

AD HOC INFORMATION
HYPO ALPE-ADRIA-BANK INTERNATIONAL AG

Hypo Group Alpe Adria: Re-evaluation of credit risk finalized

Kranebitter: Risk provisions as expected; Capitalization and liquidity secured

The new management board of Hypo Group Alpe Adria (HGAA) has analyzed and re-evaluated the group's credit portfolio. Conclusion: Restructuring is on track.

Klagenfurt, 09.07.2010: An in-depth analysis and re-evaluation of the credit portfolio was one of the top-priorities of the new HGAA-management led by CEO Gottwald Kranebitter. This evaluation as of 30.06.2010 has now been finalized. 'The identified credit risk is as expected and clearly reflects the difficult market situation in SEE/CEE in 2010', Mr. Kranebitter says.

The bank is challenged by a credit portfolio that is concentrated in countries and segments that will recover only on a medium-term basis. Required risk provisions for the six months ended 30 June 2010 are in the range of EUR 600 m. For the whole year 2010 an amount of up to EUR 1 bn is expected.

On the right track to restructuring

By creating these risk provisions the new management builds an essential fundament for the restructuring process and is fully committed to implement these plans: 'Even taken into account such risk provisions the position of the group's own capital funds is stable For the interim financial statements as of 30.06.2010 a total capital ratio of about 10% is expected', Kranebitter says, referring to the capital measures implemented at the end of June 2010: Capital injections by the owner, the Republic of Austria (EUR 450 m), as well as the previous owner, the State of Carinthia (EUR 150 m). Kranebitter: 'This emphasizes the bank's comfortable liquidity position, our liquidity situation is secured.'

The restructuring plan and the future business model of Hypo Group Alpe Adria envisage a re-dimensioning towards the sustainably strong core-parts of HGAA: including a group of five network-institutions of systemically relevant banks in the Alps-to-Adriatic-region. The headquarter will also remain in Austria. Kranebitter: 'This in-depth analysis and re-evaluation of credit risk are important preconditions for a sustainable stabilization of the group in a difficult surrounding.'

HYPO ALPE-ADRIA-BANK INTERNATIONAL AG

Alpen-Adria-Platz 1 9020 Klagenfurt / WS Austria phone +43 (0)50202-0 fax +43 (0)50202-3000	BLZ 52200 DVR 0000892 UID: ATU 25775505 Fn 108415i/Klagenfurt S.W.I.F.T./BIC HAABAT22	international@hypo-alpe-adria.com www.hypo-alpe-adria.com
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Contact for media inquiries:

Hypo Alpe-Adria-Bank International AG
Public Relations Mag. Maria Mittermair-Weiss
Phone: +43 (0)50202-2893
maria.mittermair-weiss@hypo-alpe-adria.com
www.hypo-alpe-adria.com

For any further queries, please contact also the investor relations officer of Hypo Alpe-Adria-Bank International AG, Dr. Valentin Unterkircher, at tel. +43 (0)50202 2841 or e-mail valentin.unterkircher@hypo-alpe-adria.com.

Issuer: HYPO ALPE-ADRIA-BANK INTERNATIONAL AG
Alpen-Adria-Platz 1
A-9020 Klagenfurt
Email: international@hypo-alpe-adria.com
www.hypo-alpe-adria.com

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Alpen-Adria-Platz 1 9020 Klagenfurt / WS Austria phone +43 (0)50202-0 fax +43 (0)50202-3000	BLZ 52200 DVR 0000892 UID: ATU 25775505 Fn 108415i/Klagenfurt S.W.I.F.T./BIC HAABAT22	international@hypo-alpe-adria.com www.hypo-alpe-adria.com
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