

Investor Relations *Release*

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Hypo Alpe Adria remains a reliable partner in South Eastern Europe

- After an economic downward trend in 2010, the SEE region will not fail to confirm a growth in 2011
- A consistent realisation of the initiated structural reforms as an indicator for sustainable economic and fiscal policy
- SEE region still remains interesting market for locally established financial service providers

Hypo Alpe Adria still remains an active driving force for the economic development and convergence of the economies in South Eastern Europe. That was the clear statement of Dr. Gottwald Kranebitter, Managing Director of Hypo Alpe Adria, on the occasion of his speech during the two-days economic congress „7th Vienna Economic Forum“.

Until 2008 this region has been characterised by a quite high economic growth surpassed by the economies of Asia only. Five years before the crisis started, the yearly average economic growth as measured by the gross domestic product (GDP) had been 4.7 percent, in Slovenia around 5.3 percent and in Serbia around 6.5 percent. On the contrary, the average GDP in the Euro zone was at 2.4 percent, which was less than half of that of SEE region. Hypo Alpe Adria assumes that these countries will not fail to return to the growth path by achieving a higher growth rate than in the Euro zone.

Nevertheless the slump down of the economy in the years 2008 to 2010 was severe. Dr. Kranebitter pointed out that the main reason for a consistent slump of the GDP in the Balkan region was the dependence of the Foreign Direct Investments, the relatively low currency reserves and the high export dependence in the Euro countries.

According to Dr. Kranebitter essential conditions for a sustainable recovery of the region are the intransigent realisation of already initiated structural reforms, the further improvement of the legal security, consistent privatisation measures, stable currencies, consumer prices and, finally, a consistent orientation towards the European Union. The remarkable dependence on foreign currencies should be decreased by the development of capital- and moneymarktes in local currencies.

The catch-up potential of banking assets vs. GDP in comparison to figures of the European Union proofs that the markets in this region are in a very early stage of development and therefore are highly attractive.

Based on this assumption one can assume that the financial service sector will be a growth market.

In the SEE core markets Hypo Alpe Adria is a systemic bank which had a share in both the economic development of the region and the convergence of the countries towards the European Union. Actually Hypo Alpe Adria will continue to keep this very position by further extending it not only in the domestic market Austria but also in the core markets Slovenia, Croatia, Bosnia and Herzegovina, and Serbia.

“Hypo is perceived as a long-time reliable partner in our core countries. This will not change in the future”, concluded Dr. Kranebitter.

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