Investoren *Information*

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Hypo Alpe Adria reaches its goal of break-even result in 2011

- EUR 69.3 million net income before minorities according to IFRS due to EUR 126 million fair value option-valuation of own liablities
- Stabilisation of risk provisions after balance sheet clean-up in 2010
- Stable growth in customer numbers and savings deposits, mainly in South-Eastern Europe
- Reduction of publicly-guaranteed liabilities by EUR 3.1 billion
- Focused preparations for sale in all healthy units

After three years of heavy losses Hypo Alpe-Adria-Bank International AG has reached its goal to reach the break-even with its 2011 annual results in spite of a difficult market environment. The net income of EUR 69.3 million before minorities was mainly due to a beneficial effect of the fair value option-valuation worth EUR 126.3 million on the bank's own liabilities and a significant reduction in risk provisioning costs to EUR 230 million (as compared to EUR 1.2 billion in 2010).

Net interest income fell to EUR 753.3 million in 2011 (2010: EUR 881.9m) mainly due to impacts of the portfolio transfer and maturities which could not be offset with new business. Net provision income amounted to EUR 73.1 million (2010: EUR 107.9m) and was impacted by the EUR 20 million fee for a state guarantee. Operating expenses sank to EUR 576.9m in 2011 (2010: EUR 594m) thanks to the discontinuation of detrimental one-off effects.

In accordance with the bank's restructuring aim to become "Smaller, Simpler, More Customer-Oriented" the balance sheet again was reduced substantially and decreased From EUR 38.7 billion in 2010 to EUR 35.1 billion as of 31 December 2011.

At the same time the bank managed to win 30.000 new customers in South Eastern Europe alone and enjoy significant growth in the retail business. Customer deposits in the region grew by 14 per cent compared with 2010. The combination of selective growth in the core units of the bank, the disposal of assets under the bank's wind down management and overall robust liquidity allowed the bank to reduce the issues guaranteed by the provincial Government of Carinthia and the federal Government of Austria by EUR 3.1 billion, including the premature repayment of state-guaranteed liabilities worth EUR 751 million.

"Despite of a difficult market environment with downgrades in Italy and Slovenia Hypo Alpe Adria has reached its goal to achieve a break-even result in 2011. This serves as a foundation to continue the restructuring process we have started with great determination and greatest possible flexibility in regards to market developments. The focus of our work is to demonstrate the sustained proof of the bank's viability while reducing the support provided by the Government of Austria to the bare minimum and to prepare the bank's reprivatisation under the most favourable conditions for the owner", CEO Gottwald Kranebitter said on Tuesday in Vienna.

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Equity
The equity ratio was at 9.8 per cent in 2011 (2010: 10.3 per cent) and reflects the 2011 EUR -160 million loss of the bank in 2011 according to the Austrian accounting standards UBG which does not include the use of fair value options. The effect on the bank's equity, however, was mostly offset by a further reduction of risk-weighted assets in 2011 by EUR 1.5 billion.
Hypo Alpe Adria`s capital structure was improved in mid-year 2011 when on 30 May 2011 the decision was approved to implement an aliquot nominal capital decrease to cover the cumulative losses generated in the previous year as reported in the 2010 annual results. Under this measure the participation capital provided in 2008 and 2009 was reduced from EUR 1,118.8 million to EUR 469.1 million.

Outlook
The three major issues will be of the utmost importance for the bank in 2012, the management believes. First, progress with the introduced reprivatisation to demonstrate the viability of the strategic core units of the bank.

The preparations for the sale of the subsidiaries in Austria and Italy are well advanced. Both institutions have been subjected to a comprehensive efficiency programme paving the way towards the reorganisation of the banks into sustainably viable core banks which can attract investors. Similar steps have and will be introduced in South Eastern Europe. All these measures are taken in order to allow for greatest possible flexibility once normal market conditions have returned.

Second, the bank will aim with full determination to meet the additional capital requirement set by the Austrian financial supervisory authorities as completely as possible in its own right through the reduction of the Group in size and volume and the prudent reduction of risk-weighted assets.

Third, the bank has made good progress in its dialogue with the European Commission recently and hoped for a swift conclusion of the state-aid negotiations. Resolving this issue will also provide potential investors with much-needed clarity about the future of the bank and its units.

If you require any further information, please do not hesitate to contact us directly. Additional details about Hypo Alpe Adria can also be found on our website (www.hypo-alpe-adria.com).

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Key data based on the consolidated financial statements as per IFRS

Hypo Alpe-Adria-Bank International AG (Group) | in EUR m

	2011	2010 *	2009
Income statement	**1.1.-31.12.**	**1.1.-31.12.**	**1.1.-31.12.**
Net interest income	753.3	881.9	869.0
Net fee and commission income	73.1	107.9	121.2
Risk provisions on loans and advances	-229.8	-1,213.5	-1,672.3
Operative expenses (administrative expenses)	-576.9	-594.0	-541.5
Operating result – prior to risk provisions on loans and advances	323.7	202.9	292.0
Operating result – after risk provisions on loans and advances	93,9	-1.010,6	-1.380,3
Result before tax	94.8	-1,008.5	-1,394.6
Result after tax	69.3	-1,079.0	-1,550.6
Consolidated result (attributable to equity holders of the parent)	59.1	-1,085.3	-1,581.0
Statement of financial position	**31.12.**	**31.12.**	**31.12.**
Loans and advances to customers	26,722.4	28,217.5	30,116.6
Liabilities to customers	8,201.1	8,120.4	7,649.8
Debt securities in issue and subordinated capital	18,303.0	21,329.6	21,968.1
Equity (including non-controlling interest)	1,413.3	1,421.3	1,990.1
Total assets	35,132.5	38,746.1	41,078.7
Risk-weighted assets (banking book)	23,111.0	24,611.1	27,907.9
Key figures	**1.1.-31.12.**	**1.1.-31.12.**	**1.1.-31.12.**
Cost/income ratio	64.1%	74.5%	49.0%
Net interest income/Ø risk-weighted assets (banking book)	3.1%	3.3%	2.6%
Risk/earnings ratio	30.5%	137.6%	89.6%
Credit risk/Ø risk-weighted assets (banking book)	1.0%	4.5%	2.3%
Bankspezifische Kennzahlen	**31.12.**	**31.12.**	**31.12.**
Own capital funds according to BWG	2,498.7	2,777.5	2,999.8
Own capital funds requirement according to BWG	2,048.9	2,167.4	2,425.8
Surplus capital	449.8	610.1	574.0
Core capital (Tier 1)	1,602.8	1,794.7	2,018.4
Tier 1-ratio– banking book	6.9%	7.3%	7.2%
Tier 1-ratio – including market and operational risk	6.2%	6.6%	6.6%
Own capital funds ratio – total (solvency ratio)	9.8%	10.3%	9.9%
Moody's Rating	**31.12.**	**31.12.**	**31.12.**
Long-term (liabilities not covered by statutory guarantee)	withdrawn	Baa3	Baa2
Long-term (liabilities covered by statutory guarantee)	A1	Aa3	Aa2
Short-term	withdrawn	P-3	P-2
Bank Financial Strength Rating (BFSR)	withdrawn	E	E
Employees * & locations	**31.12.**	**31.12.**	**31.12.**
Employees at closing date (FTE)	7,690	7,624	7,546
Employees average (FTE)	7,774	7,927	7,969
Number of locations	330	328	354

**2010 reporting date figure restated due to error correction. In the 2011 financial year, the methodology for calculating average employee numbers was adjusted; accordingly, these figures are only comparable to a limited extent.