

Investor Relations *Release*

Klagenfurt, 14 December 2010

Communiqué issued by the Supervisory Board of Hypo Group Alpe Adria

“The new senior management team has identified the bank’s problem areas and, in just a few months, has taken decisive steps to rectify them and follow up on initial actions.” This was the résumé of the Chairman of the Supervisory Board of Hypo Group Alpe Adria (HGAA), Dr. Johannes Ditz, and the Deputy Chairman of the HGAA Supervisory Board, Dr. Rudolf Scholten, on Friday evening following the regular Supervisory Board meeting in Klagenfurt.

The new senior management team and the Supervisory Board have introduced a series of comprehensive restructuring measures. The bank’s new executive bodies placed particular emphasis on correcting the considerable shortcomings in the areas of risk control and the credit management process. As a result, the direction has been set for a positive future.

In Friday’s meeting, the Supervisory Board received reports detailing the improvement in the Group’s liquidity situation. As a result, one year after the emergency nationalisation of the Group, the IBSG Bond for a total of EUR 1.35 billion and underwritten by the Republic of Austria, can be significantly reduced. This means that the Republic’s liability can be decreased by an amount of some EUR 800 million.

In order to ensure the best possible liquidation of the property portfolio and to avoid short-term balance sheet fluctuations in the collateral values, HGAA’s Supervisory Board passed a resolution reallocating up to EUR 500 million of the intended liability reduction to the property portfolio, thereby assuring a decrease of EUR 300 million in the amount of liability underwritten by the Republic. The Supervisory Board instructed the Executive Board to negotiate with the representatives of the shareholders for this purpose.

The aim is to achieve a break-even result in the coming year, following a difficult year 2010; and to push ahead with the restructuring of the Group, with the interests of the taxpayers in mind.

Please feel free to contact us for further information; alternatively you will also find more information on the Investor Relation pages of our website (www.hypo-alpe-adria.com).

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