Interim Report 30 June 2008

Hypo Group Alpe Adria

Key data based on IFRS Consolidated Interim Financial Statements

Hypo Group Alpe Adria

in m EUR

	2008	2007
Income statement	**1.1.–30.6.**	**1.1.–30.6.[1]**
Net interest income	340.3	303.8
Net fee and commission income	60.2	56.7
Risk provisions on loans and advances	–159.3	–80.0
Operating expenses (general administrative expenses)	–263.5	–226.4
Operating result	–26.5	97.4
Result before tax	–25.2	155.0
Result after tax	–53.6	122.9
Consolidated net result (after minority interests)	–61.9	119.2
Balance sheet	**30.6.**	**31.12.**
Loans and advances to customers	28,470.1	25,650.7
Liabilities to credit institutions	7,454.4	4,457.0
Liabilities to customers	9,011.0	8,473.6
Liabilities evidenced by certificates and subordinated capital	20,959.9	21,615.9
Equity (incl. minority interests)	1,747.8	1,659.1
Total assets	41,212.0	37,938.5
Risk-weighted assets (banking book)	32,678.4	28,246.6
Key figures	**1.1.–30.6.**	**1.1.–31.12.**
Return on equity (ROE) before tax	n.a.	n.a.
Return on equity (ROE) after tax	n.a.	n.a.
Return on equity (ROE) after tax and minority interests	n.a.	n.a.
Cost/income ratio	66.5 %	75.4 %
Net interest income / Ø risk-weighted assets (banking book)	2.5 %	2.4 %
Risk/earnings ratio	46.8 %	45.7 %
Risk / Ø risk-weighted assets (banking book)	1.2 %	1.1 %
Return on assets (ROA) before tax	n.a.	n.a.
Return on assets (ROA) after tax and minority interests	n.a.	n.a.
Bank specific figures	**30.6.**	**31.12.**
Own capital funds acc. to BWG	3,296.0	2,872.2
Required capital funds acc. to BWG	2,770.7	2,295.6
Surplus coverage	525.3	576.6
Tier 1 capital	1,898.2	1,769.4
Tier 1 capital ratio (banking book)	5.8 %	6.3 %
Tier 1 capital ratio - incl. market risk	5.6 %	6.2 %
Own capital funds ratio - total (solvency ratio)	9.5 %	10.0 %
Moody's rating [2]	**30.6.**	**31.12.**
Long-term (liabilities not covered by statutory guarantee)	A2	A2
Long-term (liabilities covered by statutory guarantee)	Aa2	Aa2
Short-term	P-1	P-1
Bank Financial Strength Rating (BFSR)	D– (positive outlook)	D– (positive outlook)
Employees & outlets	**30.6.**	**31.12.**
Employees at closing date	8,039	7,542
thereof in core business	7,396	6,963
thereof in other business	643	579
Employees average	7,743	7,109
thereof in core business	7,129	6,536
thereof in other business	615	573
Number of outlets	370	342
Austrian	39	40
Foreign Countries	331	302

[1] the income statement as of 30.6.2007 contains non-recurring tax-free profits of EUR 57.2 m due to the disposal of the Consultants Group
[2] from 27 November respectively 13 December 2006

Interim Report 30 June 2008

Letter from the Chairman of the Executive Board

Dear customers and business partners,
shareholders and staff,

»Laying the foundations and creating a solid basis for a new start into the future« was the central theme of our annual report for 2007. After the first six months, we are able to appreciate just how fitting this theme was and how important it was to prepare, as part of the reorientation of our bank, for an environment our business has rarely and in some respects never experienced before.

No effort was spared by our staff and management, and they have done their utmost to face up to the challenges. The financial markets, the competition and internal targets confronted them with many different demands:

- To keep developing the bank in spite of the effects of the global financial crisis and to absorb negative effects.
- To bring structures and processes in line with internationally accepted standards and to adjust the risks.
- To drive growth, to comprehensively advise our customers and to provide a fully satisfactory service.

Although each of these areas in itself already presents us with very specific challenges, the unique challenge this year is that they all have to be addressed simultaneously and in combination. So far, we have responded with quite some success.

In terms of operative business, we have been successful during the first six months, extending our position in important markets. In this way, we have been able to demonstrate the strong link between our customers and ourselves and how much they are prepared to follow us on the path of reorientation.

The partnership with BayernLB, which had begun the previous year, was further extended. Joint products were established in the market, and promising business connections were developed.

In addition, the internal consolidation of our group and the issue of risk reduction were treated as top priorities. In this respect, our approach was guided by the principle of sustainability and the systematic elimination of inappropriate risks. Although the consequence was a negative interim result, we believe that this is a necessary consequence and are convinced that the lean period, although unpleasant, will be reasonably short.

In the second half of the year, we will continue on this course. One should not expect that the financial crisis has already come to its end. Therefore, we are prepared to face unexpected challenges also in the second half of the year. Our actions shall be all the more cautious for that, and we are determined to run a tighter ship. However, new opportunities also open up in stormy weather. Notwithstanding our concentration on internal consolidation, we will identify and capitalize on new opportunities. For it is a fact that the specific markets of our bank are growing dynamically in spite of the economic turbulences and doubtlessly uncertain times. In essence, we expect that 2008 will keep presenting us with challenges, but at the same time it may well become an important year with plenty of opportunities for our bank. In spite of the difficult environment, we are working to make it a good year in co-operation with our customers.

With this in mind, I wish to thank all members of the staff for their dedication and tireless efforts. I also wish to extend my thanks and acknowledgement to our more than 1.2 million customers as well as our business associates and shareholders for placing their trust in us, which motivates us to excel in our daily work.

With best wishes

Tilo Berlin
Chairman of the Executive Board of
HYPO ALPE-ADRIA-BANK INTERNATIONAL AG

Group Overview

Austria

Market Entry	1896
Locations Bank	33
Locations Leasing	6
Employees	1,179
Customers	129,878

Bosnia and Herzegovina

Market Entry	2001
Locations Bank	94
Locations Leasing	9
Employees	1,252
Customers	370,675

Bulgaria

Market Entry	2006
Locations Bank	0
Locations Leasing	9
Employees	133
Customers	6,232

Italy

Market Entry	1986
Locations Bank	29
Locations Leasing *	1
Employees	536
Customers	45,678

* Hypo Alpe-Adria-Leasing S.r.l.

Serbia

Market Entry	2002
Locations Bank	42
Locations Leasing	12
Employees	1,124
Customers	122,308

Macedonia

Market Entry	2006
Locations Bank	0
Locations Leasing	2
Employees	30
Customers	1,346

Slovenia

Market Entry	1994
Locations Bank	14
Locations Leasing	10
Employees	572
Customers	57,425

Montenegro

Market Entry	2005
Locations Bank	7
Locations Leasing	3
Employees	195
Customers	12,663

Hungary

Market Entry	2006
Locations Bank	0
Locations Leasing	3
Employees	34
Customers	320

Croatia

Market Entry	1994
Locations Bank	73
Locations Leasing	19
Employees	2,281
Customers	546,276

Germany

Market Entry	2003
Locations Bank	1
Locations Leasing	2
Employees *	28
Customers *	438

* Hypo Alpe-Adria-Leasing GmbH

Ukraine

Market Entry	2007
Locations Bank	0
Locations Leasing	1
Employees	29
Customers	34


Hamburg
MÜNCHEN
Linz
Wien
Salzburg
Innsbruck
Miskolc
KIEV
Győr
BUDAPEST
Prebl
St.Margarethen
St.Gertraud
St.Michael
Wolfsberg
Spittal
Feldkirchen
St.Veit
St.Paul
Hermagor
Völkermarkt
Villach
Velden
KLAGENFURT
Murska Sobota
Maribor
Ptuj
Čakovec
Varaždin
Kranj
Domžale
Celje
Trbovlje
Koprivnica
Sondrio
Belluno
UDINE
LJUBLJANA
Subotica
Domodossola
Verbania
Varese
Lecco
Como
Erba
Gallarate
Bergamo
Monza
Gardone V.T.
Lumezzane
Rovato
Brescia
Novara
Milano
Lodi
Vercelli
Torino
Asti
Alessandria
Piacenza
Cremona
Mantova
Verona
Arzignano
Vicenza
Schio
Montebelluna
Pordenone
Conegliano
Treviso
Padova
Rovigo
Ferrara
Parma
Reggio Emilia
Modena
Cuneo
Massa-Carrara
Nova Gorica
Gorizia
Novo Mesto
Sesvete
ZAGREB
Samobor
Velika Gorica
Karlovac
Sisak
Trieste
Koper
Umag
Poreč
Rovinj
Pula
Opatija
Viškovo
Rijeka
Krk
Novalja
Zadar
Šibenik
Split
Virovitica
Donji Miholjac
Slatina
Orahovica
Našice
Beli Manastir
Sombor
Valpovo
OSIJEK
Kikinda
Bečej
Vrbas
Đakovo
Vukovar
Ivankovo
Vinkovci
Zrenjanin
Novi Sad
B. Palanka
Vršac
Inđija
Pančevo
BEOGRAD
Šabac
Požarevac
Požega
Nova Gradiska
Slavonski Brod
Velika Kladuša
Kostajnica
Kozarska Dubica
Gradiška
Srbac
Domaljevac
Otok
Gračanica
Cazin
Novi Grad
Prijedor
Tromeđa
Brod
Šamac
Županja
Modriča
Orašje
Bihać
Sanski Most
Laktaši
Trn
Derventa
Gradačac
Brčko
Prnjavor
Čelinac
Doboj
Ugljevik
Srebrenik
Bijeljina
BANJA LUKA
Drinić
Kotor Varoš
Teslić
Lukavac
Tuzla
Mrkonjić Grad
Žepče
Živinice
Zvornik
Jajce
Travnik
Zenica
Bratunac
Novi Travnik
Vitez
Busovača
Visoko
Vogošća
Kupres
Bugojno
Kiseljak
SARAJEVO
Livno
Rama
Kreševo
Butmir
Pale
Istočno Sarajevo
Višegrad
Tomislavgrad
Foča
Konjic
Kragujevac
Čačak
Kruševac
Niš
Posušje
Široki Brijeg
Grude
MOSTAR
Makarska
Čitluk
Nevesinje
Ljubuški
Gacko
Metković
Čapljina
Stolac
Pljevlja
Bijelo Polje
Neum
Bileća
Uskoplje
Nikšić
Trebinje
Dubrovnik
PODGORICA
Herceg Novi
Kotor
Budva
Bar
Ulcinj
SKOPJE
Tetovo
Ruse
Pleven
Varna
Veliko Tarnovo
SOFIA
Burgas
Blagoevgrad

Interim Management Report

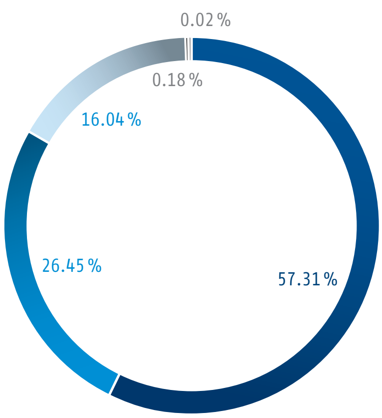
In the first half of the year, Hypo Group Alpe Adria, which engages successfully in transnational operations in bank and leasing, its two business segments, at more than 370 sites in 12 countries in Central and South-Eastern Europe, was able to hold its ground well in spite of the difficult boundary conditions in the international financial markets, either defending or further improving its position in each important market. Present in the core countries Austria, Italy, Slovenia, Croatia, Bosnia and Herzegovina, Serbia, Montenegro, Germany, Hungary, Bulgaria, Macedonia and the Ukraine, Hypo Group Alpe Adria had approximately 7,400 employees on its payroll and attended more than 1.2 million customers on the closing date (30 June 2008).

Notwithstanding the challenging economic environment during the first half of 2008, Hypo Group Alpe Adria vigorously pursued its growth strategy and further extended its network in the region. At the same time, it continued to bring the internal structures and procedures of the international financial institution in line with the increasing demands and adjusted the risks of Hypo Group Alpe Adria according to the principle of sustainability.

After the successful acquisition of a majority interest by Bayerische Landesbank (BayernLB) in October 2007, the two financial institutions adopted a join-hands approach and based their partnership on the firm will to build success together, allowing the customers of both banks to benefit already during the first half of this financial year from the synergies of the two networks, from jointly developed products and from promising supra-regional business connections.

The drive to restructure and reposition Hypo Group Alpe Adria was accompanied by important changes regarding the composition of the supervisory board respectively executive board of the banking group. The CEO of BayernLB, Michael Kemmer, was elected chairman of the supervisory board of Hypo Group Alpe Adria. At its meeting on 30 April 2008, the supervisory board appointed Andreas Dörhöfer, previously director of Risk Office Corporates and Financial Institutions of BayernLB, and Božidar Špan, previously chairman of the executive board of Hypo Alpe-Adria-Bank d.d., Slovenia, as new members of the executive board. Since 1 May 2008, Andreas Dörhöfer has been in charge of Risk Management and Workout. Božidar Špan, responsible since 1 June 2008 for Corporate and Leasing, is the first executive director from a Hypo country in the history of Hypo Group Alpe Adria to become a member of the executive board, reflecting the increasing importance of the international markets for the bank. Josef Kircher, the former board member with responsibility for Corporate and Leasing, retired from the executive board as of 31 May 2008 at his own request, but he will continue to assist the bank in a consulting capacity and provide expert advice in connection with various tasks in the international field.

During the first six months, Hypo Alpe-Adria-Bank International AG, the representative of Hypo Group Alpe Adria in the international capital market, had a non-guaranteed long-term rating of A2, a guaranteed long-term rating of Aa2, both with stable outlook, a BFSR (Bank Financial Strength Rating) of D- and an Aaa »Pfandbrief« rating.



Shareholder structure
30 June 2008

57.31 %	BayernLB
26.45 %	GRAWE-Group
16.04 %	Kärntner Landes- und Hypothekenbank-Holding
0.18 %	Berlin & Co Capital S.à.r.l.
0.02 %	Hypo Alpe Adria Mitarbeiter Privatstiftung

Economic performance

Development of the result

For Hypo Group Alpe Adria, the primary influences in the first half of 2008 were the continued very positive development of the operative customer business on the one hand, but also exceptional outgoings, attributable to the crisis in the financial markets and high risk provisions on loans and advances, on the other.

Concerning the operative business, sound growth was achieved both in the banking and in the leasing segment. This is reflected in particular in the net interest result. Compared with the value for the same period of the previous year (1 January until 30 June 2007), a remarkable increase of 12.0 % respectively by EUR 36.5 million to EUR 340.3 million was achieved in spite of the negative interest influences from the derivative business.

Fee and commission income was up 6.1 % in the first six months of 2007, reaching EUR 60.2 million. It should be pointed out that the figure for the same period of the previous year had still included the fee and commission income of Alpe Adria Privatbank AG, Liechtenstein (formerly Hypo Alpe-Adria-Bank (Liechtenstein) AG) with EUR 3.4 million, an item that is not included any more on fully consolidated basis in the financial statements for the first half of 2008 since 51 % of the shares were sold in December 2007. If the result is adjusted to take this effect into account, the fee and commission income increased by 12.9 % in 2008. Within commission revenues, there was a marked decrease in the securities and custodian business. This is explained by the end of the inflow of commission income from Alpe Adria Privatbank AG, Liechtenstein, which had still contributed EUR 5.7 million to this revenue item in the previous year, and by the reluctance of the customers as a consequence of the unstable situation in the capital market. However, the notable increase of the fee and commission income in the credit business effectively compensated this decrease.

In the first six months of the current financial year, the result from trading was negatively affected, contracting from EUR 21.4 million to EUR 8.0 million. This was primarily attributable to interest and index related transactions.

Essentially, the result from financial investments to be designated at fair value through profit or loss (fair value option) was affected by negative market value developments of non-covered equity and debt instruments. However, with respect to the subprime related securities reported on the basis of the counterpart rates recognized in the fair value option category, there was an appreciation of value in an amount of EUR 4.6 million during the first six months.

Required impairment expenses for equity and debt instruments in an amount of EUR –7.1 million resulted in a decrease of the result from financial investments – available for sale from EUR 7.2 million to EUR –1.8 million. This includes depreciations on subprime related securities in an amount of EUR –5.7 million.

The result from other financial investments and the other operating result increased by approximately EUR 1.1 million each. In the latter case, both positive and negative one-off effects were taken into account. While the gross charging positively affected the other operating result, a required additional depreciation for a leasing installation not yet leased out in Germany in an amount of EUR –3.5 million and the expense of the settlement in pending litigation proceedings in an amount of EUR –7.8 million had a negative impact. In addition, the increase of the other operating result is attributable to the positive sales development of a consolidated packaging company (Aluflexpact d.o.o.) and of Schlosshotel Velden, which is included for the first time with the sales of a full period of six months. Ultimately, however, both companies clearly depress the group result of the first half of the year. In the case of Schlosshotel, this is primarily due to slightly higer than previously planned start-up losses.

In the first six months, the net allocations to risk provisions on loans and advances compared with the same period of the previous year approximately doubled. The increase from EUR –80.0 million in the first half of 2007 to EUR –159.3 million in the first half of 2008 is attributable on the one hand to the increased loan volume, but also to the much more restrictive risk provisions policy and the high exceptional charges due to individual loans. An important part of these exceptional charges concerned loans in the German market as well as financing of projects for the generation of energy from biological resources. Furthermore, cautionary provisions in an amount of EUR –11.5 million were accrued at the Austrian bank subsidiary for the eventuality that the purchase of previously ordered shares in the securities customer business should not go ahead, thereby value adjusting the pending loan risk at 50 %. Expenses in an amount of EUR –6.1 million for subprime related securities assigned to the category loans and receivables (LAR) are also reported in this item.

Compared with the same period of the previous year, the operating expenses in 2008 rose from EUR 226.4 million to EUR 263.5 million, corresponding to an increase of 16.4 %. During the first six months of 2008, personnel expenses increased by 15.7 % to EUR 133.8 million. Firstly, this is the result of the considerable increase of the average number of employees by 11.5 %, namely from 6,942 in the first six months of 2007 to 7,743 during the first six months of 2008, and secondly it is due to the wage and salary increases as well as bonuses to employees. Other administrative expenses went up 15.5 % to EUR 13.8 million compared with the same period of the previous year. This is mainly explained by intensified marketing activities in the first half of 2008. The increase of depreciations on tangible and intangible assets by 23.5 % to EUR 27.3 million is due firstly to the higher number of branch offices and secondly to the full inclusion of the expenses of the new headquarter in Zagreb in 2008, which became operative in the second quarter of 2007.

In total, during the first six months of the current financial year operating income (net interest income, net fee and commission income, income from securities and equity interests as well as other income) in an amount of EUR 396.4 million compared with expenses on risk provisions on loans and advances in an amount of EUR – 159.3 million and operating expenses in an amount of EUR – 263.5 million. In 2008, this led to a negative operating result at a rate of EUR – 26.5 million, compared with a positive operating result of EUR 97.4 million during the same period of the previous year.

Taking into account the positive result of companies included at equity in an amount of EUR 1.3 million and the tax expenses of EUR – 28.4 million, a negative period result after tax of EUR – 53.6 million is obtained in the first half of 2008. In the first six months of the previous year, a period result after tax of EUR 122.9 million had been achieved, although it should be added that this included tax-free profits due to the sale of group companies in an amount of EUR 57.2 million.

After the allocation of their interest in the result to the minority shareholders in the Group, a consolidated net result of EUR – 61.9 million is obtained. This means that the good operative business development during the first half of 2008 was unable to compensate the high negative exceptional effects caused by the high risk provisions for individual loans and the impact of the international finance crisis.

Earnings ratios

As of 30 June 2008, the cost/income ratio, which also considers the negative result from financial instruments, was 66.5 %. During first half of 2007 the ratio was 56.1 % and in total financial year it was 75.4 %. Because of the negative half year result, the return on equity (ROE) and return on assets (ROA) ratios are without meaning in the first half of 2008.

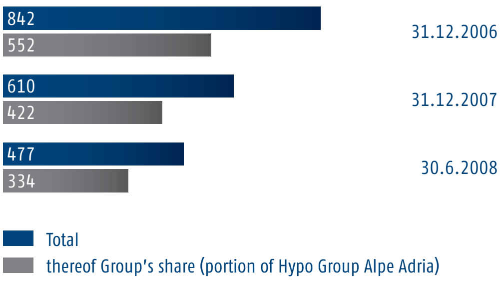
Impact of the financial market crisis

Triggered by price collapses in the US market for asset-backed securities towards the middle of the previous year, an atmosphere of insecurity spread and ultimately turned into a fully-fledged crisis in the international credit and stock markets, climaxing so far in the first half of 2008.

This crisis hit our portfolio of asset-backed securities (ABS) and other structured credit securities with particular severity. Compared with the end of the year 2007, the carrying amount of these securities dropped appreciably during the first half of 2008. This is attributable to sales of liquid positions for the purpose of risk reduction, to scheduled partial redemptions and also to negative valuation results. As of 30 June 2008, the total portfolio of such securities amounts to EUR 477 million, of which EUR 334 million are attributable to Hypo Group Alpe Adria itself (51 % of the portfolio of the investment company plus own holdings) and EUR 143 million to the 49 % minority shareholder (»minority interests«).

The following chart gives an overview of the development of the portfolio during the last two-and-a-half years:

Total ABS portfolio / structured credit portfolio
Carrying amounts
in m EUR



The biggest negative valuation results are attributable to US mortgage market securities. Because of the so-called subprime crisis, it was necessary to consider a deterioration of the price of these securities during the first half of the year.

Related to the Group's share, the portfolio of subprime related securities in the first half of the year is as follows:

in m EUR

	2008
Carrying amount as of 30 June 2008	15
Impact on the income statement (P&L) 1–6/2008	–6
Available for sale-reserve as of 30 June 2008	–10

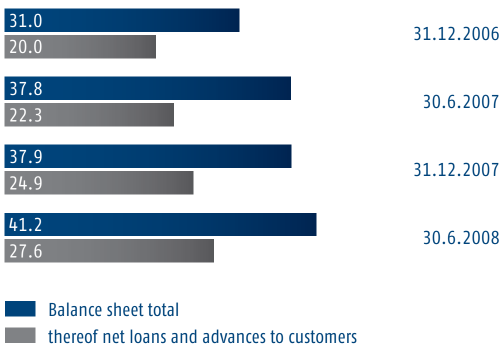
The valuation result from the total portfolio of credit securities in first half of 2008 is as follows:

From the Group's point of view, the remaining carrying amount and the P&L risk of these securities involving a particular risk of default is therefore limited. However, there has not yet been any case of default in interest payments concerning the securities held.

Development of the balance sheet

In the first half of 2008, Hypo Group Alpe Adria pursued its growth strategy consistently. With a balance sheet total of EUR 41.2 billion as of 30 June 2008, it remained one of the leading providers of financial services in the Alps to Adriatic region. Compared with the balance sheet date of the previous year, this represented an increase in total assets by EUR 3.3 billion respectively 8.6 %.

Balance sheet total
in bn EUR

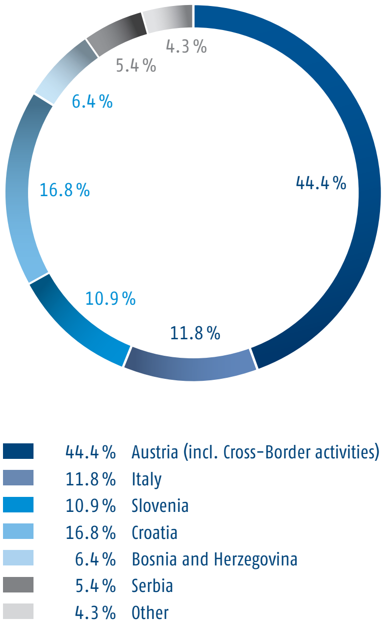


On the assets side, this increase is based on the growth of the credit and finance leasing business, expressed as an increase of net loans and advances to customers (after consideration of risk provisions on loans and advances) by EUR 2.7 billion to EUR 27.6 billion (+10.7 %).

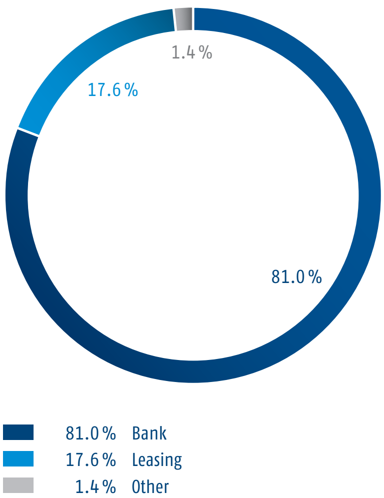
in m EUR

	thereof Group's share	thereof Minority shareholders
Impact on the income statement (P&L) 1–6/2008:		
Result of valuation and disposal	–25	–11
Development of the available for sale-reserve (before deferred taxes):		
as of 1 January 2008	–19	0
as of 30 June 2008	–30	0

Balance sheet total by countries



Balance sheet total by business segments



The loans and advances to credit institutions are up EUR 0.7 billion (+18.3 %), in particular as a result of short-term investments in the money market. While the investments in securities dropped by EUR –0.3 billion to EUR 4.0 billion (–7.7 %) as a consequence of sales, amortisation and the negative development in the international capital market, other financial investments increased by EUR 0.2 billion (+16.6 %) to EUR 1.1 billion in the first six months because of the positive business development in the area of operating leasing.

On the liabilities side, this growth was financed primarily by liabilities against credit institutions, in which also credit lines from the parent BayernLB are included. The explanation of the remarkable increase of this item towards the end of the year 2007 by +67.3 % (corresponds to EUR 3.0 billion) is that in the past, Hypo Group Alpe Adria used to rely on issuing bonds in the capital market (liabilities evidenced by certificates) for financing.

Customer deposits were also up, rising by 6.3 % during the first six months. Due to the reduction of short-term commercial papers evidenced by certificates, there has been a decrease of EUR –0.9 billion respectively –4.7 % regarding the item liabilities evidenced by certificates. Mainly due to the supplementary capital issued during the reporting period, the subordinated capital increased by EUR 0.3 billion.

Compared with the end of 2007, the crisis in the international financial markets worsened in the first half of 2008. Practically the entire stock of securities of the Group, almost all of which are assignable to the available for sale (AFS) category, were affected by the widening of the credit spread of financial securities. Compared with 31 December 2007, the corresponding available for sale-reserve in the equity contracted by EUR –40.7 million, reaching EUR –45.7 million on 30 June 2008. Although the negative results in the first half of 2008 and the distribution of profits in an amount of EUR 50.0 million reduced the own equity, the total equity increased by EUR 88.7 million. This increase is due to the establishment of an investment company jointly with an international co-investor in which Hypo Alpe-Adria-Bank International AG holds a 51 % stake. In connection with the aforesaid, the equity belonging to minority interests increased nominally by EUR 245 million.

In the first half of 2008, the balance sheet total of EUR 37.9 billion increased to EUR 41.2 billion. While all national companies contributed to this increase, they did so with different dynamism. Austria, Croatia and Italy, the markets where Hypo Group Alpe Adria has been present longest, contributed almost three quarters to the balance sheet total. Slovenia, Bosnia and Herzegovina as well as Serbia were responsible for an additional 22.7 % of the balance sheet total. The share of the other markets of the international financing group during the year just ended was almost 4.3 %. Considered by business segments, the segment »Banking« contributed 81.0 % to the balance sheet total while the segment »Leasing« contributed 17.6 %.

Own capital funds

As per 1 January 2008, the Basel II standards on banking supervision are applied for the first time. For the entire group of banks, the credit risk is established according to the standard approach and the operational risk is established according to the basic indicator approach.

Overall, own capital funds under the Austrian Banking Act (BWG) amounted to EUR 3,296.0 million on 30 June 2008 (31 December 2007: EUR 2,872.2 million). Required capital was EUR 2,770.7 million, resulting in surplus coverage of EUR 525.3 million and a coverage ratio of 119.0 %. On 30 June 2008, the own capital funds ratio referred to the banking book (credit risk) stood at 10.1 % (31 December 2007: 10.2 %); at 5.8 %, the TIER 1 capital ratio roughly reached the value of the previous year (31 December 2007: 6.3 %).

Referred to the total own capital funds assessment basis (including market and operational risk), the own capital funds ratio as of 30 June 2008 is 9.5 % (31 December 2007: 10.0 %) and therefore clearly exceeds the minimum ratio of 8.0 % required by Austrian law.

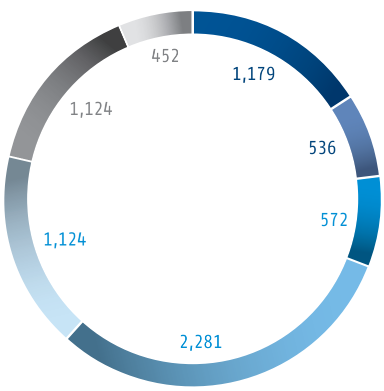
Employees

In spite of the difficult market situation, the number of employees of Hypo Group Alpe Adria could be further increased in the first six months of the year under review. During the first half of 2008, 433 employees were newly recruited. Thus, the number of staff at the end of June reached 7,396.

In the comparison between countries, Croatia has the highest number of employees, namely 2,281. In Austria, the home country, Hypo Group Alpe Adria employs a staff of more than 1,100.

Employees
in core business

Employees by country
in core business



1,179	Austria
536	Italy
572	Slovenia
2,281	Croatia
1,252	Bosnia and Herzegovina
1,124	Serbia
452	Other

Development of the segments

Banking

Convincing corporate and retail customers alike with its integrated network of specialists, locations, products and services, Hypo Group Alpe Adria was able to hold its ground very well in the first half of 2008.

In line with its overall strategy, Hypo Group Alpe Adria has been treating the extension of its retail activities as a priority since 2007. Accordingly, much of the first half of 2008 was dedicated to the realization of the »new retail strategy« and in particular to the continued implementation of the new branch bank and service concept in all markets where Hypo Group Alpe Adria acts. Combined with the continuation of its targeted distribution campaign, this allowed the retail segment to pursue an uninterrupted growth policy during the first six months of the current financial year. The increase of the assets volume double compared with the first half of 2007, while at the same time the growth of the credit volume was noticeably more dynamic than during the same period of the previous year.

The corporate banking segment – an important partner in the corporate clients business in virtually every important industry and sector in South Eastern Europe such as trade, industry, tourism, project financing and infrastructure – was able to prolong the many years of positive development and achieved continuous volume and revenue increases in the first six months of 2008.

In the first half of 2008, the continued implementation of the control units for the segments »Public Finance« and »Investment Banking« successfully created a solid basis for intensified supraregional business activities in these areas. In the first six months of the financial year, both segments continued to roll out the new structure in the individual markets. Special departments at the respective sites now ensure that customers receive high quality and comprehensive support on location.

In the first six months of 2008, the primary influences in the banking segment were the previously described exceptional charges as a consequence of the crisis in the financial markets and the increased risk provisions on loans and advances. In spite of the increase of the net interest income by EUR 33.9 million to EUR 289.7 million (+13.2 %), the negative development of the interest rate in the area of derivatives as well as the higher refinancing costs. While the fee and commission income in the segment still increased by 5.5 % (respectively +12.2 % after adjustment for Alpe Adria Privatbank AG, Liechtenstein), the result from trading and financial investments deteriorated significantly due to the current crisis in the financial markets. After consideration of other results, an operating income in an amount of EUR 327.3 million is obtained, representing a decrease of EUR –5.2 million. Due to the implementation of a more restrictive risk policy, but also as a result of exposures from large individual loans, the risk provisions on loans and advances from banking business doubled during the period under review from EUR –68.9 million (2007) to EUR –140.5 million (2008). The operating expenses as the sum total of personnel expenses, general overheads and depreciation increased by EUR –33.8 million to EUR –213.2 million. From the balance of operating income (EUR 327.3 million), on the one hand and risk provisions on loans and advances (EUR –140.5 million) and operating expenses (EUR –213.2 million) on the other, a negative segment result of EUR –26.4 million is obtained, whereas the segment result in the same period of the previous year, namely EUR 84.3 million, had still been clearly positive.

Leasing

The positive development of the leasing segment during the first half of 2008 comes on the heels of a record new financing volume of more than EUR 2 billion in the fiscal year of 2007. In total, Hypo Group Alpe Adria Leasing concluded 28,924 financing contracts during the first six months of the year (First half of 2007: 24,045). The new financing volume of EUR 1.7 billion developed very positively and compares with EUR 1.1 billion during the first half of 2007. Bearing in mind that the preparedness to invest declined slightly during the first six months due to the situation in the international capital markets and the associated high interest level, this achievement is all the more impressive. In particular in the markets of South Eastern Europe, Hypo Group Alpe Adria Leasing was not only able to hold its ground, but even succeeded in further strengthening its market position. This growth was primarily attributable to the companies in Slovenia, Croatia, Bosnia and Herzegovina, Serbia, Montenegro and Macedonia, each of them being the absolute market leader in its respective market. In addition, the leasing segment also achieved a very clear positive development in the relatively young Hypo markets of Bulgaria and the Ukraine.

In line with this positive development, the staff level also increased appreciably with 1,100 employees on 30 June 2008.

The success of Hypo Group Alpe Adria Leasing is also the result of substantial know-how in special areas such as ship and aircraft leasing as well as leasing in the alternative energies segment. Thus, the leasing companies of Hypo Group Alpe Adria are the number one for ship leasing in Hungary and Austria and the clear market leader for small and mid-sized aircraft leasing in Austria. In Germany, Hypo Group Alpe Adria Leasing was able to establish itself in the alternative energies segment. In future, this special know-how will be put to use in all countries where Hypo Group Alpe Adria is active.

The increased business volume pushed up the net interest income of the leasing group in the first six months of 2008 by EUR 6.1 million to EUR 62.2 million compared with the same period of 2007 (+10.9 %). However, the interest income was negatively affected both by the general interest increase of the relevant reference interest rate and the increase of the credit spread because the total increases could not be passed on fully to the leasing customers. After consideration of the fee and commission income and the other results, the operating income increased from EUR 73.2 million to EUR 78.8 million, representing an increase of 7.7 %. The costs of risk provisions increased by approximately 70 % in the first half of 2008 to EUR –18.8 million, which is primarily attributable to the general increase of the financing volume and to higher risk provisions in Croatia. As a consequence of higher personnel expenses (+10.4 %), higher general overheads (+24.1 %) and depreciations (+15.4 %), the operating expenses are up EUR –6.1 million compared with the same period of the previous year and now stand at EUR –41.8 million. In total, the result of the leasing segment amounts to EUR 18.2 million, thus falling short of the comparative value of the previous year (EUR 26.3 million).

In the wake of the extremely successful market entry in the Ukraine at the end of 2007, Hypo Group Alpe Adria Leasing plans to continue its expansion. Therefore, it is working intensively on the further development of its distribution network in the existing countries, first and foremost in the Ukraine and Bulgaria. Additionally, the possibility of entering new markets is also evaluated.

Other

This segment comprises both the in-house real estate activities of Hypo Alpe Adria Immobilien AG (AAI Group) and the tourism activities of Kärntner Holding Beteiligungs-AG (KHBAG Group), but also the activities of Croatian packaging manufacturer Aluflexpack d.o.o. as well as those of other consolidated companies. While the AAI Group continues to contribute positively to the consolidated net result, the contributions of both the Croatian production company and the KHBAG Group were negative. In the case of Aluflexpack d.o.o., this was attributable to exchange rate changes and higher raw material costs, whereas the negative result of the KHBAG Group is essentially attributable to sligthly higher than previously planned start-up losses in connection with Schlosshotel Velden, opened in the second quarter of 2007. In total, the segment result of the segment denominated as »Other« is negative at a rate of EUR –18.2 million, compared with EUR –14.2 million during the first half of 2007.

Together with an international consulting firm, a restructuring concept will be developed for the packaging manufacturer in the second half of 2008, which will then be implemented promptly. Concerning the tourism activities, the planned sale of apartments and the sale of Hotel Carinzia will make positive contributions to the result and therefore contribute to reducing the negative result.

Forecast for the second half of 2008

Hypo Group Alpe Adria expects that the crisis in the international financial markets will continue in the second half of the fiscal year of 2008.

Therefore, in our forecast we assume that the refinancing expenses for the Group will continue to be high. We will counter this by intensifying our retail activities to obtain customer deposits, by issuing collateral bonds and by adjusting the external conditions for new business. However, the net interest result will be negatively affected by the long-term issues of TIER 2 capital in 2008 as a consequence of the very big widening of the credit spread in the capital market for subordinated issues.

In connection with the prolonged financial market crisis, we do not expect any speedy recovery of the price of the securities investments held by the Group. Therefore, the value of the available for sale-reserve will still be negative at the end of the year. With respect to the development of our own subprime related securities, we expect that further impairments will be required during the second half of the year. As the carrying amount as of 30 June 2008 has dropped to a very low EUR 15 million and as the corresponding negative available for sale-reserve stands at a low EUR –10 million, the potential negative impact on the Group's result will remain within limits.

In the coming months, we shall continue to treat the credit risk management as a priority, we shall apply close-to-real-time monitoring to individual loans and where required we shall initiate the required measures promptly. For the end of the year, we still expect high credit risk costs, although they will depend in particular on the achievement of the defined restructuring objectives of individual loans.

Notwithstanding the difficult boundary conditions the Group is currently facing, we expect on the basis of the information available today and the assumptions that were made that we will be able to achieve a slightly positive consolidated net result for the entire year of 2008.

For the end of the year 2008, we forecast a balance sheet total of just over EUR 44 billion, representing an increase of approximately 16 % over the previous year.

In addition to customer deposits, which are a very important source for the financing of the future growth of Hypo Group Alpe Adria, the Group's growth to a major part will also be financed by the principal shareholder, BayernLB, so that the Group will remain mostly unaffected by the currently tense liquidity situation in the capital market also during the second half of 2008.

As regards the 49 % stake in Alpe Adria Privatbank AG, Liechtenstein the executive board will take further steps in the second half of the year in order to sell this remaining shares.

Consolidated Interim Financial Statements

as of 30 June 2008
of Hypo Alpe-Adria-Bank International AG

Income Statement

EUR '000

	Note	1.1.– 30.6.2008	1.1.– 30.6.2007	Change in m	Change in %
Interest and similar income	(5)	1,124,132	939,131	185	19.7 %
Interest and similar expense	(6)	–783,814	–635,315	–148	23.4 %
Net interest income		**340,318**	**303,816**	**37**	**12.0 %**
Fee and commission income	(7)	72,414	72,069	0	0.5 %
Fee and commission expenses	(8)	–12,190	–15,331	3	–20.5 %
Net fee and commission income		**60,224**	**56,738**	**3**	**6.1 %**
Result from trading	(9)	7,958	21,359	–13	–62.7 %
Result from hedge accounting	(10)	1,746	–2,448	4	n.a.
Result from fin. investments – designated at fair value through profit or loss	(11)	–38,060	–6,841	–31	> 100 %
Result from fin. investments – available for sale	(12)	–1,842	7,212	–9	n.a.
Result from fin. investments – held to maturity	(13)	14	6	0	> 100 %
Result from other financial investments	(14)	5,493	4,412	1	24.5 %
Other operating result	(15)	20,524	19,548	1	5.0 %
Operating income		**396,375**	**403,801**	**–7**	**–1.8 %**
Risk provisions on loans and advances	(16)	–159,319	–79,970	–79	99.2 %
Operating income after risk provisions		**237,056**	**323,831**	**–87**	**–26.8 %**
Personnel expenses	(17)	–133,786	–115,641	–18	15.7 %
Other administrative expenses	(18)	–102,467	–88,738	–14	15.5 %
Depreciation and amortization of tangible and intangible assets	(19)	–27,261	–22,068	–5	23.5 %
Operating expenses		**–263,514**	**–226,447**	**–37**	**16.4 %**
Operating result		**–26,458**	**97,384**	**–124**	**n.a.**
Result from the disposal of group companies	(20)	0	57,208	–57	n.a.
Result from companies accounted for at equity	(21)	1,307	361	1	> 100 %
Result before tax		**–25,151**	**154,953**	**–180**	**n.a.**
Taxes on income	(22)	–28,417	–32,058	4	–11.4 %
Result after tax		**–53,568**	**122,895**	**–176**	**n.a.**
Minority interests	(23)	–8,314	–3,699	–5	> 100 %
Consolidated net result (after minority interests)		**–61,882**	**119,196**	**–181**	**n.a.**

		1.1.– 30.6.2008	1.1.– 30.6.2007
Consolidated net result (after minority interests)	in € '000	–61,882	119,196
Average number of shares outstanding	Number	6,045,891	4,775,220
Earnings per share	**in EUR**	**–10.24**	**24.96**

Earnings per share are calculated by dividing the consolidated net result (after minority interests) of EUR –61,882 thousand (1.1.–30.6.2008: EUR 119,196 thousand) by the weighted average number of ordinary shares outstanding during the fiscal year, namely 6,045,891 shares (1.1.–30.6.2008: 4,775,220).

Neither convertible bonds nor options with a diluting effect were outstanding during the period under review.

Balance Sheet

EUR '000

	Note	30.6.2008	31.12.2007	Change in m	Change in %
ASSETS					
Cash and balances with central banks	(24)	947,343	997,864	−51	−5.1 %
Loans and advances to credit institutions	(25)	4,652,016	3,932,772	719	18.3 %
Loans and advances to customers	(26)	28,470,090	25,650,736	2,819	11.0 %
Risk provisions on loans and advances	(27)	−845,432	−705,266	−140	19.9 %
Trading assets	(28)	137,963	127,163	11	8.5 %
Positive fair value from hedge accounting derivatives	(29)	174,232	156,621	18	11.2 %
Financial investments – designated at fair value through profit or loss	(30)	1,171,459	1,384,468	−213	−15.4 %
Financial investments – available for sale	(31)	2,620,814	2,735,469	−115	−4.2 %
Financial investments – held to maturity	(32)	41,121	42,570	−1	−3.4 %
Investments in companies accounted for at equity	(33)	23,799	21,948	2	8.4 %
Other financial investments	(34)	1,119,247	960,064	159	16.6 %
Intangible assets	(35)	65,262	64,343	1	1.4 %
Tangible assets	(36)	642,198	636,063	6	1.0 %
Tax assets	(37)	556,019	536,220	20	3.7 %
Other assets	(38)	1,435,903	1,397,466	38	2.8 %
Total assets		**41,212,033**	**37,938,501**	**3,274**	**8.6 %**
LIABILITIES & EQUITY					
Liabilities to credit institutions	(39)	7,454,447	4,456,962	2,997	67.3 %
Liabilities to customers	(40)	9,011,048	8,473,574	537	6.3 %
Liabilities evidenced by certificates	(41)	19,336,460	20,282,581	−946	−4.7 %
Trading liabilities	(42)	12,745	8,444	4	50.9 %
Negative fair value from hedge accounting derivatives	(43)	618,505	392,596	226	57.5 %
Provisions	(44)	70,748	64,965	6	8.9 %
Tax liabilities	(45)	378,202	376,094	2	0.6 %
Other liabilities	(46)	958,638	890,873	68	7.6 %
Subordinated capital	(47)	1,623,484	1,333,341	290	21.8 %
Equity	(48)	1,747,758	1,659,071	89	5.3 %
thereof shareholders' equity		1,015,565	1,154,484	−139	−12.0 %
thereof minority interests		732,193	504,588	228	45.1 %
Total liabilities & equity		**41,212,033**	**37,938,501**	**3,274**	**8.6 %**

Statement of Changes in Equity

EUR '000

	Issued capital	Additional paid-in capital	Available for sale-reserve	Foreign currency translation	Retained earnings	Consoli-dated net result	Share-holders' equity	Minority interests	Total
Equity on 1.1.2008	**48,367**	**940,337**	**–4,972**	**359**	**120,392**	**50,000**	**1,154,484**	**504,588**	**1,659,071**
Capital increase	0	0	0	0	0	0	0	245,029	245,029
Dividend paid	0	0	0	0	0	–50,000	–50,000	–24,996	–74,996
Result for the period	0	0	0	646	0	–61,882	–61,236	8,314	–52,922
Change in available for sale-reserve	0	0	–40,725	0	0	0	–40,725	–988	–41,713
Other changes	0	0	2	13,816	–776	0	13,043	246	13,289
Equity on 30.6.2008	**48,367**	**940,337**	**–45,694**	**14,821**	**119,616**	**–61,882**	**1,015,565**	**732,193**	**1,747,758**
Equity on 1.1.2007	**37,026**	**239,769**	**23,406**	**–3,480**	**169,128**	**9,627**	**475,477**	**400,439**	**875,916**
Capital increase	1,764	116,222	0	0	0	0	117,985	195,492	313,478
Dividend paid	0	0	0	0	0	–9,807	–9,807	–17,823	–27,631
Result for the period	0	0	0	0	0	119,196	119,196	3,699	122,895
Change in available for sale-reserve	0	0	773	0	0	0	773	0	773
Other changes	0	–0	–0	1,802	3,480	0	5,280	11,679	16,958
Equity on 30.6.2007	**38,789**	**355,990**	**24,179**	**–1,678**	**172,608**	**119,016**	**708,904**	**593,486**	**1,302,390**

Revenues and expenses directly recognised in equity are shown below:

EUR '000

	1.1.–30.6.2008	1.1.–30.6.2007
Recognised directly in equity	**–41,065**	**1,034**
Valuation result on available for sale-reserves	–52,220	1,694
Foreign exchange differences (change in foreign currency reserve)	646	261
Taxes on items directly recognised in equity	10,509	–921
Result after tax	**–53,568**	**122,895**
Total income and expenses recognised in the reporting period	**–94,633**	**123,929**
thereof shareholders' equity	–101,959	120,230
thereof minority interests	7,326	3,699

Cash Flow Statement

EUR '000

	30.6.2008	30.6.2007
Cash and cash equivalents at the end of previous period (1.1.)	**997,864**	**1,798,919**
Net cash from operating activities	–267,627	–940,492
Net cash from investing activities	–246,493	–198,711
Net cash from financing activities	459,646	581,025
Effect of exchange rate changes	3,953	–1,803
Cash and cash equivalents at the end of period (30.6.)	**947,343**	**1,238,938**

Notes to the Consolidated Interim Financial Statements

Accounting policies and basis of consolidation

(1) Significant accounting policies

Hypo Group Alpe Adria establishes its consolidated interim financial statements in accordance with Section 87 of the Austrian Stock Exchange Law (BörseG) and in application of the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB) and with their interpretations by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU. In particular, the consolidated interim financial statements as of 30 June 2008 also fulfils the requirements of IAS 34 (interim reporting) for condensed consolidated interim financial statements.

For the first time, the condensed consolidated interim financial statements as of 30 June 2008 were subjected to review by the auditor. By contrast, the figures for the first half of the previous year shown in the interim report has neither been subjected to an audit nor a review.

In this consolidated interim financial statements, the same accounting and measurement principles as well as methods of computation were applied as in our last consolidated financial statements as of 31 December 2007.

(2) Use of estimates and assumptions / material estimates

To a certain extent, the recognition of assets and liabilities requires estimates and assumptions. Material estimates were made mainly when establishing fair values, risk provisions on loans and advances and use of tax losses for deferred taxes.

Of the deferred tax assets reported in the consolidated interim financial statements as of 30 June 2008, an amount of EUR 190 million (25 % of EUR 760 million) is attributable to tax losses carried forward of Hypo Alpe-Adria-Bank International AG including its Austrian members of the tax group. However, because of the negative results of the Austrian group members, the tax losses that are available as of 30 June 2008 and can be carried forward without restriction are considerably higher. In the consolidated interim financial statements as of 30 June 2008, the part capitalised in the consolidated accounts as of 31 December 2007 was left unchanged and no additional capitalisations or write-offs were carried out. A currently performed projection of the changes that have occurred confirmed the amount already capitalised in the determined 10-year period of utilisation. The utilisation scenario shall be comprehensively re-assessed in connection with the yearly budgeting in the second half of 2008, which may result in possible adjustments in the consolidated financial statements as of 31 December 2008.

(3) Scope of Consolidation

	30.6.2008		31.12.2007	
	Fully consolidated	Equity method	Fully consolidated	Equity method
On 1.1.	**114**	**5**	**110**	**7**
Included for the first time in the period under review	9	–	22	–
Merged in the period under review	–1	–	–3	–
Excluded in the period under review	–1	–	–14	–3
Reclassified	–	–	–1	1
On end of period	**121**	**5**	**114**	**5**
thereof Austrian enterprises	29	2	29	2
thereof foreign enterprises	92	3	85	3

Accounting policies and basis of consolidation

In first half of 2008 the following nine fully consolidated subsidiaries were included for the first time:

Company	Seat	Ownership (direct) interest in %	Ownership (indirect) interest in %	Method of consolidation	Reason
HYPO INVESTMENTS a.d.	Belgrade	100.00 %	99.91 %	fully consolidated	Acquisition
NORICA INVESTMENTS LIMITED	St.Helier	51.00 %	51.00 %	fully consolidated	Foundation
Griff Ingatlanhasznosító Kft.	Budapest	100.00 %	68.25 %	fully consolidated	Acquisition
SPC GRIFF Ingatlanhasznosító Kft.	Budapest	100.00 %	68.25 %	fully consolidated	Foundation
HYPO AC ADA DOO BEOGRAD	Belgrade	100.00 %	68.25 %	fully consolidated	Foundation
HYPO RK ALEKSANDAR DOO BEOGRAD	Belgrade	100.00 %	68.25 %	fully consolidated	Foundation
HYPO PP CENTAR DOO BEOGRAD	Belgrade	100.00 %	68.25 %	fully consolidated	Foundation
HYPO TC-BB DOO BEOGRAD	Belgrade	100.00 %	68.25 %	fully consolidated	Foundation
HYPO KASINA DOO BEOGRAD	Belgrade	100.00 %	68.25 %	fully consolidated	Foundation

On 31 March 2008, the Hungarian leasing subsidiary of the Group acquired a 100 % interest in Griff Ingatlanhasznosító Kft., Budapest, for a purchase price of approximately EUR 7 million. It has not been possible yet to complete the purchase price allocation required in accordance with IFRS 3. The differential amount estimated from the transaction was reported as an expense in the interim financial statements for the time being and amounts to EUR –1.5 million.

Furthermore, on 30 April 2008, the Group acquired a 100 % interest in HYPO INVESTMENTS a.d., Belgrade, for a purchase price of approximately EUR 0.4 million.

During the first six months of the fiscal year 2008, the following two fully consolidated subsidiaries dropped out of the scope of consolidation:

Company	Seat	Ownership (direct) interest in %	Ownership (indirect) interest in %	Method of consolidation	Reason
VIVATINVEST d.o.o.	Ljubljana	100.00 %	68.25 %	fully consolidated	Sale
HYPO CENTAR SIBENIK d.o.o.	Zagreb	100.00 %	68.25 %	fully consolidated	Merger

Notes to the Income Statement

(4) Segment reporting

Segment reporting is adopted in accordance with IAS 14 and provides an overview of the relevant business segments and activities in the geographical markets of the Hypo Group Alpe Adria. It is the aim of segment reporting to explain how business results are generated from the segments.

Refinancing costs of participations in the parent company are allocated to the related segments. The interest rate used is that of long-term debt capital (roll-over estimation) and amounted, in the first half of financial year 2008 to 4.33 % (first half of 2007: 4.42 %).

Hypo Group Alpe Adria chose geographical markets as the primary segment because material risks and rewards come from the countries where the Group is active:

- Austria
- Italy
- Slovenia
- Croatia
- Bosnia and Herzegovina (BiH)
- Serbia
- Other regions

The secondary segment represents the core competences of Hypo Group Alpe Adria and consists of:

- Banking
- Leasing
- Other

In the first half of 2007, Hypo Alpe-Adria-Bank (Liechtenstein) AG (now trading under the name of Alpe Adria Privatbank AG) was still included in the consolidated interim financial statements as a fully consolidated entity. Its income and expenses as well as assets and liabilities being reported in the segments »Other markets« (primary segment) respectively »Banking« (secondary segment). In the first six months of 2007, the company contributed approximately EUR 1.8 million to the net interest result as well as approximately EUR 3.4 million to the fees and commissions result. The expenses for risk provisions on loans and advances amounted to approximately EUR –0.5 million, while the operating expenses were approximately EUR –2.9 million. As a result of the sale of 51 % of the shares in this company in December 2007, the bank is now included by means of the at equity method, and the share of the result of the first half of 2008 is reported in unallocated corporate income/expenses.

Over and above the aforesaid, the basis of segment reporting compared with the previous period remained largely unaffected by the other changes in the scope of consolidation.

Notes to the Income Statement

Segment report by geographical markets

Period 1–6/2008	Austria	Italy	Slovenia
Net interest income	131,985	54,574	29,477
Net fee and commission income	15,625	5,156	3,731
Result from trading	−6,909	−235	615
Result from hedge accounting	1,679	67	0
Result from financial investments – fvo	−30,600	−878	0
Result from financial investments – afs	−6,245	0	533
Result from financial investments – htm	0	0	14
Result from other financial investments	4	55	2,121
Other operating result	1,910	−408	5,910
Operating income	**107,450**	**58,330**	**42,401**
Risk provisions on loans and advances	−107,687	−9,005	−5,025
Operating income after risk provisions	**−237**	**49,326**	**37,376**
Personnel cost	−44,774	−15,100	−10,593
Other administrative expenses	−30,247	−12,738	−7,187
Depreciation and amortization of tangible and intangible assets	−5,705	−2,710	−1,908
Operating expenses	**−80,726**	**−30,549**	**−19,688**
Segment result (Operating result)	**−80,963**	**18,777**	**17,688**
Unallocated corporate income/expenses			
Result before tax			
Taxes on income			
Result after tax			
Minority interest			
Consolidated net result (after minority interests)			
Average assets	17,566,514	4,702,108	4,196,254
Loans and advances to credit institutions	2,986,158	64,988	15,591
Loans and advances to customers	11,308,296	4,313,082	3,520,393
Risk provisions on loans and advances	−450,972	−40,024	−32,829
Sum of financial investments	3,276,808	821	578,942
Liabilities to customers	4,063,979	840,084	396,387
Average risk-weighted assets (RWA)	11,414,788	3,986,529	3,979,337
Allocated average equity	1,013,384	353,917	353,278
Return on equity (ROE) before tax	n.a.	10.8 %	10.2 %
Cost/income ratio	75.1 %	52.4 %	46.4 %
Risk/earnings ratio	81.6 %	16.5 %	17.0 %
Return on assets (ROA) before tax	n.a.	0.81 %	0.85 %
Average number of employees (capacity)	1,273	518	543

Explanations:
fvo: designated at fair value through profit or loss (fair value option) afs: available for sale htm: held to maturity

EUR '000

Croatia	BiH	Serbia	Other regions	Consolidation	Total
47,386	32,156	29,186	15,552	0	340,318
21,122	6,048	8,247	457	–163	60,224
8,129	701	8,588	400	–3,330	7,958
0	0	0	0	0	1,746
0	–6,582	0	0	0	–38,060
3,730	–644	117	–1,083	1,750	–1,842
0	0	0	0	0	14
1,389	0	0	1,925	0	5,493
14,891	988	475	–551	–2,692	20,524
96,648	**32,668**	**46,614**	**16,699**	**–4,434**	**396,375**
–13,879	–10,224	–9,387	–4,112	0	–159,319
82,769	**22,444**	**37,227**	**12,587**	**–4,434**	**237,056**
–37,548	–10,431	–10,940	–4,400	0	–133,786
–27,124	–10,565	–11,020	–7,854	4,269	–102,467
–10,490	–2,434	–3,060	–953	0	–27,261
–75,162	**–23,430**	**–25,021**	**–13,208**	**4,269**	**–263,514**
7,607	**–986**	**12,206**	**–622**	**–166**	**–26,458**
					1,307
					–25,151
					–28,417
					–53,568
					–8,314
					–61,882
6,874,123	2,538,705	2,140,215	1,557,347		39,575,267
942,443	336,023	287,071	19,743		4,652,016
4,702,636	2,040,799	1,176,491	1,408,494		28,470,090
–174,704	–98,839	–39,480	–8,585		–845,432
862,631	14,629	220,163	22,447		4,976,440
2,009,616	990,710	593,318	117,511		9,011,048
5,573,470	1,886,204	1,587,784	3,275,032		31,703,144
494,803	167,454	140,961	290,751		2,814,548
3.1 %	n.a.	17.6 %	n.a.		n.a.
77.8 %	71.7 %	53.7 %	79.1 %		66.5 %
29.3 %	31.8 %	32.2 %	26.4 %		46.8 %
0.22 %	n.a.	1.16 %	n.a.		n.a.
2,720	1,197	1,088	404		7,743

Notes to the Income Statement

Segment report by geographical markets

Period 1–6/2007	Austria	Italy	Slovenia
Net interest income	114,328	49,442	25,476
Net fee and commission income	14,975	3,870	3,566
Result from trading	–1,817	234	3,499
Result from hedge accounting	–2,460	12	0
Result from financial investments – fvo	–12,060	286	0
Result from financial investments – afs	3,061	0	2,153
Result from financial investments – htm	0	0	6
Result from other financial investments	–29	3	42
Other operating result	11,674	1,841	1,866
Operating income	**127,672**	**55,688**	**36,608**
Risk provisions on loans and advances	–32,778	–4,410	–2,669
Operating income after risk provisions	**94,893**	**51,279**	**33,940**
Personnel cost	–41,431	–13,075	–9,320
Other administrative expenses	–24,734	–14,532	–6,135
Depreciation and amortization of tangible and intangible assets	–3,798	–2,446	–1,440
Operating expenses	**–69,963**	**–30,053**	**–16,895**
Segment result (Operating result)	**24,931**	**21,226**	**17,044**
Unallocated corporate income/expenses			
Result before tax			
Taxes on income			
Result after tax			
Minority interest			
Consolidated net result (after minority interests)			
Average assets	16,436,969	4,003,806	2,975,657
Loans and advances to credit institutions	4,596,463	25,161	21,671
Loans and advances to customers	9,566,965	3,663,041	2,440,846
Risk provisions on loans and advances	–179,619	–31,048	–25,934
Sum of financial investments	3,568,397	5,577	517,855
Liabilities to customers	3,979,754	754,171	273,908
Average risk-weighted assets (RWA)	8,802,786	3,608,754	2,683,618
Allocated average equity	417,888	171,316	127,397
Return on equity (ROE) before tax	12.0 %	25.0 %	27.0 %
Cost/income ratio	54.8 %	54.0 %	46.2 %
Risk/earnings ratio	28.7 %	8.9 %	10.5 %
Return on assets (ROA) before tax	0.31 %	1.07 %	1.16 %
Average number of employees (capacity)	1,128	455	466

Explanations:
fvo: designated at fair value through profit or loss (fair value option) afs: available for sale htm: held to maturity

EUR '000

Croatia	BiH	Serbia	Other regions	Consolidation	Total
51,837	28,183	23,942	6,679	3,928	303,816
19,773	6,221	4,687	3,682	–36	56,738
13,711	2,191	2,080	321	1,139	21,359
–91	0	0	0	91	–2,448
0	4,933	0	0	0	–6,841
1,690	132	110	65	0	7,212
0	0	0	0	0	6
6,699	0	0	–2,302	0	4,412
10,913	–557	1,702	708	–8,600	19,548
104,533	**41,102**	**32,522**	**9,153**	**–3,477**	**403,801**
–24,518	–9,521	–4,064	–2,010	0	–79,970
80,014	**31,581**	**28,457**	**7,143**	**–3,477**	**323,830**
–30,040	–8,737	–8,583	–4,455	0	–115,641
–24,103	–8,297	–10,701	–5,166	4,929	–88,738
–8,807	–2,290	–2,673	–613	0	–22,068
–62,951	**–19,323**	**–21,958**	**–10,233**	**4,929**	**–226,447**
17,064	**12,258**	**6,500**	**–3,090**	**1,452**	**97,383**
					57,569
					154,953
					–32,059
					122,895
					–3,699
					119,196
6,196,044	1,844,295	2,043,543	890,664	432	34,391,410
1,081,731	147,060	416,814	30,499	–32	6,319,367
4,393,210	1,562,748	1,054,897	664,153	0	23,345,861
–199,763	–83,643	–29,299	–3,908	0	–553,215
624,388	22,042	147,661	87,291	–26	4,973,186
1,667,239	765,873	357,220	309,415	0	8,107,581
4,495,039	988,151	1,630,054	816,451	–5,697	23,019,154
213,390	46,910	77,382	38,759	–270	1,092,773
16.1 %	52.7 %	16.9 %	n.a.		28.6 %
60.2 %	47.0 %	67.5 %	111.8 %		56.1 %
47.3 %	33.8 %	17.0 %	30.1 %		26.3 %
0.56 %	1.34 %	0.64 %	n.a.		0.91 %
2,615	1,048	958	272		6,942

Notes to the Income Statement

Segment report by business

EUR '000

Period 1–6/2008	Bank	Leasing	Other	Consolidation	Total
Net interest income	289,714	62,155	–11,551	0	340,318
Net fee and commission income	59,582	2,178	–282	–1,254	60,224
Result from trading	7,589	737	–348	–19	7,958
Result from hedge accounting	1,746	0	0	0	1,746
Result from financial investments – fvo	–38,060	0	0	0	–38,060
Result from financial investments – afs	–2,406	0	564	0	–1,842
Result from financial investments – htm	14	0	0	0	14
Result from other financial investments	73	5,416	4	0	5,493
Other operating result	9,008	8,326	23,663	–20,472	20,524
Operating income	**327,260**	**78,812**	**12,049**	**–21,746**	**396,375**
Risk provisions on loans and advances	–140,490	–18,818	–11	0	–159,319
Operating income after risk provisions	**186,769**	**59,994**	**12,039**	**–21,746**	**237,056**
Personnel cost	–105,643	–17,043	–11,101	0	–133,786
Other administrative expenses	–92,614	–18,762	–12,837	21,746	–102,467
Depreciation and amortization of tangible and intangible assets	–14,900	–6,035	–6,326	0	–27,261
Operating expenses	**–213,156**	**–41,839**	**–30,264**	**21,746**	**–263,514**
Segment result (Operating result)	**–26,387**	**18,155**	**–18,225**	**0**	**–26,458**
Unallocated corporate income/expenses					1,307
Result before tax					**–25,151**
Taxes on income					–28,417
Result after tax					**–53,568**
Minority interest					–8,314
Consolidated net result (after minority interests)					**–61,882**

Explanations:
fvo: designated at fair value through profit or loss (fair value option)
afs: available for sale
htm: held to maturity

Segment report by business

EUR '000

Period 1–6/2007	Bank	Leasing	Other	Consolidation	Total
Net interest income	255,853	56,041	−7,830	−248	303,816
Net fee and commission income	56,479	1,537	−111	−1,168	56,738
Result from trading	13,911	5,462	793	1,193	21,359
Result from hedge accounting	−2,448	0	0	0	−2,448
Result from financial investments – fvo	−6,841	0	0	0	−6,841
Result from financial investments – afs	8,293	−1,204	123	0	7,212
Result from financial investments – htm	6	0	0	0	6
Result from other financial investments	−34	4,446	0	0	4,412
Other operating result	7,291	6,924	16,845	−11,511	19,548
Operating income	**332,509**	**73,206**	**9,820**	**−11,733**	**403,801**
Risk provisions on loans and advances	−68,884	−11,093	7	0	−79,970
Operating income after risk provisions	**263,625**	**62,113**	**9,827**	**−11,733**	**323,831**
Personnel cost	−90,435	−15,439	−9,767	0	−115,641
Other administrative expenses	−75,616	−15,118	−10,681	12,676	−88,738
Depreciation and amortization of tangible and intangible assets	−13,288	−5,229	−3,550	0	−22,068
Operating expenses	**−179,339**	**−35,786**	**−23,998**	**12,676**	**−226,447**
Segment result (Operating result)	**84,286**	**26,326**	**−14,171**	**943**	**97,384**
Unallocated corporate income/expenses					57,569
Result before tax					**154,953**
Taxes on income					−32,058
Result after tax					**122,895**
Minority interest					−3,699
Consolidated net result (after minority interests)					**119,196**

Explanations:

fvo: designated at fair value through profit or loss (fair value option)

afs: available for sale

htm: held to maturity

Notes to the Income Statement

(5) Interest and similar income

EUR '000

	1.1.–30.6.2008	1.1.–30.6.2007
Interest income	**870,593**	**753,495**
from loans and advances to credit institutions	65,889	106,816
from loans and advances to customer	708,377	517,684
from bonds, treasury bills and other fixed-interest securities	72,876	76,693
from derivative financial instruments, net	0	37,443
Other interest income	23,450	14,859
Current income	**253,539**	**185,636**
from shares and other non fixed-income securities	2,314	2,580
from leasing business	231,780	171,958
from investment properties	19,444	11,097
Total	**1,124,132**	**939,131**

Interest and similar income break down as follows according to IAS 39 categories:

EUR '000

	IAS 39 Measurement category	1.1.–30.6.2008	1.1.–30.6.2007
Interest income		**870,593**	**753,495**
from loans and advances to credit institutions and customers	LAR	761,906	616,215
from trading assets	HFT	1,443	1,623
from derivative financial instruments, net	HFT / Fair Value Hedges	0	37,443
from fin. investments – designated at fair value through profit or loss	FVO	28,281	29,884
from fin. investments – available for sale	AFS	54,854	49,981
from fin. investments – held to maturity	HTM	825	871
from balances at central banks	Fin. Assets At Cost	22,598	17,480
other interest income	–	685	0
Current income		**253,539**	**185,636**
from shares and other non fixed-interest securities	AFS	1,973	2,580
from shares and other non fixed-interest securities	HFT	341	–
from leasing business	LAR / –	231,780	171,958
from investment properties	–	19,444	11,097
Total		**1,124,132**	**939,131**

(6) Interest and similar expenses

EUR '000

	1.1.–30.6.2008	1.1.–30.6.2007
Interest expenses	**–772,915**	**–622,515**
for liabilities to credit institutions	–118,062	–73,233
for liabilities to customers	–174,682	–125,046
for liabilities evidenced by certificates	–428,490	–393,577
for subordinated capital	–33,746	–29,006
for derivative financial instruments, net	–17,171	0
for other liabilities	–764	–1,653
Other interest expenses	**–10,899**	**–12,800**
commissions for statutory guarantee	–10,899	–12,800
Total	**–783,814**	**–635,315**

Interest and similar expenses break down as follows according to IAS 39 categories:

EUR '000

	IAS 39 Measurement category	1.1.–30.6.2008	1.1.–30.6.2007
Interest expenses		**–772,915**	**–622,515**
for derivative financial instruments, net	HFT	–17,171	0
for fin. liabilities – designated at fair value through profit or loss	FVO	–39,608	–39,014
for fin. liabilities – at cost	Fin. Liabilities At Cost	–715,864	–582,367
for fin. liabilities to central banks	Fin. Liabilities At Cost	–87	–1,134
other interest expenses	–	–185	0
Other interest expenses		**–10,899**	**–12,800**
commissions for statutory guarantee	–	–10,899	–12,800
Total		**–783,814**	**–635,315**

(7) Fee and commission income

EUR '000

	1.1.–30.6.2008	1.1.–30.6.2007
Credit business	25,172	18,112*)
Securities and custodian business	11,431	25,231
Bank transfers incl. payment transactions	20,537	17,970*)
Other financial service business	15,274	10,755*)
Total	**72,414**	**72,069**

*) Figures for 2007 were amended to comply with allocation at 31 December 2007.

Notes to the Income Statement

(8) Fee and commission expenses

EUR '000

	1.1.–30.6.2008	1.1.–30.6.2007
Credit business	–1,293	–733
Securities and custodian business	–3,389	–4,422
Bank transfers incl. payment transactions	–4,668	–5,203
Other financial service business	–2,840	–4,972
Total	**–12,190**	**–15,331**

(9) Result from trading

EUR '000

	1.1.–30.6.2008	1.1.–30.6.2007
Interest related transactions	–26,102	–5,827
Shares and index related transactions	–28,842	9,042
Foreign exchange transactions	50,434	21,014
Other trading result (credit derivatives, commodities, etc.)	12,468	–2,870
Total	**7,958**	**21,359**

(10) Result from hedge accounting

EUR '000

	1.1.–30.6.2008	1.1.–30.6.2007
Valuation result from secured underlying transactions	214,851	410,647
Valuation result from hedging derivatives	–213,105	–413,095
Total	**1,746**	**–2,448**

(11) Result from financial investments – designated at fair value through profit or loss

EUR '000

	1.1.–30.6.2008	1.1.–30.6.2007
Loans and advances to customers and credit institutions	–11,110	–27,680
Equity instruments	–6,485	4,933
Debt instruments	1,065	–13,158
Liabilities (incl. subordinated capital)	44,160	55,051
Fair value option (FVO) derivatives *)	–65,690	–25,988
Total	**–38,060**	**–6,841**

*) incl. the foreign exchange result of fair value option derivatives.

(12) Result from financial investments – available for sale

EUR '000

	1.1.–30.6.2008	1.1.–30.6.2007
Income from financial investments available for sale	**12,488**	**8,850**
Capital gains	12,488	7,192
Income from write-up	0	1,658
Expenses from financial investments available for sale	**–14,330**	**–1,639**
Losses from disposal	–7,246	–1,384
Expenses from impairment	–7,083	–255
Total	**–1,842**	**7,212**

(13) Result from financial investments – held to maturity

EUR '000

	1.1.–30.6.2008	1.1.–30.6.2007
Income from financial investments held to maturity	14	6
Total	**14**	**6**

(14) Result from other financial investments

EUR '000

	1.1.–30.6.2008	1.1.–30.6.2007
Result from investment properties (IP)	**3,739**	**–294**
Other Income	3,769	615
Other Expenses	–29	–908
Result from operating leasing assets	**1,699**	**4,748**
Other income	9,297	8,249
Other expenses	–7,599	–3,502
Remaining result from financial investments	**55**	**–42**
Total	**5,493**	**4,412**

Notes to the Income Statement

(15) Other operating result

EUR '000

	1.1.–30.6.2008	1.1.–30.6.2007
Other rental income	**615**	**1,231**
Net capital gains/losses from	**4,822**	**6,556**
Sale of tangible and intangible assets	960	22
Sale of real estate projects (assets)	2,994	6,533
Sale of property development companies	868	0
Result from allocation/release of other provisions	**–937**	**–577**
Other tax expenses (except corporate income tax)	**–2,391**	**–1,864**
Impairment losses for lease assets not yet leased out	**–3,500**	**0**
Remaining other result	**21,916**	**14,203**
Remaining other income	74,606	64,206
Remaining other expenses	–52,691	–50,003
Total	**20,524**	**19,548**

Remaining other result also includes income and expenses from non-banking activities. The income includes the sales revenues of production enterprise Aluflexpack d.o.o. of EUR 45,874 thousand (1.1.–30.6.2007: EUR 42,623 thousand); expenses include the related cost of manufacture in an amount of EUR –38,369 thousand (1.1.–30.6.2007: EUR –36,101 thousand). Furthermore, the sales and direct other expenses of Schlosshotel Velden are reported in this item.

(16) Risk provisions on loans and advances

EUR '000

	1.1.–30.6.2008	1.1.–30.6.2007
Allocation to	**–223,046**	**–129,414**
Risk provisions on loans and advances	–219,213	–127,681
Provisions for commitments and guarantees	–3,833	–1,733
Releases from	**64,927**	**54,820**
Risk provisions on loans and advances	64,014	52,069
Provisions for commitments and guarantees	913	2,750
Recoveries of loans and advances previously written-off	**1,287**	**1,053**
Direct write-offs of loans and advances	**–2,487**	**–6,428**
Total	**–159,319**	**–79,970**

(17) Personnel expenses

EUR '000

	1.1.–30.6.2008	1.1.–30.6.2007
Personnel cost from core business	–127,319	–110,638
Personnel cost from non-core business	–6,467	–5,004
Total	**–133,786**	**–115,641**

(18) Other administrative expenses

EUR '000

	1.1.–30.6.2008	1.1.–30.6.2007
Premises expenses	–16,212	–13,338
IT expenses	–12,466	–12,132
Office costs	–4,588	–5,801
Advertising costs	–17,553	–11,562
Communication expenses	–5,453	–4,869
Legal and advisory costs	–18,750	–12,005
Other general administrative expenses	–27,444	–29,030
Total	**–102,467**	**–88,738**

(19) Depreciation and amortization of tangible and intangible assets

EUR '000

	1.1.–30.6.2008	1.1.–30.6.2007
Buildings	–6,053	–4,517
Plant and equipment	–16,126	–13,799
Intangible assets	–5,082	–3,752
Total	**–27,261**	**–22,068**

(20) Result from the disposal of group companies

EUR '000

	1.1.–30.6.2008	1.1.–30.6.2007
Consultants Group	0	57,208
Total	**0**	**57,208**

(21) Result from companies accounted for at equity

EUR '000

	1.1.–30.6.2008	1.1.–30.6.2007
Share of profits	1,307	422
Share of losses	0	–61
Total	**1,307**	**361**

Notes to the Income Statement

(22) Taxes on income

EUR '000

	1.1.–30.6.2008	1.1.–30.6.2007
Current tax	–35,460	–29,713
Deferred tax	7,043	–2,345
Total	**–28,417**	**–32,058**

(23) Minority interests

EUR '000

	1.1.–30.6.2008	1.1.–30.6.2007
HBInt. Credit Management Limited	**1,770**	**399**
Share in interest income	–10,053	–6,243
Share in measurement gains/losses	11,823	6,642
Hypo-Alpe-Adria-Leasing Holding AG	**–8,625**	**–6,125**
Dividends preference shares 1st tranche (2004)	–4,250	–3,000
Dividends preference shares 2nd tranche (2006)	–4,375	–3,125
Norica Investments Limited	**–180**	**0**
Minority interests of other co-owners	**–1,279**	**2,028**
Total	**–8,314**	**–3,699**

Notes to the Balance Sheet

(24) Cash and balances with central banks

EUR '000

	30.6.2008	31.12.2007
Cash on hand	160,842	107,011
Balances with central banks (daily due)	786,500	890,852
Total	**947,343**	**997,864**

(25) Loans and advances to credit institutions

(25.1) Loans and advances to credit institutions – by products

EUR '000

	30.6.2008	31.12.2007
Minimum reserve (not daily due)	764,375	832,774
Giro and clearing business	373,745	202,856
Money market placements	2,716,795	2,020,692
Loans	593,105	514,996
Finance lease receivables	1,566	1,149
Other receivables	202,430	360,304
Total	**4,652,016**	**3,932,772**

(25.2) Loans and advances to credit institutions – by regions

EUR '000

	30.6.2008	31.12.2007
Austria	664,731	471,744
Central and Eastern Europe (CEE)	1,531,785	1,437,791
Other countries	2,455,500	2,023,238
Total	**4,652,016**	**3,932,772**

Notes to the Balance Sheet

(26) Loans and advances to customers

(26.1) Loans and advances to customers – by products

EUR '000

	30.6.2008	31.12.2007
Current account credits	1,841,288	1,844,584
Bank loans	10,739,336	9,024,581
Mortage loan	4,293,907	4,573,665
Municipal loan	2,829,329	2,403,017
Finance lease receivables	6,224,150	5,422,512
Other receivables	2,542,079	2,382,378
Total	**28,470,090**	**25,650,736**

(26.2) Loans and advances to customers – by types of customer

EUR '000

	30.6.2008	31.12.2007
Public sector	4,567,267	4,471,118
Corporate clients	17,903,342	15,708,441
Retail clients	5,999,480	5,471,176
Total	**28,470,090**	**25,650,736**

(26.3) Loans and advances to customers – by regions

EUR '000

	30.6.2008	31.12.2007
Austria	5,047,107	4,766,102
Central and Eastern Europe (CEE)	16,711,134	14,874,486
Other countries	6,711,848	6,010,148
Total	**28,470,090**	**25,650,736**

(27) Risk provisions

(27.1) Risk provisions – movement during the year

EUR '000

	On 1.1.2008	Exchange differences	Allocation	Release	Use/ Other movements	On 30.6.2008
Specific risk provisions	**–635,502**	**–2,717**	**–182,087**	**48,220**	**13,260**	**–758,827**
Loans and advances to credit institutions	–1,820	–10	–216	0	0	–2,045
Loans and advances to custumers	–629,090	–2,641	–179,508	48,162	12,728	–750,350
to public sector	–1,167	–14	–1,176	864	0	–1,493
to corporate clients	–566,807	–2,425	–157,222	35,264	11,168	–680,022
to retail clients	–61,117	–202	–21,110	12,033	1,560	–68,835
Other financial assets	–4,592	–66	–2,363	58	532	–6,431
Portfolio-based risk provisions	**–69,764**	**–302**	**–38,263**	**25,963**	**–4,240**	**–86,605**
Subtotal	**–705,266**	**–3,019**	**–220,349**	**74,183**	**9,020**	**–845,432**
Provisions for credit commitments and guarantees	**–13,013**	**–122**	**–3,833**	**913**	**300**	**–15,754**
Total	**–718,279**	**–3,141**	**–224,182**	**75,097**	**9,320**	**–861,186**

(27.2) Risk provisions – by regions

EUR '000

	30.6.2008	31.12.2007
Austria	–169,324	–128,378
Central and Eastern Europe (CEE)	–531,229	–449,041
Other countries	–144,879	–127,847
Total	**–845,432**	**–705,266**

(28) Trading assets

EUR '000

	30.6.2008	31.12.2007
Bonds and other fixed-interest securities	41,489	53,189
Shares and other non fixed-interest securities	81,351	68,912
Positive market value of derivative financial instruments (trading)	15,123	5,062
Total	**137,963**	**127,163**

(29) Positive fair value from hedge accounting derivatives

EUR '000

	30.6.2008	31.12.2007
Positive market values of fair value hedge instruments	174,232	156,621
Total	**174,232**	**156,621**

Notes to the Balance Sheet

(30) Financial investments – designated at fair value through profit or loss

EUR '000

	30.6.2008	31.12.2007
Loans and advances to customers and credit institutions	529,800	629,009
Bonds and other fixed-interest securities	424,463	527,914
Shares and other non fixed-interest securities	60,257	52,364
Positive market value of derivative financial instruments at fair value option (FVO)	156,939	175,181
Total	**1,171,459**	**1,384,468**

(31) Financial investments – available for sale

EUR '000

	30.6.2008	31.12.2007
Bonds and other fixed-interest securities	2,253,508	2,261,744
Shares and other non fixed-interest securities	256,597	380,942
Participations without intension for sale (< 20 %)	10,345	9,794
Other participations (associated companies 20 % – 50 %)	48,223	42,910
Shares in affiliated, non-consolidated companies (> 50 %)	52,141	40,079
Total	**2,620,814**	**2,735,469**

(32) Financial investments – held to maturity

EUR '000

	30.6.2008	31.12.2007
Bonds and other fixed-interest securities	41,121	42,570
Total	**41,121**	**42,570**

(33) Investments in companies accounted for at equity

EUR '000

	30.6.2008	31.12.2007
Shares in credit institutions	19,007	17,944
Shares in other associated companies	4,792	4,004
Total	**23,799**	**21,948**

(34) Other financial investments

EUR '000

	30.6.2008	31.12.2007
Investment properties	608,328	576,697
Assets used for operating leases (moveable assets)	510,919	383,367
Total	**1,119,247**	**960,064**

(35) Intangible assets

EUR '000

	30.6.2008	31.12.2007
Goodwill	3,502	3,502
Software	26,559	23,724
Other intangible assets	35,201	37,117
Total	**65,262**	**64,343**

(36) Tangible assets

EUR '000

	30.6.2008	31.12.2007
Land and buildings	509,420	498,119
Plant and equipment	132,778	137,944
Total	**642,198**	**636,063**

(37) Tax assets

EUR '000

	30.6.2008	31.12.2007
Current tax assets	23,535	32,659
Deferred tax assets	532,484	503,561
Total	**556,019**	**536,220**

Of the carrying amount reported for deferred tax assets, an amount of EUR 190 million (25 % of EUR 760 million) is attributable to tax losses carried forward of Hypo Alpe-Adria-Bank International AG including its Austrian members of the tax group. With respect to further explanations, please refer to Note (2).

(38) Other assets

EUR '000

	30.6.2008	31.12.2007
Prepaid expenses	**101,005**	**94,212**
Other assets	**1,311,250**	**1,267,660**
Shares in property development companies, short term	0	8,984
Assets under construction (project development), short term	98,953	113,369
Finished property projects held as current assets	21,868	21,189
Leases to go (lease assets not yet leased out)	628,487	604,453
Value added taxes (VAT) and other tax assets	103,182	123,609
Remaining receivables and other assets, not specific to banking	135,916	117,869
Other assets	322,845	278,187
Positive market values of hedging instruments of economic hedges (banking book)	**23,649**	**35,596**
Total	**1,435,903**	**1,397,466**

Notes to the Balance Sheet

(39) Liabilities to credit institutions

(39.1) Liabilities to credit institutions – by type

EUR '000

	30.6.2008	31.12.2007
To central banks	**1,010**	**66,745**
To credit institutions	**7,453,437**	**4,390,216**
Daily due	989,636	243,140
Time deposits	3,408,205	941,633
Loans from banks	2,252,320	2,113,629
Money market liabilities	139,546	247,634
Other liabilities	663,729	844,181
Total	**7,454,447**	**4,456,962**

(39.2) Liabilities to credit institutions – by region

EUR '000

	30.6.2008	31.12.2007
Austria	1,216,680	1,240,079
Central and Eastern Europe (CEE)	1,544,052	1,789,160
Other countries	4,693,715	1,427,723
Total	**7,454,447**	**4,456,962**

(40) Liabilities to customers

(40.1) Liabilities to customers – by customer type

EUR '000

	30.6.2008	31.12.2007
Saving deposits	**1,900,603**	**1,563,034**
Sight and time deposits	**7,110,445**	**6,910,540**
from public sector	975,607	1,021,534
from corporate clients	3,935,828	3,545,620
from retail clients	2,199,010	2,343,387
Total	**9,011,048**	**8,473,574**

(40.2) Liabilities to customers – by region

EUR '000

	30.6.2008	31.12.2007
Austria	2,274,960	2,211,328
Central and Eastern Europe (CEE)	4,075,108	3,728,495
Other countries	2,660,979	2,533,751
Total	**9,011,048**	**8,473,574**

(41) Liabilities evidenced by certificates

EUR '000

	30.6.2008	31.12.2007
Issued bonds	**16,841,423**	**17,821,530**
Mortgage-linked bonds and municipal bonds	1,080,755	1,082,499
Bonds	15,668,047	16,042,187
Other certificates of deposit and money market papers	92,621	696,844
Liabilities issued via »Pfandbriefstelle«	**2,425,008**	**2,410,692**
Other liabilities evidenced by certificates	**70,029**	**50,359**
Total	**19,336,460**	**20,282,581**

(42) Trading liabilities

EUR '000

	30.6.2008	31.12.2007
Negative market value of derivative financial instruments (trading)	12,745	8,444
Total	**12,745**	**8,444**

(43) Negative fair value from hedge accounting derivatives

EUR '000

	30.6.2008	31.12.2007
Negative market values of fair value hedge instruments	618,505	392,596
Total	**618,505**	**392,596**

(44) Provisions

EUR '000

	30.6.2008	31.12.2007
Pensions	10,036	9,916
Severance payment	15,736	15,009
Provisions for anniversary payment	1,414	1,351
Provisions for credit commitments and guarantees	15,754	13,013
Other provisions	27,808	25,676
Total	**70,748**	**64,965**

(45) Tax liabilities

EUR '000

	30.6.2008	31.12.2007
Current tax liabilities	23,245	35,336
Deferred tax liabilities	354,957	340,758
Total	**378,202**	**376,094**

Notes to the Balance Sheet

(46) Other liabilities

EUR '000

	30.6.2008	31.12.2007
Deferred income	**382,476**	**375,273**
Accruals und other obligations	**381,618**	**368,044**
Negative market values of hedging instruments	**194,544**	**147,556**
of economic hedges (banking book)	47,594	46,816
of derivatives wich were designated at fair value option (FVO)	146,950	100,740
Total	**958,638**	**890,873**

(47) Subordinated capital

EUR '000

	30.6.2008	31.12.2007
Subordinated liabilities	920,160	854,334
Supplementary capital	502,213	272,265
Hybrid capital	201,111	206,743
Total	**1,623,484**	**1,333,341**

(48) Equity

EUR '000

	30.6.2008	31.12.2007
Shareholders' equity	**1,015,565**	**1,154,484**
Issued capital	48,367	48,367
Additional paid-in capital	940,337	940,337
Available for sale-reserves	–45,694	–4,972
Foreign currency translation	14,821	359
Retained earnings (incl. consolidated net result)	57,734	170,392
Minority interests	**732,193**	**504,588**
Total	**1,747,758**	**1,659,071**

In the first half of 2008, a dividend of EUR 50,000 thousand was distributed for the fiscal year 2007 in accordance with the resolution of the shareholders' meeting of Hypo Alpe-Adria-Bank International AG.

Supplementary Information

(49) Balance sheet according to IAS 39 – measurement categories

EUR '000

	LAR / LAC	HFT	FVO	AFS	HTM	Fair Value Hedges	Financial assets / liabilities at (amortised) cost	30.6.2008
Cash and balances with central banks							947,343	947,343
Loans and advances to credit institutions	3,887,641						764,375	4,652,016
Loans and advances to customers	28,470,090							28,470,090
Risk provisions on loans and advances	−845,432							−845,432
Trading assets		137,963						137,963
Positive fair value from hedge accounting derivatives						174,232		174,232
Financial investments – fvo			1,171,459					1,171,459
Financial investments – afs				2,620,814				2,620,814
Financial investments – htm					41,121			41,121
Investments in companies accounted for at equity							23,799	23,799
Other assets / banking book derivatives		1,119,247						1,119,247
Other financial assets							234,850	234,850
Total financial assets	**31,512,299**	**1,257,210**	**1,171,459**	**2,620,814**	**41,121**	**174,232**	**1,970,367**	**38,747,502**
Liabilities to credit institutions	7,454,447							7,454,447
Liabilities to customers	8,973,435		37,612					9,011,048
Liabilities evidenced by certificates	17,753,198		1,583,262					19,336,460
Trading liabilities		12,745						12,745
Negative fair value from hedge accounting derivatives						618,505		618,505
Subordinated capital	1,407,126		216,358					1,623,484
Other liabilities / banking book derivatives		47,594						47,594
Other liabilities / FVO derivatives			146,950					146,950
Other financial liabilities							764,094	764,094
Total financial liabilities	**35,588,205**	**60,338**	**1,984,183**	**0**	**0**	**618,505**	**764,094**	**39,015,326**

Explanations:
lar: loans and receivables
lac: liabilities at cost
hft: held for trading
fvo: designated at fair value through profit or loss (fair value option)
afs: available for sale
htm: held to maturity

Supplementary Information

EUR '000

	LAR / LAC	HFT	FVO	AFS	HTM	Fair Value Hedges	Financial assets / liabilities at (amortised) cost	31.12.2007
Cash and balances with central banks							997,864	997,864
Loans and advances to credit institutions	3,099,998						832,774	3,932,772
Loans and advances to customers	25,650,736							25,650,736
Risk provisions on loans and advances	−705,266							−705,266
Trading assets		127,163						127,163
Positive fair value from hedge accounting derivatives						156,621		156,621
Financial investments – fvo			1,384,468					1,384,468
Financial investments – afs				2,735,469				2,735,469
Financial investments – htm					42,570			42,570
Investments in companies accounted for at equity							21,948	21,948
Other assets / banking book derivatives		35,596						35,596
Other financial assets				8,984			211,676	220,660
Total financial assets	**32,811,014**	**162,759**	**1,384,468**	**2,744,454**	**42,570**	**156,621**	**2,064,262**	**34,600,600**
Liabilities to credit institutions	4,456,962							4,456,962
Liabilities to customers	8,432,927		40,647					8,473,574
Liabilities evidenced by certificates	18,590,999		1,691,581					20,282,581
Trading liabilities		8,444						8,444
Negative fair value from hedge accounting derivatives						392,596		392,596
Subordinated capital	1,110,003		223,340					1,333,342
Other liabilities / banking book derivatives		46,816						46,816
Other liabilities / FVO derivatives			100,740					100,740
Other financial liabilities							743,317	743,317
Total financial liabilities	**33,700,893**	**55,260**	**2,056,307**	**0**	**0**	**392,596**	**743,317**	**35,838,372**

Explanations:
lar: loans and receivables
lac: liabilities at cost
hft: held for trading
fvo: designated at fair value through profit or loss (fair value option)
afs: available for sale
htm: held to maturity

(50) Financial liabilities designated at fair value through profit or loss

EUR '000

	30.6.2008	31.12.2007
FVO – Liabilities to customers	37,612	40,647
FVO – Liabilities evidenced by certificates	1,583,262	1,614,980
FVO – Subordinated capital	216,358	223,340
Total	**1,837,233**	**1,878,966**

(51) Contingent liabilities and other off-balance sheet items

EUR '000

	30.6.2008	31.12.2007
Contingent liabilities	**1,749,046**	**1,715,015**
Credit guarantees	1,032,501	1,111,423
Letters of credit	81,378	39,579
Other guarantees	315,470	283,955
Other contingent liabilities	319,697	280,058
Other commitments	**3,595,013**	**2,917,752**
Irrevocable credit commitments	3,072,771	2,443,608
Other obligations	522,242	474,144
Total	**5,344,059**	**4,632,766**

(52) Related party disclosures

The business relations with related parties as of the cut-off date (30 June 2008) are disclosed for the balance sheet as follows:

EUR '000

As per 30.6.2008	Parent company	Companies with substantial influence	Affiliated companies	Associates	Joint Ventures	Key management personnel
Total assets	**180,374**	**73,607**	**121,444**	**281,089**	**64,064**	**3,607**
Loans and advances to credit institutions	180,374	56,730	0	11,744	0	0
Loans and advances to customers	0	0	147,318	305,611	67,045	3,607
Risk provisions	0	0	−29,889	−36,393	−2,987	0
Other assets	0	16,877	4,015	126	6	0
Total liabilities	**3,141,783**	**39,251**	**6,632**	**160,168**	**17**	**2,860**
Liabilities to credit institutions	2,841,761	16,756	0	153,409	0	0
Liabilities to customers	0	12,520	6,632	6,751	17	2,858
Other financial liabilities	22	9,975	0	8	0	2
Subordinated capital	300,000	0	0	0	0	0

Supplementary Information

Since the closing of the majority acquisition of Hypo Alpe-Adria-Bank International AG by Bayerische Landesbank (BayernLB) in October 2007, the business relationships between Hypo Group Alpe Adria and the new principal shareholder have extended considerably. In particular in the field of refinancing of the group activities, the group resorts to BayernLB's financing resources is reflected by the increase of liabilities from approximately EUR 170 million (as per 31 December 2007) to approximately EUR 2,842 million (as per 30 June 2008). In addition, BayernLB subscribed for supplementary capital of EUR 300 million, issued by Hypo Alpe-Adria-Bank International AG within the scope of a public placement.

(53) Statutory guarantee

The guarantee of the Province of Carinthia for all commitments of Hypo Alpe-Adria-Bank International AG and Hypo Alpe-Adria-Bank AG (Austria) is a statutory guarantee pursuant to Section 1356 of the Austrian Civil Code.

The European Commission considered that the original guarantee of the Province, which had been unlimited with regard to its term of validity and/or amount, constituted a governmental subsidy within the meaning of Article 88 of the ECC. Consequently, the Carinthian State Holding Law (K-LHG) had to be amended. At present, the Province of Carinthia continues to act as the guarantor for the commitments of the two Austrian issuers entered into prior to 3 April 2003. With regard to these commitments, the statutory guarantee according to Section 1356 of the Civil Code is still extended without any restriction.

For commitments entered into by Hypo Alpe-Adria-Bank International AG and Hypo Alpe-Adria-Bank AG (Austria) from 3 April 2003 until 1 April 2007, the Province of Carinthia provides a statutory guarantee to the extent that the term of the commitment does not extend beyond 30 September 2017. The Province does not offer any guarantee for liabilities entered into after 1 April 2007.

(54) Own capital funds according to the Austrian Banking Act

EUR '000

	30.6.2008 BASEL II	31.12.2007 BASEL I
Core capital (TIER 1)	**1,898,151**	**1,769,361**
Paid-in capital	48,367	48,367
Reserves (incl. minority interests in equity and hybrid capital)	1,881,693	1,753,659
Funds for general banking risks	700	700
Intangible assets	−32,609	−33,365
Supplementary elements (TIER 2)	**1,415,114**	**1,106,653**
Supplementary capital	490,258	203,179
Revaluation reserve for real estate (weighted with 45 %)	18,793	18,793
Subordinated liabilities	906,063	884,681
Deductions pursuant to Section 23 (13) of the Banking Act	**−37,236**	**−39,696**
TIER 3 (reclassified TIER 2 capital)	**20,000**	**35,900**
Own capital funds according to BWG	**3,296,029**	**2,872,218**
Own capital funds requirements according to BWG	**2,770,729**	**2,295,630**
Surplus capital	**525,300**	**576,588**
Coverage	119.0 %	125.1 %

EUR '000

	30.6.2008 BASEL II	31.12.2007 BASEL I
Assessment basis banking book (risk-weigthed):	**32,678,438**	**28,246,620**
Core capital ratio (TIER 1 ratio)	5.8 %	6.3 %
Own capital funds ratio	10.1 %	10.2 %
Assessment basis incl. market and operational risk:	**34,634,113**	**28,695,370**
Core capital ratio (TIER 1 ratio)	5.6 %	6.2 %
Own capital funds ratio (solvency ratio)	9.5 %	10.0 %

EUR '000

	30.6.2008 BASEL II	31.12.2007 BASEL I
Risk-weigthed assessment basis pursuant to Section 22 of the Banking Act (banking book)	**32,678,438**	**28,246,620**
thereof 8 % capital requirement	2,614,275	2,259,730
Capital requirement for securities trading book	4,304	104
Capital requirement for open foreign exchange position	31,929	35,796
Capital requirement for operational risk	120,221	–
Total own capital funds requirement	**2,770,729**	**2,295,630**

Supplementary Information

(55) Employees

EUR '000

	30.6.2008	31.12.2007
Employees at closing date (headcount)	**8,039**	**7,447**
thereof in Austria	1,395	1,272
thereof abroad	6,644	6,175
Employees average (in full-time equivalents)	**7,743**	**7,135**
thereof in Austria	1,334	1,168
thereof abroad	6,410	5,967

Without apprentices and employees on unpaid leave.

(56) Events after the balance sheet date

At the beginning of July 2008, there was a change of the percentage of holdings in Hypo Alpe-Adria-Bank International AG. Previously the holder of 0.18 %, Berlin & Co Capital S.à.r.l. transferred its stake on 3 July 2008 to BayernLB. As a result, the latter increased its holding from 57.31 % to 57.49 %. At present, the ratio of owners is as follows:

57.49 %	Bayerische Landesbank (BayernLB)
26.45 %	Hypo-Bank Burgenland AG (member of the GRAWE-Group)
16.04 %	Kärntner Landes- und Hypothekenbank-Holding
0.02 %	Hypo Alpe Adria Mitarbeiter Privatstiftung

(57) Important law cases

In the »DAB« proceedings relating to the purchase of shares in Slavonska Banka d.d. Osijek (SBO), the London Court of International Arbitration (LCIA) passed the judgement in the final appeal stage in favour of claimant Hypo Alpe-Adria-Bank International AG and against the Croatian State Agency for Deposit Insurance and Bank Rehabilitation (DAB) in December 2007. The directly related second proceedings, the redress procedure of DAB vs. SBO, also pending at the LCIA, is currently dormant. It now appears that the negotiations with representatives of the Croatian government in the second quarter of 2008 will lead to a consensual solution; the impact of this settlement on the claim against DAB, capitalised in 2007, was considered in the second quarter of 2008 with an amount of approximately EUR –8 million in other operating result.

(58) Management bodies 1 January to 30 June 2008

Supervisory Board

Chairman of the Supervisory Board:
Werner SCHMIDT, Munich, until 1 March 2008
Michael KEMMER, Munich, since 30 April 2008
(Member of the Supervisory Board since 18 March until 30 April 2008)

First Deputy Chairman:
Othmar EDERER, Graz

Second Deputy Chairman:
Hans-Jörg MEGYMOREZ, Klagenfurt-Wölfnitz

Members of the Supervisory Board:
Siegfried GRIGG, Graz
Ralph SCHMIDT, Munich, since 30 April 2008
Gert XANDER, Klagenfurt, until 18 March 2008
Siegfried NASER, Munich
Kurt FALTLHAUSER, Munich, until 30 April 2008
Klaus WEIGERT, Munich, since 30 April 2008
Rudolf HANISCH, Munich

Appointed by the Works Council:
Erich CLIMA, Chairman of the Works Council, Klagenfurt
Edith ENENGEL, Klagenfurt
Mario ZOLLE, Klagenfurt
Markus RUSSLING, Klagenfurt

Representatives of Regulatory Authorities

State Commissioner:
Angelika SCHLÖGEL, Vienna

Deputy State Commissioner:
Monika HUTTER, Vienna

Province – Supervision

Jörg HAIDER, Governor of Carinthia, Klagenfurt
Horst FELSNER, Klagenfurt

Mortgage bonds guarantee trustee:
Herbert PÖTZ,
Jude of the Provincial Court of Klagenfurt, Klagenfurt

Deputy mortgage bonds guarantee trustee:
Helmut ARBEITER,
Jude of the Provincial Court of Klagenfurt, Klagenfurt

Executive Board

Tilo BERLIN,
Chairman of the Executive Board, Maria Saal
Thomas MORGL,
Member of the Executive Board, Viktring
Josef KIRCHER,
Member of the Executive Board, Liebenfels, until 31 May 2008
Paul A. KOCHER,
Member of the Executive Board, Vienna
Wolfgang PETER,
Member of the Executive Board, Breitenbrunn
Andreas DÖRHÖFER,
Member of the Executive Board, Erding, since 1 May 2008
Božidar ŠPAN,
Member of the Executive Board, Ljubljana, since 1 June 2008

Statement of all Legal Representatives

»We confirm to the best of our knowledge that the condensed consolidated interim financial statements, established in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and that the interim group management report gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Group with regard to the important events that have occurred during the first six month of the financial year and of their impact on the condensed consolidated interim financial statements in terms of the principal risks and uncertainties for the remaining six months of the financial year.«

Klagenfurt am Wörthersee, 30 July 2008
Hypo Alpe-Adria-Bank International AG

EXECUTIVE BOARD

Tilo Berlin

Božidar Špan

Paul A. Kocher

Thomas Morgl

Wolfgang Peter

Andreas Dörhöfer

Report on the Review of the Condensed Consolidated Interim Financial Statements as of 30 June 2008

We have reviewed the accompanying condensed consolidated interim financial statements of Hypo Alpe-Adria-Bank International AG, Klagenfurt, as of 30 June 2008. The condensed consolidated interim financial statements are part of the half year reporting according to Section 87 (3) BörseG and include the condensed consolidated balance sheet as of 30 June 2008, the related income statement, changes in cash flows and equity for the period from 1 January 2008 to 30 June 2008 as well as selected explanatory notes.

Management is responsible for the preparation of these condensed consolidated interim financial statements in accordance with International Financial Reporting Standards (IFRSs) applicable on interim financial reporting, as adopted in the EU. Our responsibility is to issue a report on these condensed consolidated interim financial statements based on our review. Further to the above, the »General Conditions of Contract for the Public Accounting Professions« (AAB), as issued by the Chamber of Public Accountants and Tax Advisors in Austria on 8 March 2000 revised on 31 August 2007, a copy of which is attached, are an integral part of this engagement, also in relation to third parties. Regarding our liability the application of Section 62 a Austrian Banking Act has been agreed. We conducted our limited review in accordance with applicable Austrian laws and professional standards and International Standard on Review Engagements 2410 »Review of Interim Financial Information Performed by the Independent Auditor of the Entity«. This standard requires, that we plan and perform the limited review to obtain moderate assurance as to whether the financial statements are free of material misstatements. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Our engagement was limited to the interim financial statements as of 30 June 2008. A review of the comparables for the preceding year was not performed by us. Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements do not present fairly, in all material respects the financial position of the entity in accordance with IFRSs applicable on interim financial reporting, as adopted in the EU.

We read the accompanying condensed interim group management report of Hypo Alpe-Adria-Bank International AG as of 30 June 2008 and assessed whether it contains any obvious contradictions to the condensed consolidated interim financial statements. Based on our limited review, the condensed interim group management report does not contain obvious contradictions to the condensed consolidated interim financial statements. The interim financial report of Hypo Alpe-Adria-Bank International AG as of 30 June 2008 includes the statement of all legal representatives as required by Section 87 (1) /3 BörseG.

Vienna, 8 August 2008

Deloitte
Wirtschaftsprüfungs GmbH

Thomas Becker　　　　Peter Bitzyk

Certified Public Accountants

This English translation of the review report was prepared for the client's convenience only. It is no legally relevant translation of the German review report.

Material Group Companies as of 30 June 2008

Hypo Alpe-Adria-Bank International AG

- HYPO ALPE-ADRIA-BANK AG Klagenfurt
- HYPO ALPE-ADRIA-BANK S.p.A. Udine
- HYPO ALPE-ADRIA-BANK d.d. Ljubljana
- HYPO ALPE-ADRIA-BANK d.d. Zagreb
- SLAVONSKA banka d.d. Osijek
- HYPO ALPE-ADRIA-BANK A.D. Banja Luka
- HYPO ALPE-ADRIA-BANK d.d. Mostar
- HYPO ALPE-ADRIA-BANK A.D. Belgrade
- HYPO ALPE-ADRIA-BANK A.D. Podgorica

- HYPO ALPE-ADRIA-LEASING HOLDING AG Klagenfurt ← 100 %*) HYPO VERMÖGENSVERWALTUNG GmbH
  - HYPO ALPE-ADRIA-LEASING GMBH Klagenfurt
  - HYPO ALPE-ADRIA-LEASING S.R.L. Udine
  - HYPO LEASING d.o.o. Ljubljana
  - HYPO-LEASING KROATIEN d.o.o. Zagreb
  - HYPO-ALPE-ADRIA-LEASING d.o.o. Sarajevo
  - HYPO ALPE-ADRIA-LEASING DOO Belgrade
  - HYPO ALPE-ADRIA-LEASING D.O.O. Podgorica
  - HYPO ALPE-ADRIA-LEASING GmbH Munich
  - HYPO ALPE-ADRIA LEASING EOOD Sofia
  - HYPO ALPE-ADRIA-LEASING Zrt. Budapest
  - HYPO ALPE-ADRIA-LEASING DOOEL Skopje
  - HYPO ALPE-ADRIA-RENT DOO Belgrade
  - HYPO ALPE-ADRIA-LEASING TOV Kiev
  - HYPO ULAGANJA d.o.o. Zagreb

- HYPO VERMÖGENSVERWALTUNG GmbH Klagenfurt
  - HYPO ALPE-ADRIA-BETEILIGUNGEN GmbH Klagenfurt
- HYPO ALPE-ADRIA IMMOBILIEN AG Klagenfurt
  - HYPO FACILITY SERVICES GmbH Klagenfurt **)
- KÄRNTNER HOLDING BETEILIGUNGS-AG Klagenfurt
- HYPO ALPE ADRIA IT Holding GmbH Klagenfurt

*) 100 % of voting rights; 68.25 % directly or indirectly owned by the Group. Remaining interest: non-voting preference shares

**) 70 % owned by AAI; 15 % each owned by the two Austrian group banks

Imprint

Responsible for the content

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Future-oriented information respectively forecasts are based on information and data that are available at the time of establishment of the consolidated interim financial statements (30 July 2008). Later changes could influence the statements and forecasts contained in the consolidated interim financial statements. Although this report was prepared with the utmost care and although the data were verified, the possibility that it may contain rounding, transmission, typesetting and printing errors cannot be ruled out. The English language version of the consolidated interim financial statements is a translation. Only the original German version is authentic.

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