

AD HOC RELEASE

Klagenfurt am Wörthersee, 29 February 2012

HYPO ALPE-ADRIA-BANK INTERNATIONAL AG
HYPO ALPE-ADRIA-BANK INTERNATIONAL AG ANNOUNCES THE SOLICITATION OF CONSENTS AND INVITATIONS FOR OFFERS TO SELL PREFERRED SECURITIES NOT FOR DISTRIBUTION IN THE UNITED STATES OR TO ANY PERSON RESIDENT AND/OR LOCATED IN THE UNITED STATES OR TO ANY U.S. PERSON

Hypo Alpe-Adria-Bank International AG ("**HAA**") hereby announces that it is inviting holders of the €75,000,000 Series A 7.375 per cent. Non-cumulative Non-voting Preferred Securities issued by Hypo Alpe-Adria (Jersey) Limited (ISIN: DE0006949555 and Common Code: 013229473) and the holders of the €150,000,000 Fixed/Floating Rate Non-cumulative Non-voting Preferred Securities issued by Hypo Alpe-Adria (Jersey) II Limited (ISIN: XS0202259122 and Common Code: 020225912) to consent to the Proposals (as defined in the Invitation Memorandum dated 29 February 2012 (the "**Invitation Memorandum**")) and to offer to sell any and all of their Preferred Securities for cash (the "**Invitations**").

The Proposals are set out in, and the Invitations are made, on the terms and subject to the conditions contained in the Invitation Memorandum. Capitalised terms used in this announcement have the meanings ascribed to them in the Invitation Memorandum.

Preferred Securities	Outstanding Liquidation Preference	ISIN/ Common Code	Consent Payment	Purchase Price
€75,000,000 Series A 7.375 per cent. Non-cumulative Non-voting Preferred Securities issued by HAA Jersey	€75,000,000	DE000694955 5/ 013229473	€0.50 per €100 liquidation preference	€3.50 per €100 liquidation preference
€150,000,000 Fixed/Floating Rate Non-cumulative Non-voting Preferred Securities issued by HAA Jersey II	€150,000,000	XS0202259122 / 020225912	€5.00 per €1,000 liquidation preference	€15.00 per €1,000 liquidation preference

Rationale for the Invitations

The Proposals and the Invitations are part of HAA's ongoing capital management, the aim of which is to enhance HAA's capital position by increasing common equity. HAA intends to sell or transfer the Preferred Securities purchased by HAA to the relevant issuer for cancellation.

Proposals

In order to amend the terms of the Support Agreements to permit a purchase of the Preferred Securities, meetings of the Registered Holders have been convened to consider and, if thought fit, pass the HAA Jersey Extraordinary Resolution and the HAA Jersey II Extraordinary Resolution which, subject to certain conditions set out therein, will amend the HAA Jersey Support Agreement or the HAA Jersey II Support Agreement, as applicable.

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If the Consent Payment Conditions are satisfied, a Holder from whom a valid Consent Instruction or Electronic Order is received by the Tender and Consent Agent before the Expiration Time (and is not withdrawn before the Expiration Time or otherwise in the limited circumstances in which withdrawal is allowed) will be eligible to receive the applicable Consent Payment on the Settlement Date as follows:

- (i) in relation to the HAA Jersey Preferred Securities, €0.50 per €100 liquidation preference of the HAA Jersey Preferred Securities, represented by the relevant Consent Instruction or Electronic Order, as the case may be; and
- (ii) in relation to the HAA Jersey II Preferred Securities, €5.00 per €1,000 liquidation preference of the HAA Jersey II Preferred Securities, represented by the relevant Consent Instruction or Electronic Order, as the case may be.

The Consent Payment is separate from and independent to any Purchase Price payable to a Holder whose Preferred Securities are accepted for purchase pursuant to the Invitations.

Holders to whom the Invitations are not being made pursuant to the offer restrictions set out in the Invitation Memorandum may also be eligible, to the extent permitted by applicable laws and regulations and subject to satisfaction of the Consent Payment Conditions, to receive an identical amount to the Consent Payment by delivering, or arranging to have delivered on their behalf, a valid Ineligible Holder Instruction that is received by the Tender and Consent Agent before the Expiration Time and not withdrawn.

HAA reserves the right in its absolute discretion to withdraw the Proposals at any time before the Meetings (or any adjourned Meeting) or to refrain from entering into the Supplemental Support Agreements even if the resolutions are passed. In the event the Proposals are withdrawn, the Meetings will still be held, but HAA will be under no obligation to enter into the Supplemental Support Agreements to give effect to the amendments contained in the Extraordinary Resolutions.

Purchase Price to be Received for the Preferred Securities

HAA proposes to accept for purchase, subject to the Payment Conditions, in particular the approval (*Bewilligung*) of the Austrian Financial Market Authority (*Finanzmarktaufsichtsbehörde*) of the purchase of the Preferred Securities, being satisfied, any and all of the Preferred Securities on the terms and subject to the conditions contained in the Invitation Memorandum.

HAA Jersey Preferred Security Holders who have validly submitted an Electronic Order prior to the Expiration Time and whose offers to sell are accepted by HAA will receive, subject to satisfaction of the Payment Conditions, €33.50 per €100 liquidation preference of the HAA Jersey Preferred Securities.

HAA Jersey II Preferred Security Holders who have validly submitted an Electronic Order prior to the Expiration Time and whose offers to sell are accepted by HAA will receive, subject to satisfaction of the Payment Conditions, €315.00 per €1,000 liquidation preference of the HAA Jersey II Preferred Securities.

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Participating in the Invitations or the Proposals

To offer to sell Preferred Securities pursuant to the Invitations or to be eligible to receive the Consent Payment, a Holder should deliver, or arrange to have delivered on its behalf, through the relevant Clearing System and in accordance with the requirements of such Clearing System, a valid Electronic Order, Consent Instruction or Ineligible Holder Instruction, as applicable, that is received by the Tender and Consent Agent by the Expiration Time.

Holders are advised to check with any bank, securities broker or other intermediary through which they hold Preferred Securities whether such intermediary must receive instructions to participate in the Proposals and the Invitations before the deadlines specified in the timeline below.

Expected Transaction Timeline

<u>Date</u>	<u>Event</u>
29 February 2012	<p>Commencement of the Invitations and distribution of the Invitation Memorandum.</p> <p>Each Notice of Meeting to be mailed to the relevant Registered Holder.</p> <p>Publication of Notice of HAA Jersey Meeting in accordance with the requirements of the Frankfurt Stock Exchange.</p> <p>Notification to Euronext Amsterdam of Notice of HAA Jersey II Meeting in accordance with the requirements of Euronext, Amsterdam.</p>
On or around 13 March 2012	Publication of the financial results of HAA for the year ended 31 December 2011
5 p.m., CET, 22 March 2012 ("Expiration Time")	<p>The Invitations expire unless HAA extends or terminates them prior to the Expiration Time in its sole discretion: deadline for receipt by the Tender and Consent Agent of Electronic Orders, Consent Instructions or Ineligible Holder Instructions.</p> <p>After this time, an Electronic Order, a Consent Instruction or an Ineligible Holder Instruction may only be withdrawn in the limited circumstances set out in the Invitation Memorandum.</p>
12 noon, CET, 26 March 2012	Voting deadline. Last date for Holders to instruct the relevant Registered Holder to appoint the Tender and Consent Agent as its proxy to attend the relevant Meeting and vote in favour of or against the relevant Extraordinary Resolution in accordance with the Voting Rights, subject to the rights of HAA to re-open, extend, amend and/or withdraw the Invitations.

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12 noon, CET, 28 March
2012

Date and time of Meeting of the HAA Jersey Registered Holder. Notice of outcome of this will be given to Holders as soon as possible thereafter via the Clearing Systems.

Any adjourned meeting will be held at 2 p.m. CET.

12 noon, CET, 28 March
2012

Date and time of Meeting of the HAA Jersey II Registered Holder. Notice of outcome of this will be given to Holders as soon as possible thereafter via the Clearing Systems.

Any adjourned meeting will be held at 2 p.m. CET.

29 March 2012

Announcement of, subject only to the satisfaction of the Payment Conditions, (i) whether HAA accepts offers to sell in respect of the Preferred Securities; (ii) the aggregate liquidation preference of each series of Preferred Securities accepted for purchase (which may be zero); and (iii) the aggregate liquidation preference of each series of Preferred Securities remaining outstanding following completion of the Invitations.

29 March 2012 – 25 April
2012

28 day period for satisfaction of the Payment Conditions.

27 April 2012 ("**Settlement
Date**")

Expected Settlement Date.

If the Extraordinary Resolutions are passed and the other Consent Payment Conditions are satisfied, the relevant Consent Payment and Ineligible Holder Amount will be paid.

If the Payment Conditions are satisfied and HAA has accepted offers to sell Preferred Securities, the relevant Purchase Price will be paid.

For further information:

A complete description of the terms and conditions of the Proposals and the Invitations is set out in the Invitation Memorandum. Further details about the transaction can be obtained from:

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A copy of the Invitation Memorandum is available to eligible persons upon request from the Tender and Consent Agent.

Neither of the Dealer Managers takes responsibility for the contents of this announcement and none of HAA, HAA Jersey, HAA Jersey II the Dealer Managers, the Tender Agent or any of their respective directors, employees or affiliates makes any representation or recommendation whatsoever regarding the Invitations, or any recommendation as to whether Holders should tender Preferred Securities in the Invitations or vote on the Proposals. This announcement must be read in conjunction with the Invitation Memorandum. No Invitations to acquire any Preferred Securities are being made pursuant to this announcement. Any such Invitations are only being made in the Invitation Memorandum and any such acquisition or acceptance of offers to sell should be made solely on the basis of information contained in the Invitation Memorandum. This announcement and the Invitation Memorandum contain important information which should be read carefully before any decision is made with respect to the Invitations or the Proposals. If any Holder is in any doubt as to the action it should take, it is recommended to seek its own advice, including as to any tax consequences, from its stockbroker, bank manager, solicitor, accountant or other independent adviser.

This press release concerns regulated information (*gereguleerde informatie*) in the meaning of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

Jurisdictional Restrictions

General

Neither this announcement nor the Invitation Memorandum constitute an offer to purchase Preferred Securities. Neither this announcement nor the Invitation Memorandum constitute a solicitation of an offer to sell Preferred Securities in any jurisdiction in which such solicitation or offer is unlawful, and offers to sell will not be accepted from Holders or Registered Holders located or resident in any jurisdiction in which such solicitation or offer is unlawful. In those jurisdictions where the securities or other laws require the Invitations to be made by a licensed broker or dealer, any actions in connection with the Invitations shall be deemed to be made on behalf of HAA by the Dealer Managers or one or more registered brokers or dealers licensed under the laws of such jurisdiction.

The distribution of the Invitation Memorandum in certain jurisdictions is restricted by law. Persons into whose possession the Invitation Memorandum comes are required by HAA, HAA Jersey, HAA Jersey II, the Dealer Managers and the Tender and Consent Agent to inform themselves about, and to observe, any such restrictions.

Holders and Registered Holders with any questions on the Proposals or Invitations should contact the Dealer Managers for further information.

United States

The Invitations are not being made and will not be made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone, email and other forms of electronic transmission) of interstate or foreign commerce of, or any facility of a national securities exchange of, the United States, and no offer to sell Preferred Securities may be made by any such use, means, instrumentality or facility from or within the United States, or to any U.S. Person (as defined in Regulation S of the United States Securities Act of 1933, as amended (each a "**U.S. Person**")) or by persons located or resident in the United States or by any U.S. Person. Accordingly, copies of the Invitation Memorandum and any other documents or materials relating to the Invitations are not being, and must not be, directly or indirectly, mailed or otherwise transmitted, distributed or forwarded in or into the United States, or to U.S. Persons or to persons located or resident in the United States.

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Any purported offer to sell Preferred Securities resulting directly or indirectly from a violation of these restrictions will be invalid and offers to sell Preferred Securities made by a U.S. Person, by any person acting for the account or benefit of a U.S. Person, or by a person located or resident in the United States or any agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal located or resident in the United States will not be accepted. For the purposes of this paragraph, United States means the United States of America, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any state of the United States of America and the District of Columbia.

Italy

None of the Invitations, the Invitation Memorandum or any other documents or materials relating to the Invitations have been or will be submitted to the clearance procedure of the *Commissione Nazionale per le Società e la Borsa* (CONSOB). The Invitations are being carried out in the Republic of Italy (Italy) as an exempted offer pursuant to article 101-bis, paragraph 3-bis of the Legislative Decree No. 58 of 24 February 1998, as amended (the Financial Services Act) and article 35-bis, paragraph 3, of CONSOB Regulation No. 11971 of 14 May 1999, as amended ("**CONSOB Regulation**"). Holders or beneficial owners of the Preferred Securities can offer the Preferred Securities through authorised persons (such as investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007, as amended from time to time, and Legislative Decree No. 385 of September 1, 1993, as amended) and in compliance with applicable laws and regulations or with requirements imposed by CONSOB or any other Italian authority.

United Kingdom

The communication of the Invitation Memorandum and any other documents or materials relating to the Invitations are not being made and such documents and/or materials have not been approved by an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom, and are only for circulation to persons outside the United Kingdom or to persons within the United Kingdom falling within Article 43 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"), or to other persons to whom it may lawfully be communicated in accordance with the Order.

Belgium

The Invitation Memorandum is not addressed to, and may not be accepted by, any Holder or Registered Holder who is resident in Belgium and is not a qualified investor (*investisseur qualifié/gekwalificeerde belegger*) as defined pursuant to Article 10 of the Belgian law of 16 June 2006 on public offerings of investment instruments and the admission of investment instruments to trading on regulated markets.

France

Neither the Invitation Memorandum, nor any other offering material or information relating to the Invitations, has been submitted for clearance to the *Autorité des Marchés Financiers* and they may not be released, issued, or distributed or caused to be released, issued, or distributed, directly or indirectly, to the public in the French Republic, except to (i) providers of investment services relating to portfolio management for the account of third parties and/or (ii) qualified investors (*investisseurs qualifiés*), other than individuals, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French Code *Monétaire et Financier*.

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General

Neither this Invitation Memorandum nor the electronic transmission thereof constitutes an offer to buy or the solicitation of an offer to sell the Preferred Securities (and any offer to sell the Preferred Securities pursuant to the Invitations will not be accepted from Holders) in any circumstances in which such offer or solicitation is unlawful. In those jurisdictions where the securities, blue sky or other laws require the Invitations to be made by a licensed broker or dealer and the Dealer Managers or any of its affiliates is such a licensed broker or dealer in any such jurisdiction, such Invitations shall be deemed to be made by the Dealer Managers or such affiliate, as the case may be, on behalf of HAA in such jurisdiction.

In addition to the representations referred to above in respect of the United States, each Holder participating in the Invitations will be deemed to give certain representations in respect of the other jurisdictions referred to above and generally as set out in "*Terms of the Invitations*". Any offer to sell Preferred Securities made by a Holder that is unable to make these representations will not be accepted.

In the case of the Proposals, each Holder participating in a Proposal as an Ineligible Holder will also be deemed to give certain representations as to that Holder's status as an Ineligible Holder, and to give certain other representations as set out in "*Terms of the Invitations*" in respect of any submission of an Ineligible Holder Instruction in favour of such Proposal. Each of HAA, HAA Jersey, HAA Jersey II, the Dealer Managers and the Tender and Consent Agent reserves the right, in its sole and absolute discretion, to investigate, in relation to any offer to sell Preferred Securities or submission of an Ineligible Holder Instruction in favour of a Proposal, whether any such representation given by a Holder is correct and, if such investigation is undertaken and as a result HAA determines (for any reason) that such representation is not correct, such offer to sell may be rejected.

Contact for enquiries:

Contact for media enquiries:

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Supplementary information:

Issuer: HYPO ALPE-ADRIA-BANK INTERNATIONAL AG
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Sector: Banks

ISIN: XS0281875483, XS0219718714, XS0272401356, XS0178887732, XS0247263048,
CH0028623145, CH0020373228, XS0440690161, XS0292051835, XS0205004848

Stock markets: Düsseldorf Stock Exchange; Frankfurt Stock Exchange; Luxembourg Stock Exchange;
Zurich Stock Exchange; Second Regulated Market and Third Market of the Vienna
Stock Exchange

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