-cash capital contribution in accordance with section 8a paragraph 4 No.1 of the Austrian Banking Act. HYPO ALPE-ADRIA-BANK INTERNATIONAL AG began conducting business under the name Kärntner Landes- und Hypothekenbank Aktiengesellschaft on 30 August 1991. On 5 November 1999, the shareholder meeting resolved to change the name of the institution to HYPO ALPE-ADRIA-BANK AG. The resolution became effective on 23 November 1999.

The spin-off of the Austrian banking business took place on 12 June 2004, and HYPO ALPE-ADRIA-BANK AG changed its name to HYPO ALPE-ADRIA-BANK INTERNATIONAL AG.

THE GUARANTEE

The Republic of Austria (the "Guarantor") unconditionally and irrevocably guarantees the due and punctual payment of all sums due and payable by the Issuer under a guarantee (the "Guarantee") dated on or about 13 February 2009 issued pursuant to the Austrian Interbank Market Support Act (*Interbankmarktstärkungsgesetz*). The Holders of Notes are the beneficiaries of the Guarantee. The Issuer may issue Notes under the Guarantee until (and including) 30 June 2009. The Guarantee is limited to a maximum amount of 1,350,000,000 Euro.

The full text of the Guarantee (without annex) will be attached to the Final Terms of each Series of Notes and reads as follows:

"GUARANTEE

of the Republic of Austria

for the benefit of the holders of notes, issued by HYPO ALPE-ADRIA-BANK INTERNATIONAL AG under the € 1,350,000,000 Debt Issuance Programme in respect of issues guaranteed by the Republic of Austria

PREAMBLE

- (1) HYPO ALPE-ADRIA-BANK INTERNATIONAL AG (the "**Issuer**") intends to issue notes guaranteed by the Republic of Austria under the € 1,350,000,000 Debt Issuance Programme in respect of issues guaranteed by the Republic of Austria (the "**Programme**") pursuant to Annex./1 (the "**Notes**").
- (2) According to § 1 (4) Interbank Market Support Act (*Interbankmarktstärkungsgesetz*), Federal Law Gazette I No. 136/2008 in conjunction with § 66 of the Act on Federal Budgets (*Bundshaushaltsgesetz*), Federal Law Gazette No. 213/1986 as amended, the Federal Minister of Finance is authorized to issue this guarantee on behalf of the Republic of Austria (the "**Guarantor**"), with which the due payment of principal and interest as well as any other amounts payable under the Notes is guaranteed.
- (3) The Guarantor intends to guarantee with this guarantee (the "**Guarantee**") the due and punctual payment of principal, interest and any other amounts payable by the Issuer under the Notes.
- (4) This Guarantee is limited to a maximum amount of 1,350,000,000 Euro (the "**Guaranteed Amount**").

IT IS AGREED AS FOLLOWS:

- (1) (a) The Guarantor herewith unconditionally and irrevocably guarantees to each holder of the Notes (each a "**Noteholder**") pursuant to § 880a second half-sentence of the Austrian General Civil Code (ABGB) up to the Guaranteed Amount pursuant to clause (4) of the preamble the due and punctual payment of principal and interest when they become due according to the terms and conditions of the Notes (the "**Terms and Conditions**"), as well as any other amounts which are payable under the Notes according to the Terms and Conditions, provided that Notes under the Programme have only been issued in circumstances that would not cause obligations of the Guarantor arising under this Guarantee to exceed the Guaranteed Amount pursuant to clause (4) of the preamble.
- (b) As far as rights and obligations under this Guarantee are specified or substantiated by reference to the Terms and Conditions, only the version of the Terms and Conditions set out in Annex ./1 shall be relevant. Changes or amendments to the Terms and Conditions or any other agreements between the Issuer and Noteholders which are not evident from the version of the Terms and Conditions set out in Annex ./1 shall not affect the rights and obligations of the Guarantor under this Guarantee.
- (c) This Guarantee constitutes a direct, unconditional, irrevocable and unsecured obligation of the Guarantor and ranks *pari passu* with all other credit or bond indebtedness of the Guarantor resulting from financial indebtedness. The Guarantor undertakes for the benefit of the Noteholders that, as long as any Note remains outstanding, it will not create or permit to subsist any security right, pledge, encumbrance or other security interest in respect of any credit or bond indebtedness of the Guarantor resulting from financial indebtedness unless, at the same time or prior thereto, all amounts payable in respect of the Notes are secured equally and rateably therewith.
- (d) All payments by the Guarantor under this Guarantee shall be made without withholding or deduction for or on account of any present or future taxes or duties of whatsoever nature imposed or levied by or within the Republic of Austria or any province, municipality or other political subdivision or taxing authority therein or thereof, unless the withholding or deduction of such taxes or duties is required by law, provided however, that § 7 of the Terms and Conditions applies mutatis mutandis to payments of the Guarantor under this Guarantee.
- (e) The obligations of the Guarantor under this Guarantee
- (i) shall be separate and independent from the obligations of the Issuer under the Notes,
 - (ii) shall exist irrespective of the legality, validity, bindingness or enforceability of the Notes, and
 - (iii) shall not be affected by any event, condition or circumstance of whatever nature, whether factual or legal, save the full, definitive and irrevocable satisfaction of any and all payment obligations expressed to be assumed under the Notes.
- (2) Payments of the Guarantor under this Guarantee to a Noteholder shall be made according to the Terms and Conditions upon first written request of such Noteholder to an account

specified by the Noteholder. Payment to such account shall have discharging effect for the Guarantor. No payments will be made by the Guarantor without written payment request. A Noteholder shall have no claims against the Guarantor if a delay of payment results from the Noteholder not having specified an account in the payment request. The rate of interest for default under this Guarantee shall correspond to the rate of interest applicable to the Notes in accordance with § 3 of the Terms and Conditions. The payment request shall be submitted to:

Bundesministerium für Finanzen
Abteilung III/6
Hintere Zollamtsstraße 2b
1030 Wien
Phone: +43 1 51433 503150
Fax: +43 1 51433 507079

- (3) This Guarantee and all undertakings contained herein constitute a contract for the benefit of the Noteholders as third party beneficiaries pursuant to § 880a of the Austrian General Civil Code (ABGB). They shall give rise to the right of each Noteholder to claim performance of the obligations undertaken herein directly from the Guarantor, and to enforce such obligations directly against the Guarantor. Any Noteholder may take action directly against the Guarantor to pursue his claims pursuant to this Guarantee, without being required to bring first an action against the Issuer.
- (4) The original version of this Guarantee shall be delivered to, and kept by the Issuer. The Issuer does not act as trustee or in a similar capacity for the Noteholders.
- (5) Terms used in this Guarantee and not otherwise defined herein shall have the meaning attributed to them in the attached Terms and Conditions.
- (6) This Guarantee shall be governed by the laws of the Republic of Austria, except for its rules on the conflict of laws.
- (7) This Guarantee is in the English language. A non-binding translation into the German language is attached.
- (8) Place of performance for all claims arising out of this Guarantee shall be Vienna.
- (9) Place of jurisdiction for all legal proceedings arising out of or in connection with this Guarantee shall be the courts competent for commercial matters for the first district of Vienna. Each Noteholder may, however, also pursue his claims before any other court of competent jurisdiction.
- (10) On the basis of a copy of this Guarantee certified as being a true copy by (a) duly authorised representative(s) of the fiscal agent, each Noteholder may pursue and enforce in his own name his rights arising under this Guarantee in any legal proceedings against the Guarantor or in any legal proceedings to which such Noteholder and the Guarantor are parties, without the need to produce the original of this Guarantee in such proceedings.

Annex: .1 € 1,350,000,000 Debt Issuance Programme in respect of issues guaranteed by the Republic of Austria

Vienna, [●] February 2009

REPUBLIC OF AUSTRIA

For the Federal Minister of Finance

We accept the conditions of the above Guarantee without recourse, warranty or liability and without acting as agent, fiduciary or in any similar capacity for any Noteholders.

Frankfurt am Main, [●] February 2009

Deutsche Bank Aktiengesellschaft

as fiscal agent"

TAXATION

The following is a general discussion of certain Austrian tax consequences of the acquisition and ownership of Notes. This discussion does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase Notes. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular purchaser. This summary is based on the laws of Austria currently in force and as applied on the date of this Information Memorandum, which are subject to change, possibly with retroactive or retrospective effect.

PROSPECTIVE PURCHASERS OF NOTES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF NOTES INCLUDING THE EFFECT OF ANY STATE OR LOCAL TAXES UNDER THE TAX LAWS OF AUSTRIA AND EACH COUNTRY OF WHICH THEY ARE RESIDENTS.

Republic of Austria

The following is a summary description of certain Austrian tax implications relating to the Notes based upon Austrian tax law currently in effect. It does not take into account any double taxation situation between Austria and the country of residence or domicile of the individual investor, and does not take responsibility for any future changes in Austrian tax law, its interpretation by the Austrian tax authorities, the Independent Tax Panel (*Unabhängiger Finanzsenat*), the Austrian Administrative Court (*Verwaltungsgerichtshof*) or the Austrian Constitutional Court (*Verfassungsgerichtshof*).

Under Austrian tax law, individuals are subject to income tax pursuant to the Austrian Income Tax Act (*EStG*) generally at progressive tax rates between 0% and 50%. Corporate entities are subject to corporate income tax at a rate of 25% pursuant to the Austrian Corporate Income Tax Act (*KStG*).

(i) Investors subject to unlimited tax liability ("residents")

Interest payments

In the Republic of Austria, interest payments in respect of Notes made by a domestic paying agent (*kuponauszahlende Stelle*), e.g. an Austrian bank or the Issuer directly, to residents (within the meaning of the respective Austrian tax law), in accordance with the terms and conditions of the Notes, will generally be subject to a withholding tax (*Kapitalertragsteuer*) at a rate of 25% to be deducted by the domestic paying agent. Pursuant to Austrian tax law, individuals with a domicile and/or their habitual abode in Austria and corporate entities with their legal seat and/or their effective place of management in Austria are regarded as residents.

If the Notes have been publicly offered (within the meaning of the respective Austrian tax law), the withholding tax levied on interest payments in respect of Notes to individuals has the effect of final taxation (*Endbesteuerung*), i.e. no income tax is levied over and above the amount of tax withheld. However, there exists an option to have such interest payments taxed together with any other income under general marginal income tax rates, if more favourable

than the 25% tax rate. In that case, the withholding tax would be treated as a prepayment on income tax and credited against the tax liability for the respective year. Interest payments in respect of Notes not made by a domestic paying agent to individuals are taxed separately from any other income at a special rate of 25%. Here again, there exists an option to have such interest payments taxed together with any other income under general marginal income tax rates.

If the Notes have not been publicly offered (within the meaning of the respective Austrian tax law) or interest payments in respect of the Notes are made to a corporate investor, the withholding tax is not final but credited against the tax liability for the respective year.

Corporate investors may generally avoid withholding tax by filing a declaration of exemption.

Any interest payments in respect of Notes to Austrian private-law foundations (*Privatstiftung*) are subject to a special interim corporate income tax at a rate of 12.5%. Such interim tax may be credited in case of distributions made by the private-law foundation to its beneficiaries.

Capital gains

According to Austrian tax law, capital gains are subject to taxation, if the Notes qualify as business assets (*Betriebsvermögen*), which generally is the case if realised by a corporate investor.

Capital gains realised by individuals (and certain types of corporate entities such as private-law foundations) are only taxed, if the capital gains qualify as income resulting from a speculative transaction. Any disposition of Notes will be deemed to be a speculative transaction if made within the holding period of one year.

Some specific rules regarding certain types of Notes are provided below.

Fixed/Floating Rate Notes

In case of the redemption or the early buyback (by the Issuer) of Notes which carry interest, any difference between the issue price and a higher redemption (early buyback) price will be tax free, if such difference does not exceed 2 %. If such difference exceeds 2%, the above mentioned general rules of taxation apply.

Zero Coupon Notes

In case of the redemption or the early buyback of the Notes by the Issuer, the difference between the issue price and the redemption price is treated as investment income, if realised by individuals (and certain types of corporate entities such as private-law foundations).

In case of other disposals of the Notes by individuals (and certain types of corporate entities such as private-law foundations), the difference between the issue price and the inner value (based on the internal yield) of the Note is treated as investment income. The difference between the inner value of the Note and the disposal price will be regarded as a capital gain.

Foreign Currency Notes

Any capital gain on foreign currencies will be realized only upon conversion into Euro.

Index Linked Notes

In case of the redemption or the early buyback of the Notes by the Issuer, the difference between the issue price and the redemption price is treated as investment income (and not as capital gains), if realised by individuals (and certain types of corporate entities such as private-law foundations).

Inheritance and gift tax

According to the recently introduced Gift Notification Act 2008 (*Schenkungsmitteilungsgesetz 2008*) the Austrian inheritance tax as well as the Austrian gift tax expired as of 1 August 2008. This means that inter alia transfers of assets both *inter vivos* (i.e. as a gift) and *inter mortuos* (i.e. as an inheritance) after 31 July 2008 are neither subject to inheritance tax nor to gift tax (in the case of transfers to certain foundations a special tax will, however, fall due). Instead of the inheritance and gift tax a notification obligation has been introduced for certain gifts *inter vivos*.

Stamp duty

Under certain circumstances the transfer of Notes may trigger stamp duty (*Rechtsgeschäftsgebühr*) in Austria at a rate of 0.8 % of the consideration.

(ii) Investors subject to limited tax liability ("non-residents") – see also "EU Savings Directive" below

Interest payments

Interest payments in respect of Notes to non-residents (within the meaning of the respective Austrian tax law), in accordance with the terms and conditions of the Notes will be exempt from any Austrian income tax, including withholding tax, as long as interest payments are made by a paying agent outside of Austria.

If interest payments are made by an Austrian paying agent, a non-resident of Austria will, however, be obliged to disclose his/her identity and foreign address and to supply corroborating evidence thereof in order to prevent Austrian withholding tax of presently 25% from being deducted.

If Notes are attributable to an Austrian permanent establishment, interest payments in respect of such Notes will in general qualify as taxable income from an active trade or business. In this case, withholding tax on investment income may generally be avoided by filing a declaration of exemption.

Also with respect to limited tax liability as stated in the preceding paragraphs the different types of Notes are treated according to the rules described under (i) above.

Capital gains

Holders of Notes who are non-residents of Austria are not subject to Austrian taxation on capital gains realized upon the sale of the Notes.

If Notes are attributable to an Austrian permanent establishment, capital gains in respect of such Notes will in general qualify as taxable income from an active trade or business.

Inheritance and gift tax

According to the recently introduced Gift Notification Act 2008 the Austrian inheritance tax as well as the Austrian gift tax expired as of 1 August 2008. This means that inter alia transfers of assets both *inter vivos* (i.e. as a gift) and *inter mortuos* (i.e. as an inheritance) after 31 July 2008 are neither subject to inheritance tax nor to gift tax (in the case of transfers to certain foundations a special tax will, however, fall due). Instead of the inheritance and gift tax a notification obligation has been introduced for certain gifts *inter vivos*.

Stamp duty

Under certain circumstances the transfer of Notes may trigger stamp duty in Austria at a rate of 0.8 % of the consideration.

The above summary is not exhaustive. It does not take into account special considerations that may apply in a particular situation. Investors and other interested parties should obtain individual tax advice in connection with the acquisition and holding as well as the sale or repayment of Notes.

EU Savings Directive

Under the EU Council Directive 2003/48/EC dated 3 June 2003 on the taxation of savings income in the form of interest payments, which is applicable as of 1 July 2005, each EU Member State must require paying agents (within the meaning of such directive) established within its territory to provide to the competent authority of this state details of the payment of interest made to an individual resident in another EU Member State as the beneficial owner of the interest. The competent authority of the EU Member State of the paying agent (within the meaning of the directive) is then required to communicate this information to the competent authority of the EU Member State of which the beneficial owner of the interest is a resident.

For a transitional period, Austria, Belgium and Luxembourg may opt instead to withhold tax from interest payments at a rate of 15% from 1 July 2005, of 20% from 1 July 2008, and of 35% from 1 July 2011.

In conformity with the prerequisites for the application of the directive, a number of non-EU countries and territories, including Switzerland, have agreed to apply measures equivalent to those contained in such directive (a withholding system in the case of Switzerland).

In Germany, provisions for implementing the EU Savings Tax Directive have been enacted by legislative regulations of the Federal Government. These provisions apply as of 1 July 2005.

The Austrian EU Withholding Tax Act (*EU-Quellensteuergesetz*), which implemented the directive in Austria, provides for a withholding tax during the transitional period as defined in the directive. For the first three years after the statute came into force 15% are to be withheld, for the subsequent three years a 20% withholding tax rate will apply and after that period a rate of 35% is applicable. The current rate is 20%. This tax is not withheld if the beneficial owner of the interest can provide a certificate of the competent tax authority of the EU Member State where he is resident. This certificate must include the beneficial owner's name,

address, tax number or other identification number or, if such number is not available, the date and place of birth. In addition, the name and address of the paying agent, as well as the account number of the beneficial owner or, if an account number is unavailable, the identification of the security must be included.

SUBSCRIPTION AND SALE

General

Each Dealer has represented and agreed that it will comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes the Information Memorandum and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any other Dealer shall have any responsibility therefore.

With regard to each Tranche, the relevant Dealer will be required to comply with such other additional restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the Final Terms.

United States of America

- (a) Each Dealer has acknowledged that the Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Dealer has represented and agreed that it has not offered or sold, and will not offer or sell, any Note constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, each Dealer has further represented and agreed that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to a Note.
- (b) From and after the time that the Issuer notifies the Dealers in writing that it is no longer able to make the representation set forth in Clause 4 (1) (p) (i) of the Dealer Agreement, each Dealer (i) has acknowledged that the Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of U. S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act; (ii) has represented and agreed that it has not offered and sold any Notes, and will not offer and sell any Notes, (x) as part of its distribution at any time and (y) otherwise until 40 days after the later of the commencement of the offering and closing date, only in accordance with Rule 903 of Regulation S under the Securities Act; and accordingly (iii) has further represented and agreed that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to any Note, and it and they have complied and will comply with the offering restrictions requirements of Regulation S; and (iv) has also agreed that, at or prior to confirmation of any sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been registered under the U. S. Securities Act of 1933 (the "Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, U. S. persons by any person referred to in Rule 903 (b) (2) (iii) (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S."

- (c) Each Dealer who has purchased Notes of a Tranche hereunder (or in the case of a sale of a Tranche of Notes issued to or through more than one Dealer each of such Dealers as to the Notes of such Tranche purchased by or through it or, in the case of a syndicated issue, the relevant Lead Manager) shall determine and notify to the Fiscal Agent the completion of the distribution of the Notes of such Tranche. On the basis of such notification or notifications, the Fiscal Agent has agreed to notify such Dealer/Lead Manager of the end of the restricted period with respect to such Tranche.

Terms used in the above paragraph have the meanings given to them by Regulation S.

- (d) Each Dealer has represented and agreed that it has not entered and will not enter into any contractual arrangement with respect to the distribution or delivery of Notes, except with its affiliates or with the prior written consent of the Issuer.
- (e) Notes, other than Notes with an initial maturity of one year or less, will be issued in accordance with the provisions of U. S. Treas. Regulation Section 1.163-5 (c) (2) (i) (D) (the "D Rules"), or in accordance with the provisions of U.S. Treas. Regulation Section 1.163-5 (c) (2) (i) (C) (the "C Rules"), as specified in the Final Terms. In addition, in respect of Notes issued in accordance with the D Rules, each Dealer has represented and agreed that:
 - (i) except to the extent permitted under U. S. Treas. Reg. Section 1.163-5 (c) (2) (i) (D), (i) it has not offered or sold, and during the restricted period will not offer or sell, Notes in bearer form to a person who is within the United States or its possessions or to a United States person, and (ii) such Dealer has not delivered and will not deliver within the United States or its possessions definitive Notes in bearer form that are sold during the restricted period;
 - (ii) it has and throughout the restricted period will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes in bearer form are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
 - (iii) if such Dealer is a United States person, it has represented that it is acquiring the Notes in bearer form for purposes of resale in connection with their original issuance and if such Dealer retains Notes in bearer form for its own account, it will only do so in accordance with the requirements of U. S. Treas. Reg. Section 1.163-5 (c) (2) (i) (D) (6); and

- (iv) with respect to each affiliate that acquires from such Dealer Notes in bearer form for the purposes of offering or selling such Notes during the restricted period, such Dealer either (a) has repeated and confirmed the representations and agreements contained in sub-clauses (i), (ii) and (iii) on such affiliate's behalf or (b) has agreed that it will obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in sub-clauses (i), (ii) and (iii).

Terms used in the above paragraph have the meanings given to them by the U. S. Internal Revenue Code and regulations thereunder, including the D Rules.

In addition, where the C Rules are specified in the relevant Final Terms as being applicable to any Tranche of Notes, Notes in bearer form must be issued and delivered outside the United States and its possessions in connection with their original issuance. Each Dealer has represented and agreed that it has not offered, sold or delivered and will not offer, sell or deliver, directly or indirectly, Notes in bearer form within the United States or its possessions in connection with their original issuance. Further, each Dealer has represented and agreed in connection with the original issuance of Notes in bearer form, that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either such Dealer or purchaser is within the United States or its possessions and will not otherwise involve its U. S. office in the offer or sale of Notes in bearer form. Terms used in this paragraph have the meanings given to them by the U. S. Internal Revenue Code and regulations thereunder, including the C Rules.

- (f) Each issue of index-, commodity- or currency-linked Notes shall be subject to such additional U. S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issue and purchase of such Notes, which additional selling restrictions shall be set out in the Final Terms. Each Dealer has agreed that it shall offer, sell and deliver such Notes only in compliance with such additional U. S. selling restrictions.

United Kingdom of Great Britain and Northern Ireland ("United Kingdom")

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that:

- (i) in relation to Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any such Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

Each Dealer has acknowledged that the Notes have not been and will not be registered under the Financial Instrument and Exchange Law of Japan (Law No. 25 of 1948, as amended) (the "Financial Instrument and Exchange Law"). Each Dealer has represented and agreed that it has not directly or indirectly and will not directly or indirectly offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan except only pursuant to an exemption which will result in compliance with the Securities and Exchange Law and any applicable laws, regulations and guidelines of Japan.

Switzerland

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that: (a) it has not offered or sold, and will not offer or sell, the Notes to any investors in or from Switzerland other than on a non-public basis; (b) this Information Memorandum does not constitute a prospectus within the meaning of Article 652a or Article 1156 of the Swiss Code of Obligations (*Schweizerisches Obligationenrecht*); and (c) neither this offering nor the Notes have been or will be approved by any Swiss regulatory authority.

General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the relevant Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Information Memorandum.

No representation is made that any action has been taken in any jurisdiction (other than Austria) that would permit a public offering of any of the Notes or possession or distribution of the Information Memorandum or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Information Memorandum, any other offering material or any Final Terms and none of the Issuer nor any other Dealer shall have responsibility therefor.

FORM OF FINAL TERMS OF NOTES

If Notes are listed on any regulated market within the meaning of the Markets in Financial Instruments Directive 2004/39/EC or publicly offered in one or more member states of the European Economic Area, the Final Terms will be displayed on the website of the Issuer (www.hypo-alpe-adria.com).

Form of Final Terms

[Date]

Final Terms

[Title of relevant Series of Notes]

Series: [], Tranche []

Guaranteed by the Republic of Austria
issued pursuant to the

€ 1,350,000,000

Debt Issuance Programme

dated 11 February 2009

in respect of issues guaranteed by the Republic of Austria

of

HYPO ALPE-ADRIA-BANK INTERNATIONAL AG

Issue Price: [] per cent.

Issue Date: []³

These are the Final Terms of an issue of Notes under the Debt Issuance Programme (the "Programme") of HYPO ALPE-ADRIA-BANK INTERNATIONAL AG. Information on HYPO ALPE-ADRIA-BANK INTERNATIONAL AG and the offer of the Notes is only available on the basis of the combination of the Debt Issuance Programme Information Memorandum pertaining to the Programme dated 11 February 2009, as supplemented, (the "Information

³ The Issue Date is the date of payment and settlement of the Notes. In the case of free delivery, the Issue Date is the delivery date.

Memorandum") and these Final Terms. The Information Memorandum (and any supplement to the Information Memorandum) is available for viewing in electronic form on the website of HYPO ALPE-ADRIA-BANK INTERNATIONAL AG at www.hypo-alpe-adria.com and copies may be obtained from HYPO ALPE-ADRIA-BANK INTERNATIONAL AG, Alpe-Adria-Platz 1, 9020 Klagenfurt am Wörthersee, Austria.

Part I.: Terms and Conditions

[This Part I. of the Final Terms is to be read in conjunction with the Terms and Conditions of the Notes (the "Terms and Conditions") set forth in the Information Memorandum, as the same may be amended or supplemented from time to time. Capitalised Terms not otherwise defined herein shall have the meanings specified in the Terms and Conditions.

All references in this part of the Final Terms to numbered paragraphs and subparagraphs are to paragraphs and subparagraphs of the Terms and Conditions.

All provisions in the Terms and Conditions corresponding to items in these Final Terms which are either not selected or completed or which are deleted shall be deemed to be deleted from the terms and conditions applicable to the Notes (the "Conditions").]⁴

[The Conditions applicable to the Notes (the "Conditions") are attached to these Final Terms. They replace in full the Terms and Conditions of the Notes as set out in the Information Memorandum and take precedence over any conflicting provisions of these Final Terms.]⁵

⁴ To be inserted in the case of Long-Form Conditions.

⁵ To be inserted in the case of Integrated Conditions.

Issuer HYPO ALPE-ADRIA-BANK-INTERNATIONAL AG

Guarantor Republic of Austria

Form of Conditions⁶

Long-Form

Integrated

CURRENCY, DENOMINATION, FORM, CERTAIN DEFINITIONS (§ 1)

Currency and Denomination⁷

Specified Currency []

Aggregate Principal Amount []

Specified Denomination []

Number of Notes to be issued in each specified Denomination []

Bearer Notes

Bearer Notes

TEFRA C
Permanent Global Note

TEFRA D
Temporary Global Note exchangeable for Permanent Global Note

New Global Note [Yes/No]

Certain Definitions

Clearing System

Oesterreichische Kontrollbank Aktiengesellschaft (OeKB)
Am Hof 4
1010 Wien, Austria

⁶ To be determined in consultation with the Issuer.

⁷ The minimum denomination of the Notes will be, if in euro, EUR 50,000, if in any currency other than euro, in an amount in such other currency nearly equivalent to EUR 50,000 at the time of the issue of the Notes.

- Clearstream Banking AG, Frankfurt am Main (CBF)
Neue Börsenstraße 1
60487 Frankfurt am Main, Germany
- Clearstream Banking société anonyme, Luxembourg (CBL)
42 Avenue JF Kennedy
1855 Luxembourg, Luxembourg
- Euroclear Bank SA/NV (Euroclear)
1 Boulevard du Roi Albert II
1210 Brussels, Belgium
- Other (specify) []
- Calculation Agent [Yes/No]
- Fiscal Agent
- Other (specify) []

STATUS (§ 2)

Senior, guaranteed by the Republic of Austria

INTEREST (§ 3)

Fixed Rate Notes

Rate of Interest and Interest Payment Dates

Rate of Interest [] per cent. per annum

Interest Commencement Date []

Fixed Interest Date(s) []

First Interest Payment Date []

Initial Broken Amount(s) (for the Specified Denomination) []

Fixed Interest Date preceding the Maturity Date []

Final Broken Amount(s) (for the Specified Denomination) []

Floating Rate Notes

Interest Payment Dates

Interest Commencement Date []

Specified Interest Payment Dates []

Specified Interest Period(s) [] [weeks/months/other – specify]

Business Day Convention⁸

- Modified Following Business Day Convention
- FRN Convention (specify period(s)) [] [months/other – specify]

⁸ Insert regular interest dates ignoring issue date or maturity date in the case of a long or short first or last coupon. Please note: only relevant where the Specified Currency is euro and the Day Count Fraction is Actual/Actual (ICMA).

- Following Business Day Convention
- Preceding Business Day Convention
 - adjusted
 - unadjusted

Relevant Financial Centres []

Rate of Interest

- Screen Rate Determination
 - EURIBOR (11 a. m. Brussels time/TARGET Business Day/Euro-Zone Interbank Market)
 - Screen page []
 - LIBOR (London time/London Business Day/City of London/London Office/London Interbank Market)
 - Screen page []
- Other (specify) []
 - Screen page(s) []

Margin [] per cent. per annum

- plus
- minus

Interest Determination Date

- second Business Day prior to commencement of Interest Period
- other (specify) []

Reference Banks (if other than as specified in § 3 (2)) (specify) []

- ISDA Determination⁹ [specify details]
- Other Method of Determination (insert details (including Margin, Interest Determination Date, Reference Banks, fallback provisions)) []

Minimum and Maximum Rate of Interest

- Minimum Rate of Interest [] per cent. per annum
- Maximum Rate of Interest [] per cent. per annum

Zero Coupon Notes

Accrual of Interest []

Amortisation Yield []

Day Count Fraction¹⁰.

- Actual/Actual (ICMA Rule 251)

⁹ ISDA Determination should only be applied in the case of Notes permanently represented by a Permanent Global Note because the ISDA Agreement and the ISDA Definitions have to be attached to the relevant Notes.

¹⁰ Complete for all Notes.

- Actual/Actual (ISDA)
- Actual/365 (Fixed)
- Actual/360
- 30/360 or 360/360 (Bond Basis)
- 30E/360 (Eurobond Basis)

PAYMENTS (§ 4)

Payment Business Day

Relevant Financial Centre(s) (specify all) []

REDEMPTION (§ 5)

Final Redemption

Maturity Date []

Redemption Month []

Final Redemption Amount

- Principal amount
- Final Redemption Amount (for the Specified Denomination) []

Early Redemption

Early Redemption at the Option of the Issuer [Yes/No]

Minimum Redemption Amount []

Higher Redemption Amount []

Call Redemption Date(s) []

Call Redemption Amount(s) []

Minimum Notice to Holders¹¹ []

Maximum Notice to Holders []

Early Redemption Amount

Zero Coupon Notes:

- Addition of accrued interest
- Reference Price []
- Deduction of unaccrued interest

AGENTS (§ 6)

Fiscal Agent¹²

¹¹ Euroclear requires a minimum notice period of 5 Business Days.

- Deutsche Bank Aktiengesellschaft
Calculation Agent/specified office¹³ []
- Required location of Calculation Agent (specify) []
- Paying Agents
- Additional Paying Agent(s)/specified office(s) []
- Other Fiscal Agent (specify) []

NOTICES (§ [12])

- Place and medium of publication**
Homepage of the Issuer and, if required, by eligible information systems
- Clearing System
- Other (specify) []

Part II.: ADDITIONAL INFORMATION

Eurosystem eligibility¹⁴

Intended to be held in a manner which would allow Eurosystem eligibility

[Yes/No]

Securities Identification Numbers

- Common Code []
- ISIN Code []
- Austrian Securities Code []
- German Securities Code []
- Any other securities number []

Selling Restrictions

The Selling Restrictions set out in the Information Memorandum shall apply.

- TEFRA C
- TEFRA D
- Neither TEFRA C nor TEFRA D
- Additional Selling Restrictions (specify) []

Settlement procedure

¹² Deutsche Bank Aktiengesellschaft is the Fiscal Agent in respect of Notes in bearer form.

¹³ Not to be completed if Fiscal Agent is to be appointed as Calculation Agent.

¹⁴ Complete only if the Notes are to be kept in custody by a common safekeeper on behalf of the ICSDs. If "yes" is selected, the Notes must be issued in NGN form.

[specify details]

Method of return payments, payment/delivery date, method of calculation

[specify details]

Method of distribution

[insert details]

Non-syndicated

Syndicated

Date of Subscription Agreement

[]

Commissions¹⁵

Management/Underwriting Commission (specify)

[]

Selling Concession (specify)

[]

Listing Commission (specify)

[]

Other (specify)

[]

Stabilising Dealer/Manager

[insert details/None]

Listing(s) and Admission to Trading

[Yes/No]

Vienna Stock Exchange, Second Regulated Market ("*Geregelter Freiverkehr*")

Other (insert details)

Expected date of admission¹⁶

[]

Rating¹⁷

[]

Other relevant terms and conditions (specify)

[]

[Listing:¹⁸

The above Final Terms comprise the details required to list this issue of Notes pursuant to the € 1,350,000,000 Debt Issuance Programme of HYPO ALPE-ADRIA-BANK INTERNATIONAL AG (as from [insert Issue Date for the Notes]).

Guarantee

The attached Guarantee (without annexes) of the Republic of Austria has been obtained and applies in respect of this Series of Notes.

¹⁵ To be completed in consultation with the Issuer.

¹⁶ To be completed only if known.

¹⁷ Do not complete, if the Notes are not rated on an individual basis.

¹⁸ Include only in the version of the Final Terms which is submitted to the relevant stock exchange in the case of Notes to be listed on such stock exchange.

HYPO ALPE-ADRIA-BANK INTERNATIONAL AG

[Name & title of signatories]

Annexes:

Guarantee (copy)

Guarantee confirmation (copy)

GENERAL INFORMATION

Authorisation

The establishment of the Programme was authorised by the Board of Management of the Issuer on 20 January 2009 and approved by the Supervisory Board on 27 January 2009.

Post Issuance Information

The issuer does not intend to provide post-issuance information, except if required by any applicable laws and regulations.

Available Documents

For so long as Notes may be issued pursuant to this Information Memorandum, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the registered office of the Issuer and the specified offices of the Paying Agents:

- (i) the articles of association of the Issuer;
- (ii) the published consolidated annual report and audited financial statements of the Issuer for the two most recent financial years ended prior to the date of this Information Memorandum and any subsequent interim financial statements of the Issuer;
- (iii) each set of Final Terms for Notes that are admitted to trading on the Market or on any other market or stock exchange; and
- (iv) a copy of this Information Memorandum together with any supplement to this Information Memorandum or further Information Memorandum.

Listing

Application has been made for the Programme to be admitted to the "*Geregelter Freiverkehr*" (Second Regulated Market) of the Wiener Börse AG (Vienna Stock Exchange)

REGISTERED OFFICE OF THE ISSUER

Alpen-Adria-Platz 1
A-9020 Klagenfurt

ARRANGER

HYPO ALPE-ADRIA-BANK INTERNATIONAL AG

Alpen-Adria-Platz 1
A-9020 Klagenfurt

DEALERS

**HYPO ALPE-ADRIA-BANK
INTERNATIONAL AG**

Alpen-Adria-Platz 1
A-9020 Klagenfurt

HYPO ALPE-ADRIA-BANK AG

Alpen-Adria-Platz 1
A-9020 Klagenfurt

FISCAL AGENT AND PAYING AGENT

Deutsche Bank Aktiengesellschaft

Grosse Gallusstrasse 10-14
60272 Frankfurt am Main
Germany

LEGAL ADVISERS

To the Dealers

WOLF THEISS

Rechtsanwälte GmbH
Schubertring 6
A-1010 Vienna