HYPO ALPE ADRIA

Investor Relations

Presentation of Results 2013

Vienna, 17. April 2014

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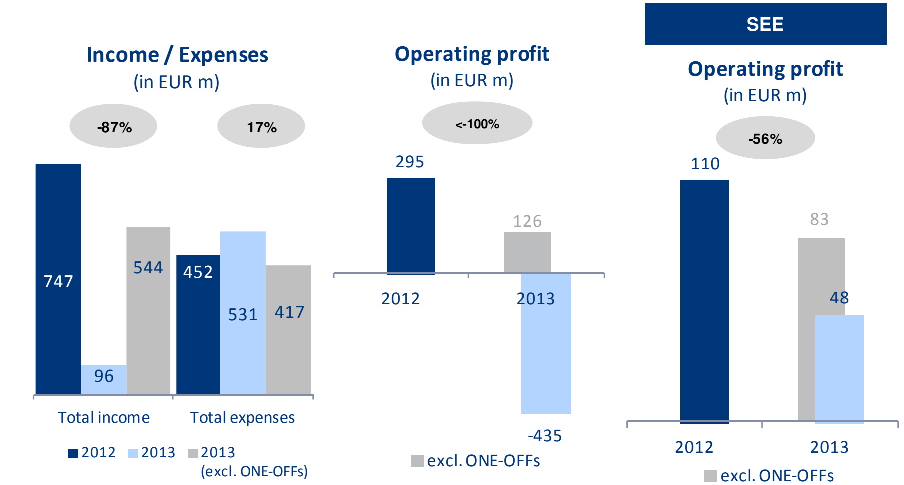
HAA's restructuring path accelerated with EC state aid decision from September 2013

2013 losses in line with EU restructuring plan	Loss of EUR 1.864 bn driven by major one-off's mainly due to full implementation of EC decision from Sept. 2013 and in line with EU restructuring plan (submitted mid 2013)
Significant increase in risk provisions	Risk provisions of EUR -1.362 bn (2012: EUR -308.5 m) reflect market environment, aim to enable accelerated re-privatization and Asset Resolution (Wind Down) portfolio restructurings
Major effects for FX related claims (esp. Italy)	One-off provisions for interest- and FX related customer claims in Serbia, Bosnia & Herzegovina and esp. Italy of EUR -135 m; additional impairments of EUR -346 m due to EC decision and real estate evaluations (esp. SLO, IT)
Successful sale of HBA (Hypo Bank Austria)	Closing of HBA's re-privatization by end 2013 in a challenging environment; Deal provides local bank with international perspective and secures ~400 jobs in the region
Capital injections of 2.5 bn – mainly driven by EC decision	Recapitalization of EUR 2.5 bn (1.75 bn in 2013) to cover HAA Group and Holding YE2013 loss (EUR 1.86 bn resp. EUR 2.75 bn); On Holding level EC decision triggered anticipation of impairments on participations (SEE sale until mid 2015, Italy wind down) and provisions on intra-group loans towards Asset Resolution
SEE on track for re-privatization	Sales perspective enhanced following further de-risking via portfolio carve-outs; Improved new business quality and -profitability in a modestly recovering market; cost initiatives from Q4/2013 to materialize in following years
Clarity on set-up of Asset Resolution Wind Down Unit	Structure for future Asset Resolution Wind Down unit clarified: Previous years restructuring to create existing Asset Resolution platform provide sound basis for swift implementation of government plans

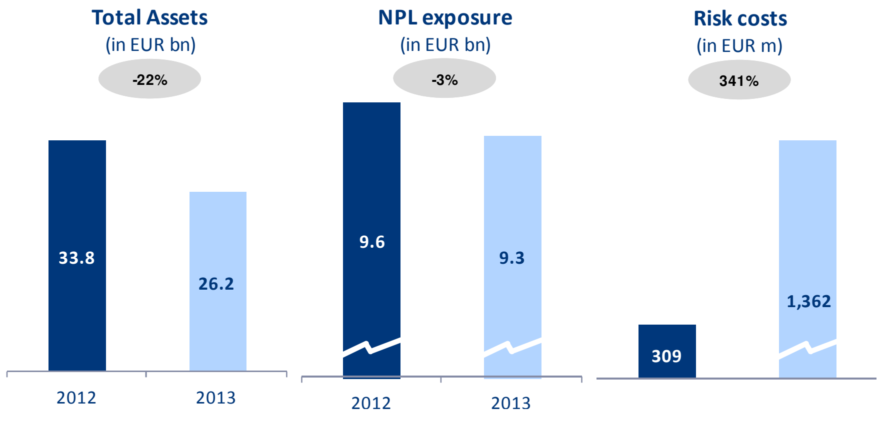
YE2013 Results: Key Figures at a Glance

Key figures reflect EC decision and related one-off's in a difficult macroeconomic environment

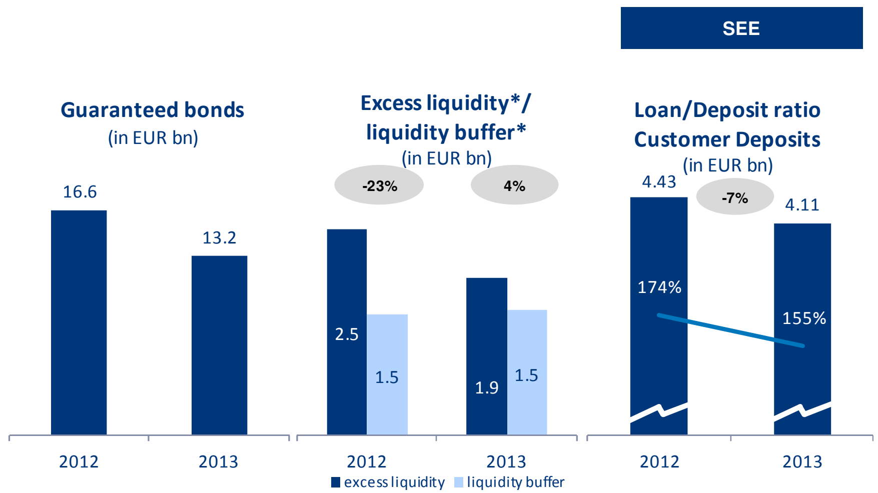
PROFITABILITY



RISK

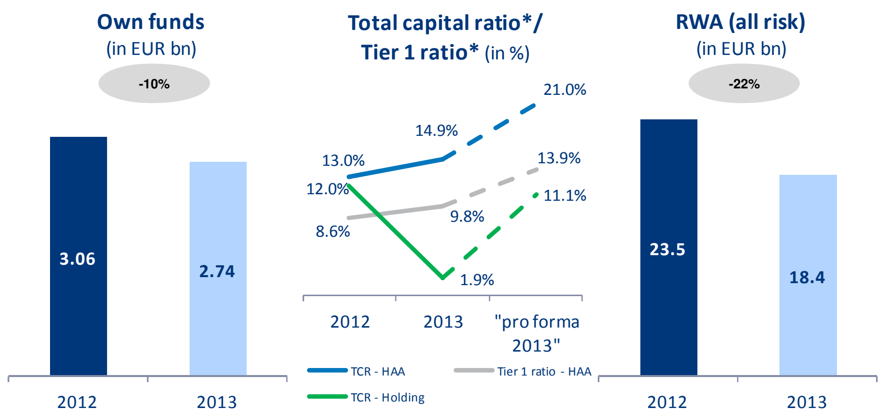


FUNDING



* excl. 750m capital increase

CAPITAL



*Pro forma 2013
(incl. 750m capital increase)

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Year end loss of 1.86 bn due to one-off's, high risk provisions, impairments and macroeconomic environment

Result

- Significant exceptional items of EUR -675 m in particular
  - impairments connected to EC decision and deterioration of real estate market (-346 m)
  - interest- and FX related customer claims esp. in Italy (-135 m)
  - sale of Austrian subsidiary HBA (-96.8 m)
- Significant increase in risk provisions to EUR -1.36 bn compared to EUR -308.5 m in 2012, mainly driven by
  - thorough clean-up to enable the sell of the SEE network and set-up of a sustainable Wind Down Unit
  - ongoing difficult market environment in HAA

Operating income

- Net interest income declined by 28.4 % to EUR 455.7 m due to higher interest expenses for subordinated capital issued at the end of 2012, EC restrictions related to new business in Italy and SEE, historically low market interest levels (decline by approx. 100 bp) and inability to replenish amortizations and wind down activities with new lending. This was partially compensated via
  - higher margins and improved risk profile in new lending business
  - successful re-pricing of interest on deposits (average reduction of approx. 40 bp)
- Increase of net commission income to EUR 51.2 m, despite lower new lending volumes and weak market environment

Operating expenses

- Overall cost base lowered, in particular due to reduction of personnel expenses by EUR 13.7 m by excluding special items in depreciation (EUR 90 m impairment on Headquarter, own used real estate & IT software) and admin. expenses (esp. forensic and project costs)
- Further cost benefits from initiatives initiated in Q4/2013 to materialize in following years

Income statement (in EUR m) [1.)]	2012	2013	+/-
Net interest income	636.6	455.7	-28.4%
Net commission income	47.8	51.2	7.0%
Financial result	87.9	-111.3	< -100%
Other operating result	-25.3	-299.9	< -100%
Total income	**747.0**	**95.7**	**-87.2%**
Personnel expenses	-225.3	-211.6	-6.1%
Administrative expenses	-173.1	-192.5	11.2%
Depreciation	-53.9	-126.6	< -100%
Total expenses	**-452.3**	**-530.6**	**17.3%**
Operating Profit before risk provisions	**294.7**	**-434.9**	**< -100%**
Risk Provisions on loans and advances	-308.5	-1,362.1	< -100%
Profit Before Tax	**-13.8**	**-1,798.3**	**< -100%**
Taxes	-28.8	51.7	< -100%
Result after tax of discounted operations - IFRS 5	50.9	-96.8	n.m
Profit After Tax	**8.3**	**-1,843.4**	**< -100%**
Minorities	-31.1	-20.3	-34.9%
Net income	**-22.8**	**-1,863.7**	**< -100%**
Net interest margin [2.)]	2.1%	1.6%	n.m.
Cost income ratio	61%	554%	n.m.
LLP ratio in bp (of average loans) [2.)]	121	666	n.m.

Balance sheet (in EUR m)	2012	2013	+/-
Total assets	**33,804**	**26,219**	**22.4%**
Customer loans	24,401	19,289	21.0%
Customer deposits	8,406	6,121	27.2%
RWA (total risk)	23,540	18,422	21.7%
Total capital ratio [3.)]	**12.99%**	**14.87%**	**1.88%**
Tier 1 ratio [3.)]	8.58%	9.80%	1.22%

[1.)] **Management view**: Does not include reallocations of positions within P&L reflected in „financial statement" (i.e. interest income, rental income from investment properties, other result (impairments), costs (e.o. write-offs))
[2.)] NIM, LLP ratio: volumes adjusted by HBA (IFRS 5)
[3.)] Capital ratios: excl. 750m capital increase

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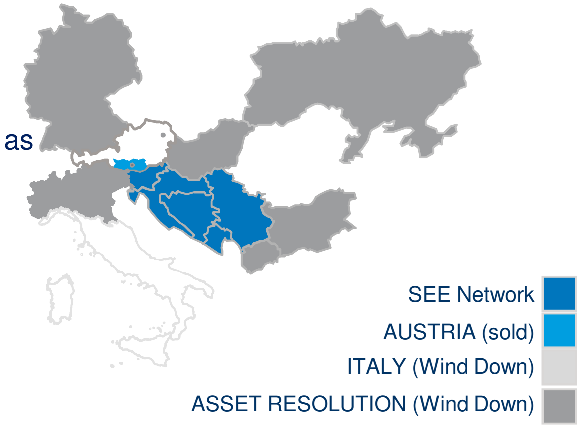
EC driven accelerated restructuring to facilitate re-privatization and transition into a sustainable Wind Down structure

- **SEE Group:** Excluding 2013 one-off's related to portfolio clean-up, the SEE Group is close to breaking even in its third year of restructuring and second year of recession in the region
  - Exceptional one-off's amounting to 273.2 m (prudent provisioning in Retail, HQ- and IT impairments as well as provisions for interest- and FX related customer claims)
  - Positive impacts from cost optimization, healthy new business and re-prizing of customer deposits
- **Asset Resolution:** Negative effects from high risk provisions (delayed and failed restructuring and decrease of collateral values), impairments of real estate objects and non core tourism participations. Excluding new NPL SEE carve-out portfolio sound asset and NPL reduction 1.8 bn respective 0.5 bn achieved
- **Hypo Italy:** High loss caused by one-off interest- and FX related customer claims and reimbursements (-109 m) and high risk provisions driven by continuously difficult market environment



Income statement (in EUR m) [1.)]	Group		SEE Group [3.)]		Austria (deconsolidated)		Italy (Wind Down)		Asset Resolution (Wind Down)		Consolidation Holding		IFRS 5 (re-classification)	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Net interest income	636.6	455.7	268.1	270.5	41.8	37.7	78.9	55.2	214.6	110.0	75.0	20.0	-41.8	-37.7
Net commission income	47.8	51.2	59.7	68.5	14.9	14.7	8.5	7.2	-26.6	-24.3	6.3	-0.2	-14.9	-14.7
Total income	747.0	95.7	329.5	316.7	102.4	62.1	85.3	-72.4	209.7	-156.9	122.6	8.3	-102.4	-62.1
Total expenses	-452.3	-530.6	-219.0	-268.5	-46.6	-50.3	-52.8	-56.9	-172.6	-186.4	-7.9	-18.8	46.6	50.3
Risk Provisions on loans and advances	-308.5	-1,362.1	-51.2	-340.1	-1.4	-2.7	-30.0	-153.8	-222.6	-846.2	-4.8	-21.9	1.4	2.7
Profit after tax	**8.3**	**-1,843.4**	**54.1**	**-285.9**	**50.9**	**8.9**	**0.9**	**-237.7**	**-201.1**	**-1,167.3**	**103.5**	**-161.4**	**0.0**	**0.0**
Net interest margin [2.)]	2.1%	1.6%	2.6%	2.8%	0.8%		2.3%	1.8%	2.0%	1.1%				
Cost income ratio	61%	554%	66%	85%	46%		62%	-79%	82%	-119%	n.m	n.m	n.m	n.m
LLP ratio in bp (of average loans) [2.)]	121	666	65	468	4		93	540	208	852				
NPL ratio (IFRS GE)	26.9%	32.5%	15.1%	12.3%	3.4%		19.3%	31.3%	63.7%	67.7%				
Balance sheet (in EUR m)	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**
Total assets	**33,804**	**26,219**	**10,159**	**8,553**	**4,145**		**3,282**	**2,728**	**11,296**	**9,984**	**4,922**	**4,954**		
Customer loans	24,401	19,289	7,715	6,370	2,773		3,059	2,632	10,487	10,120	368	167		
Customer deposits	8,406	6,121	4,433	4,105	1,563		659	400	58	43	1,694	1,573		
NPL exposure	9,562	9,255	1,614	1,129	143		656	906	7,141	7,214	8	5		

[1.)] Management view: Does not include reallocations of positions within P&L reflected in „financial statement“ (i.e. interest income, rental income from investment properties, other result (impairments), costs (e.o. write-offs))
[2.)] Ratios: Group: volumes adjusted by HBA; SEE Group: adjusted by Brush-Transfers
[3.)] First time in 2013, SEE-Holding reallocation from Consolidation Holding to SEE Group segment

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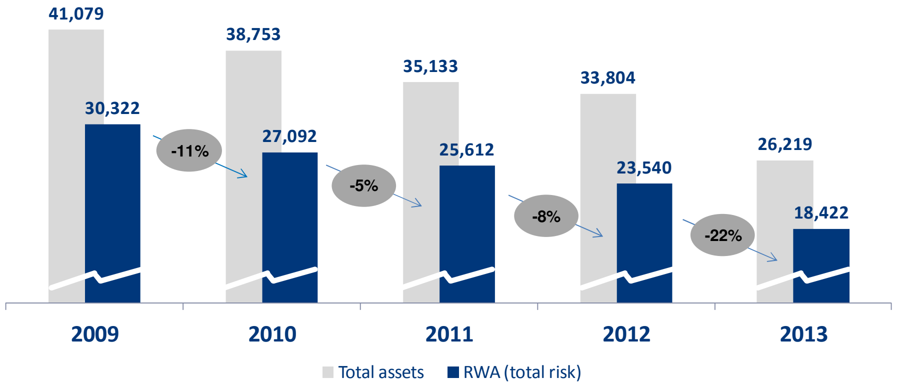
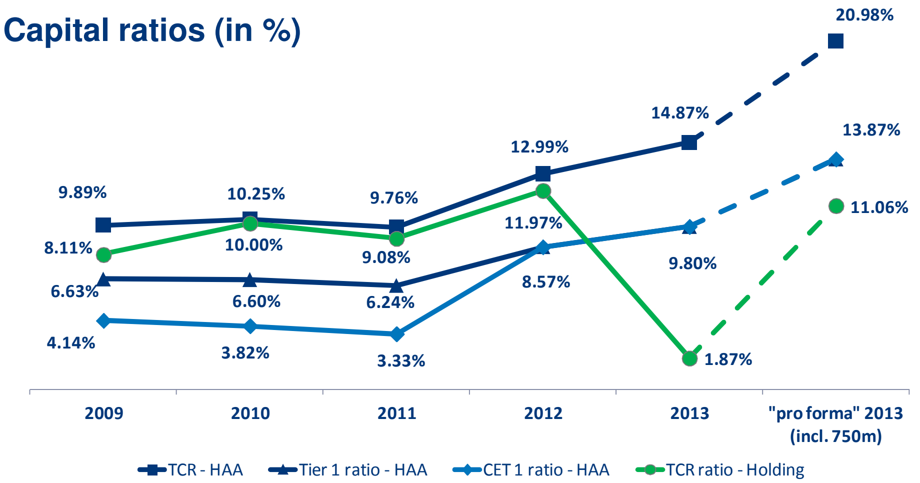
Balance sheet reduction exceeding EU restructuring plan; Recapitalizations of EUR 2.5 bn in line with EC state aid decision

Total Assets- and RWA development (in EUR m)



Capital ratios (in %)



Note: Common Tier 1 ratio is from 2012 equal to Tier 1 ratio because as of 2012 there is no more Additional Tier 1 capital in the capital structure of HAA

Total Assets/RWA/Capital

- Continuous Wind Down focus resulted in highest total asset and RWA decrease particularly due to successful sale of Austrian subsidiary (HBA) – decrease of total assets exceeds reduction foreseen in EU plan (Base Case) by EUR 505 m
- 2013 and April 2014 recapitalizations of EUR 2.5 bn:
  - 2013: EUR 1.75 bn Tier 1
  - April 2014: EUR 0.75 bn Tier 1

  to cover HAA Group and Holding YE2013 loss (EUR 1.86 bn resp. EUR 2.75 bn). On Holding level EC decision triggered anticipation of impairments on participations (SEE sale until mid 2015, Italy wind down) and provisions on intra-group loans towards Asset Resolution (Wind Down)
- Based on owner's decision (mid March 2014) deregulation of Holding expected to withdraw bank capital requirements from Q4/2014 onwards

Liquidity/Funding

- Stable liquidity position above EUR 1.9 bn in cash and additional EUR 1.5 bn liquidity reserves by end of December 2013, not considering the EUR 750 m capital increase in cash (April 2014)

Thorough risk provisioning in 2013 to enable sale of a de-risked SEE and set-up of a sustainable (risk covered) Wind Down Unit

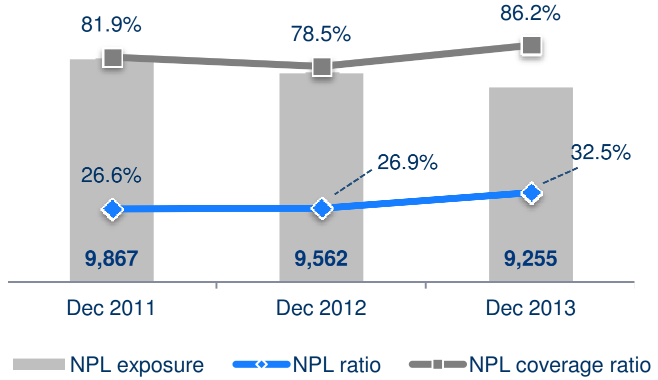
Overall NPL coverage ratio improved

- Decreasing NPLs due to workout and rigorous application of monitoring process
- Despite difficult market conditions the total NPL coverage increased significantly due to increased risk provision bookings in second HY 2014 and workout of the NPL portfolio
- Increase of NPL ratio as a consequence of overall exposure decrease (EUR 7.1 bn) mainly due to HBA sale and asset reduction
- The Expected Loss of the NPL portfolio is now more than covered (surplus of 130 m)

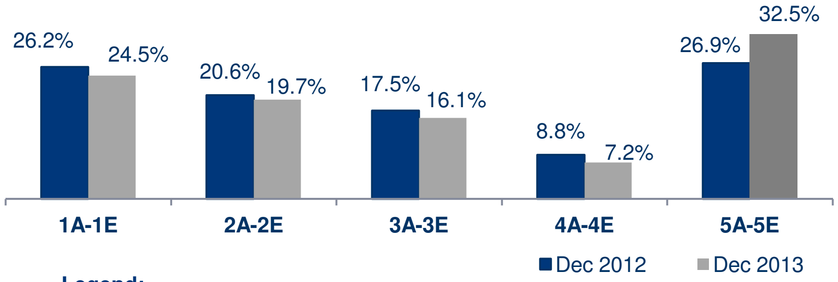
Improved rating distribution

- Main de-risking in the segment Corporate due to portfolio reduction, and new business in accordance with restrictive underwriting rules
- New business transactions in 2013 were conducted in the amount of approx. EUR 700 m – mainly in the rating categories investment grade (5%) and upper non-investment grade (80%), which means 85 % of new business contracted at better or equal rating than 3B

NPL exposure (in EUR m), NPL ratio vs. NPL coverage (in %)



Rating by Exposure
(Dec 2012: EUR 35.5 bn (HBA excluded), Dec 2013: EUR 28.4 bn)



Legend:

1A-1E	Highest credit rating	
2A-2E	Excellent credit rating - very good credit rating	
3A-3E	Good credit rating - acceptable credit rating	
4A-4E	Poor credit rating - watch list (4A and 4E)	
5A	90 days in arrears	NPLs
5B-5E	Individual value adjustment, restructuring, insolvency	NPLs

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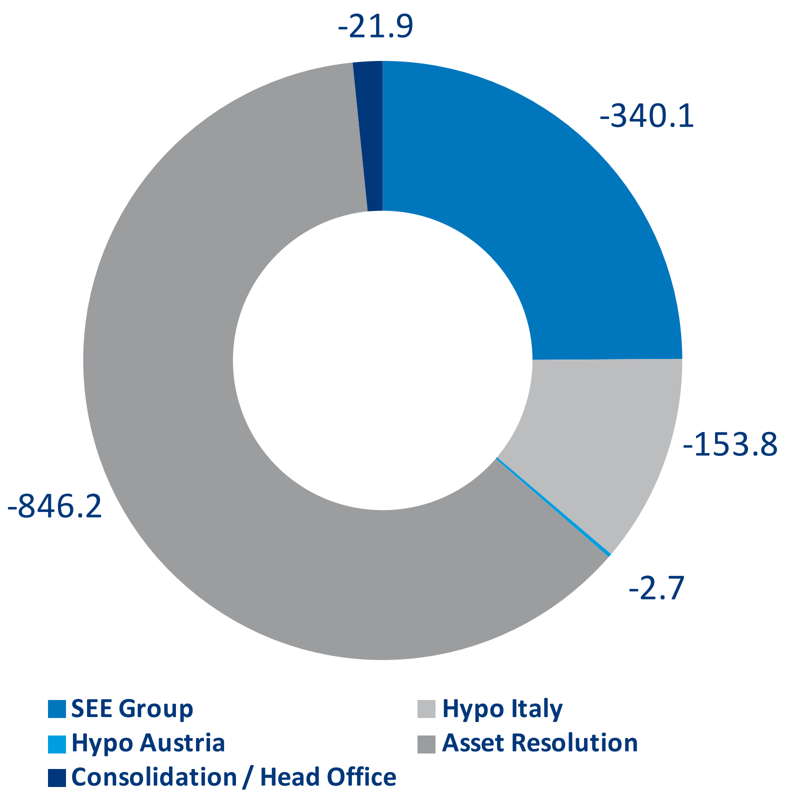
Risk provisions by segment – an overview

Risk provisions in 2013: EUR 1.36 bn



- Risk provisions in 2013 amount to EUR 1.36 bn compared to EUR 0.31 bn in 2012
- The risk provisions within the SEE Group are heavily influenced by the thorough clean-up and carve-outs of mainly non-performing loan portfolios, and risk provisions for remaining long tail Retail NPL portfolio (approx. EUR 130 m)
- Risk provisions in Hypo Italy are mainly driven by continuously difficult market environment and related collateral market value adjustment
- The risk provisions in Asset Resolution are heavily influenced by failed and delayed restructurings and deterioration of collateral market values - driven by negative macro economic environment

Outlook

Milestones 2014

Asset Resolution Wind Down Unit & SEE Group	• Set-up of an sustainable Asset Resolution Wind Down Unit following the (mid March 2014) decision by the Republic of Austria • Establishment of an operating steering holding for SEE network, with banking license in Austria
Asset Resolution Wind Down Unit	• Organizational alignment with the Republic of Austria for shaping of Asset Resolution Wind Down Unit to become a subsidiary of state owned Austrian Industry-Holding (ÖIAG) • Legal basis to be provided by government • Continued efforts to boost asset resolution activities through restructuring efforts in still difficult markets • Operations further reshaped and improved to bolster value-preserving wind down of portfolios via clear guidelines, sound asset focus and management structure • Further broadening of AAA-remarketing platform (www.aaaplatform.com)
SEE Group	• Continued strengthening of Retail focused universal bank based on outstanding service quality with clearly defined target segments • Focus to gain underlying and sustainable profitability by – continued selective underwriting of new business at risk adjusted margins in investment or upper non-investment grade risk buckets – full implementation of cost reductions initiated in Q4/2013 • Finalization of NPL reduction via transfers and sale of portfolios • Continued disciplined funding approach

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