HYPO ALPE ADRIA

Investor Relations

Presentation of Results 2012

Vienna,

12 March 2013

Restructuring progress

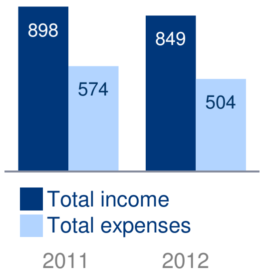
Downsizing and risk reduction	Wind-down performance of EUR 1.3 bn lowers total assets to EUR 33.8 bn; loans and advances to customers down EUR 2.3 bn; headcount down 15 %; sale of all industrial companies concluded; first substantial reduction in NPLs of approximately EUR 300 m
Publically-guaranteed liabilities down	Liabilities reduced by EUR 1.6 bn, despite guaranteed subordinated bond
Break-even	Result at close to break-even due to: austerity programme (costs: -12 %), good SEE result, one-time effects from burden sharing measures and measurement of capital instruments
Capital basis strengthened and adjusted	Burden-sharing measures improve capital quality; additional capital from the Republic of Austria and reduction in risk-weighted assets increase TCR to 13.0% and Tier 1 to 8.6%; Capital contributions since 2010 by Republic of Austria of EUR 1.15 bn (incl. EUR 500 m in 2012) continue to be fully preserved
Banks strengthened	8 banks strengthened by reorganisation and portfolio clean up; 100,000 additional customers in the SEE; additional saving deposits of EUR 200 m generated
NPL portfolio transfer and reduction	Further NPL portfolio transfers strengthened the three core units while Wind Down unit (Heta Asset Resolution) made visible progress in portfolio reduction and cash generation (EUR 1.3 bn, with 1.1 bn cash generation); Stabilized NPL ratio at 26.9%

Key figures confirm deleveraging and stabilization strategy

PROFITABILITY

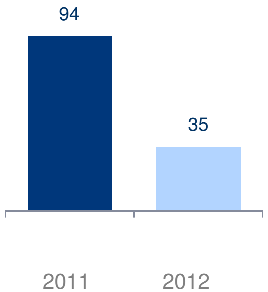
Income/ Expenses
(in EUR m)

-5.4% / -12.2%



Operating result
(in EUR m)

-62.4%



New business
(in EUR bn)

-31.0%

RISK

Total assets
(in EUR bn)

-3.8%

NPL exposure
(in EUR bn)

-3.1%

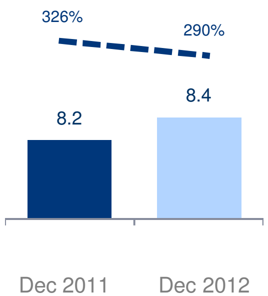
Risk costs
(in EUR m)

34.9%

FUNDING

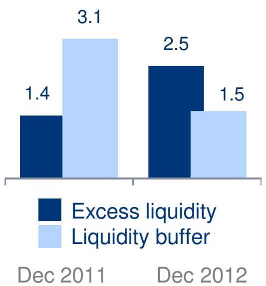
Loan-to-deposit ratio
(in %)

Customer deposits
(in EUR bn)



Excess liquidity/ Liquidity buffer
(in EUR bn)

78.6% / -51.6%



Public guaranteed liabilities
(in EUR bn)

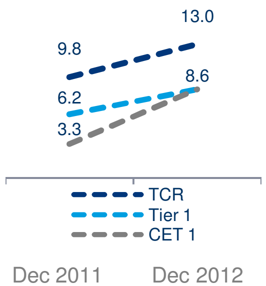
-7.7%

CAPITAL

Own funds
(in EUR bn)

24%

Total capital ratio/ Tier 1/ Common Tier 1 (CET 1)
(in %)



RWA (all risk)
(in EUR bn)

-8.1%

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Positive post tax result despite difficult market environment achieved

- **Result after tax**
  - Further deleveraging and margin pressure from declined EURIBOR and delay in deposit re-pricing negatively impacted net interest income
  - While 2011 operating result was supported by EUR 126 m FVO, 2012 had EUR 142 m one-off gains resulting from liability management measures
  - Last years' cost reduction plan shows visible progress in 2012
  - Challenging market environment and reduction of collateral values resulted in significantly higher risk provisions
- **Operating income**
  - Reduction in NII by EUR 74.9 m and commission income by EUR 10.4 m reflects market environment and deleveraging, despite
    - improved quality of new business underwriting margins
    - margins of existing business successfully renegotiated
    - improved share of commission to total income by 5% in SEE Network and reduced new lending volumes
- **Operating expenses**
  - Expense reduction mainly driven by reduction of administrative expenses (EUR 48 m) and headcount- and salary reductions (EUR 19 m) – further improvements to filter through over the next years

Income statement (in EUR m)	2012	2011	+/-
Net interest income	678.4	753.3	-9.9%
Net fee and commission income	62.7	73.1	-14.2%
Financial result	131.1	73.8	77.6%
Other operating result	-22,8	-2.2	>100%
Operating income	**849.4**	**898.0**	**-5.4%**
Personnel expenses	-259.3	-278.3	-6.8%
Other administrative expenses	-189.6	-237.7	-20.2%
Depreciation and amortisation	-55.2	-58.3	-5.3%
Operating expenses	**-504.2**	**-574.2**	**-12.2%**
Operating results before risk provisions	**345.2**	**323.7**	**6.6%**
Risk provisions on loans and advances	-309.9	-229.8	34.9%
Operating results after risk provisions	**35.3**	**93.9**	**-62.4%**
Results from companies acc. for at equity	0.0	-0.9	>100%
Result before tax	**35.3**	**94.8**	**-62.8%**
Taxes on income	-32.2	-25.5	26.3%
Result after tax	**3.0**	**69.3**	**-95.7%**
Net income (after tax and minorities)	**-28.1**	**59.1**	**>-100%**
Net interest margin	2.0%	2.0%	
Cost/Income Ratio	59%	64%	
LLP (% of average loans)	121bp	84bp	

Balance sheet (in EUR m)	Dec 2012	Dec 2011	+/-
Total assets	**33,804**	**35,133**	**-3.8%**
Customer loans	24,402	26,722	-8.7%
Customer deposits	8,406	8,201	2.5%
RWA (all risk)	23,540	25,612	-8.1%
Total capital ratio	**13.0%**	**9.8%**	
Tier 1 ratio	8.6%	6.2%	

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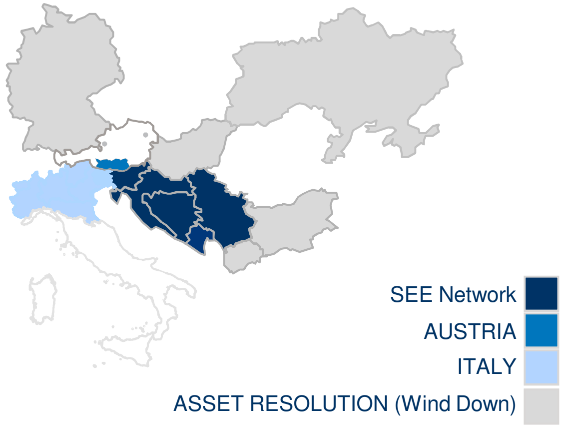
2012 shows underlying segment dynamics following NPL transfers of previous years

- **SEE:** Previous and ongoing NPL portfolio transfers (since 2012 fully reflected in P&L) significantly improved portfolio quality and consequently risk provisioning; Result improvement still impacted by a further restructuring year in Slovenia and Montenegro
- **Austria:** Successful spin-off of NPL portfolio resulted in a one-off gain (retirement of participation capital of EUR 40 m); Result continues to improve
- **Italy:** Despite continuous restructuring efforts (spin-off of NPL portfolio, staff redundancy program) further NPL migration continued in 2012
- **Wind Down:** Overall assets and risk provisions increased due to further NPL portfolio transfers; successful reduction of existing portfolio by EUR 1.3 bn with, cash generation of EUR 1.1 bn, despite challenging macroeconomic environment



	SEE Network		AUSTRIA		ITALY		ASSET RESOLUTION (Wind Down)		Cons. group/ Head office		TOTAL[1]	
in EUR m	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Net interest income	267.1	401.6	40.9	47.1	76.9	100.7	210.6	141.8	82.9	62.0	678.4	753.3
Net fee and commission income	59.7	61.1	14.9	16.5	8.5	7.4	-28.7	-21.0	8.4	9.2	62.7	73.1
Operating income	325.9	468.3	102.4	59.4	78.5	108.8	218.5	89.9	124.1	171.7	849.4	898.0
Operating expenses	-217.8	-254.5	-50.2	-52.8	-52.8	-59.7	-165.9	-153.5	-17.4	-53.7	-504.2	-574.2
Risk provisions	-47.8	-182.9	-1.4	-0.2	-30.0	-38.7	-230.8	-8.1	0	0	-309.9	-229.8
Result after tax	**55.2**	**18.2**	**47.3**	**5.9**	**-3.7**	**3.0**	**-194.6**	**-71.4**	**98.7**	**113.6**	**3.0**	**69.3**
Net interest margin	2.3%	3.0%	1.0%	1.0%	2.3%	2.5%	1.9%	0.9%			2.0%	2.0%
Cost/income ratio	67%	55%	49%	87%	67%	55%	76%	214%			59%	64%
LLP (% of average banks)	57bp	176bp	5bp	1bp	93bp	99bp	215bp	30bp			121bp	83bp
NPL ratio	15.1%	12.9%	3.4%	4.1%	19.3%	12.4%	63.7%	63,5%	0.1%	0.4%	26.9%	26.6%
	Dec 2012	**Dec 2011**	**Dec 2012**	**Dec 2011**	**Dec 2012**	**Dec 2011**	**Dec 2012**	**Dec 2011**	**Dec 2012**	**Dec 2011**	**Dec 2012**	**Dec 2011**
Total assets	10,114	12,517	4,145	4,287	3,283	3,493	11,669	9,990	4,593	4,847	33,804	35,133
Customer loans	7,714	9,110	2,775	2,767	3,068	3,098	10,549	11,266	296	482	24,402	26,722
Customer deposits	4,643	4,368	1,579	1,672	680	585	59	88	1,446	1,489	8,406	8,201
NPL exposure	1,614	1,574	143	173	656	429	7,141	7,672	8	19	9,562	9,867

[1] 2011 P&L figures do not reflect portfolio transfers executed towards the year end

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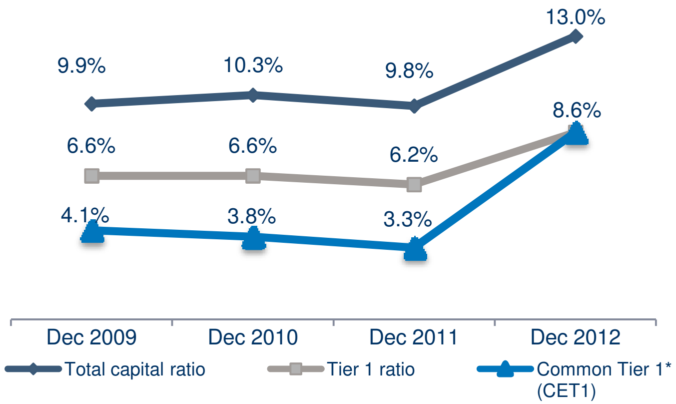
Capital strengthening achieved
Sound liquidity position

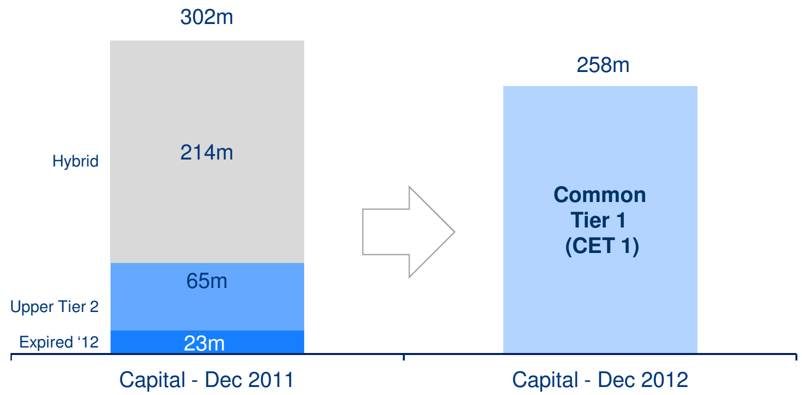
- **Capital quality significantly increased**
  - Successful buy-back of lower quality hybrid and expiring supplementary capital instruments
  - Additional capital increase of EUR 500 m
  - Successful issuance of a EUR 1 bn state guaranteed (Tier 2) bond – fully eligible under Basel III
- **Further RWA reduction of EUR 2.1 bn mainly through credit risk reduction achieved, despite sovereign downgrades**
- **Imposed capital buffer (JRAD I: TCR ≥12.04 %, coverage of shortfall) achieved by YE2012**
- **Since nationalization, recapitalizations by the Republic of Austria (RoA) in the amount of EUR 1.15 bn continues to be fully preserved (parents' Sh Equity YE2012, EUR 1.31 bn)**
- **Liquidity position further strengthened through capital measures resulting in more than EUR 2 bn in excess cash and additional EUR 1.5 bn liquidity reserves – with a sustainable outlook through 2013**

Capital ratios (in %)



* excl. participation capital: 2009: +1.0%; 2010: -1.9%; 2011: +2.0%; 2012: +7.1%

Buy-back 2012 strengthened Common Tier 1 (CET 1)[1]



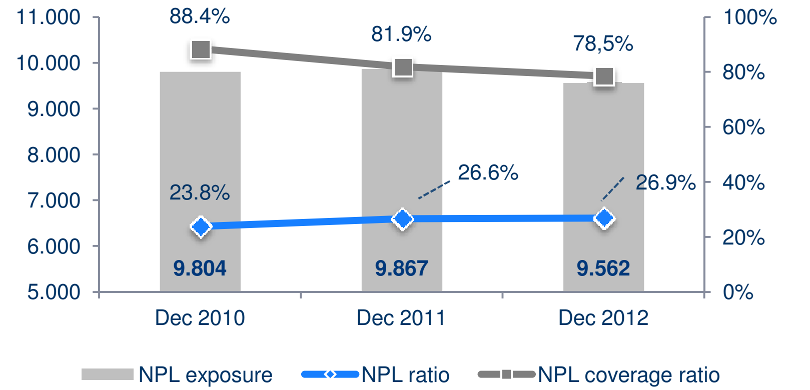
[1] Regulatory capital based on Austrian GAAP (UGB)

Despite challenging market environment NPLs decreased due to successful workout

Overall NPLs stabilized

- Increased risk provisions of EUR 184.9 m in H2/2012 due to challenging macroeconomic environment (H1/2012: EUR 125.1 m)
- Decreasing NPLs due to successful workout and implementation of new monitoring process
- Despite difficult market conditions and overall portfolio reductions, NPL ratio remains stable

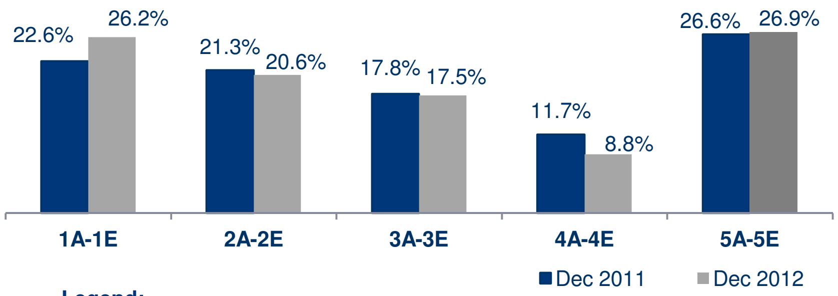
NPL exposure (in EUR m), NPL ratio vs. NPL coverage (in %)



Improved rating distribution

- Ongoing portfolio reduction in accordance with the target portfolio of HAA, especially within NPLs due to successful portfolio workout
- Further portfolio-transfer (brush and true sale) executed to enable re-privatization through stabilized portfolio structure
- Main de-risking in the segment Corporate due to portfolio reduction, and new business in accordance with restrictive rules

Rating by Exposure
(Dec 2011: EUR 37.1 bn; Dec 2012: EUR 35.5 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
5B-5E	Individual value adjustment, restructuring, insolvency

NPLs (5A, 5B-5E)

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SEE network with sound profitability and more customers

Growing customer deposits	100.000 new customers (+11%) raising total number of clients to 1.2 m in SEE EUR 200 m additional retail deposits (+6.5%)
Improved credit quality	More than 60% of business contracted in investment grade or upper non-investment grade
Cost cutting above group's average	14 % savings of overall costs in SEE Network due to process optimization and rightsizing
Establishment of effective remarketing	Sale of nearly 3.600 movables (EUR 56 m) 138 real estates sold (EUR 51 m) and reduction of repossessed assets by 37% in 2012

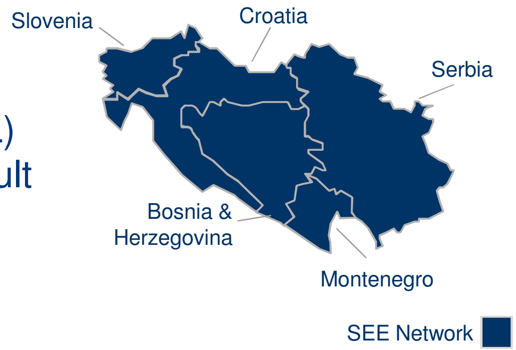
Milestones 2013

Downsizing	Further reduction in total assets, risks and publically-guaranteed liabilities
EU proceedings	Timely, positive conclusion of the proceedings with the prospect of continuing an orderly sale and wind-down in mind
Privatisation	Privatisation of Austrian bank subsidiary (HBA) on the home stretch; Other sales continue

Appendix

SEE Network country break-down

Previous and ongoing NPL portfolio transfers (since 2012 fully reflected in P&L) significantly improved portfolio quality and consequently risk provisioning; Result improvement still impacted by a further restructuring year in Slovenia and Montenegro

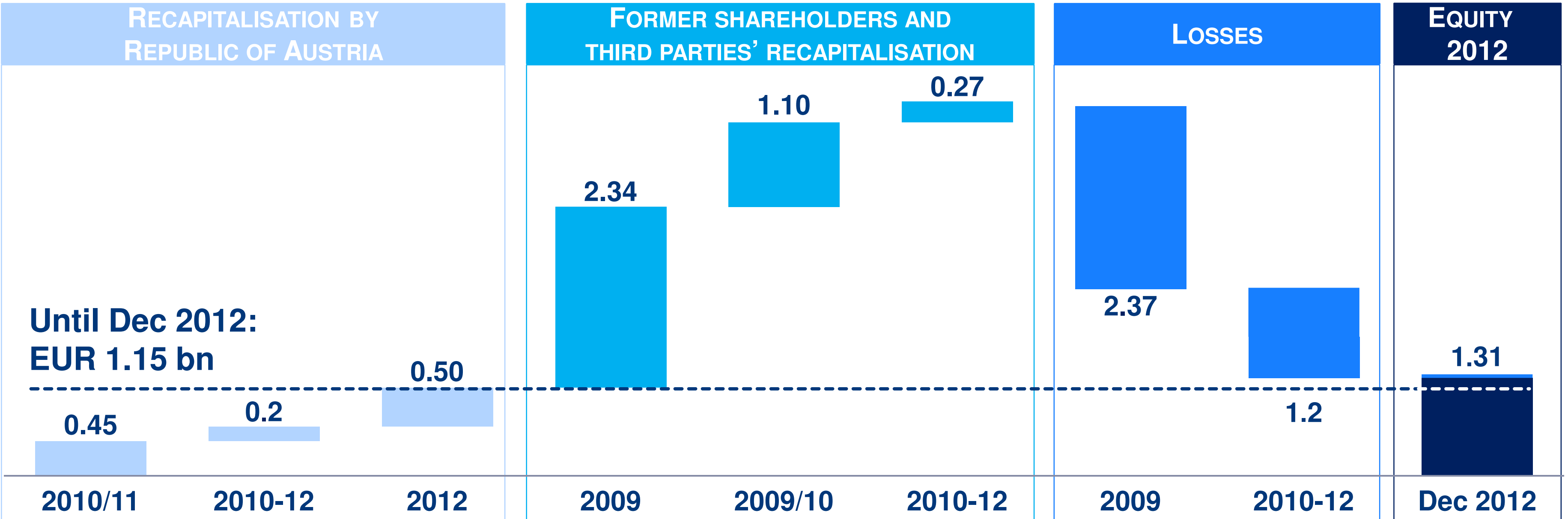


in EUR m	Croatia 2012	Croatia 2011	Serbia 2012	Serbia 2011	Slovenia 2012	Slovenia 2011	B&H 2012	B&H 2011	Montenegro 2012	Montenegro 2011	SEE Network[1] 2012	SEE Network[1] 2011
Net interest income	102.2	152.6	60.4	88.6	53.1	90.5	42.6	56.5	8.8	13.3	267.1	401.6
Net fee and commission income	29.1	32.2	7.8	10.4	9.2	7.1	12.7	10.4	1.0	0.9	59.7	61.1
Operating income	137.7	194.9	69.9	104.9	53.7	88.5	57.1	72.5	9.1	7.4	325.9	468.3
Operating expenses	-86.1	-97.5	-37.4	-45.7	-34.7	-49.8	-45.6	-49.9	-15.2	-11.5	-217.8	-254.5
Risk provisions	4.6	-43.8	-12.9	-44.9	-22.3	-70.2	-13.4	-29.1	-3.8	5.1	-47.8	-182.9
Result after tax	**52.9**	**40.5**	**17.4**	**11.8**	**-9,1**	**-27.3**	**3.2**	**-7.8**	**-9.0**	**0.9**	**55.2**	**18.2**
Net interest margin	2.1%	2.9%	4.1%	5.1%	1.6%	2.0%	2.9%	3.4%	3.2%	3.5%	2.3%	3.0%
Cost/income ratio	63%	50%	54%	44%	65%	57%	80%	69%	168%	156%	67%	55%
LLP (% of average banks)	-13bp	114bp	108bp	326bp	70bp	168bp	120bp	211bp	171bp	-150bp	57bp	176bp
NPL ratio	13.5%	10.3%	16.6%	15.8%	15.9%	14.7%	17.5%	12.6%	15.9%	23.9%	15.1%	12.9%
	Dec 2012	**Dec 2011**	**Dec 2012**	**Dec 2011**	**Dec 2012**	**Dec 2011**	**Dec 2012**	**Dec 2011**	**Dec 2012**	**Dec 2011**	**Dec 2012**	**Dec 2011**
Total assets	4,741	5,004.0	1,365	1,570	2,313	4,160	1,451	1,493	261	289	10,114	12,517
Customer loans	3,372	3,545.3	970	1,147	2,075	3,034	1,092	1,144	206	238	7,714	9,110
Customer deposits	2,419	2,211.6	683	590	701	673	726	799	114	94	4,643	4,368
NPL exposure	670	550	241	263,6	395	494	268	199	40	67,5	1,614	1.574

[1] 2011 P&L figures do not reflect portfolio transfers executed towards the year end

Changes in Equity (HBInt Austrian GAAP) since nationalization at YE2009

- Since nationalization, recapitalizations by the Republic of Austria (RoA) in the amount of EUR 1.15 bn continues to be fully preserved (parents' Sh Equity YE2012, EUR 1.31 bn); RoA participation capital from 2008 of EUR 900 m has been largely absorbed by losses
- Liability management transactions (suppl. and hybrid capital) led to capital strengthening of EUR 258 m in 2012



Recapitalisation by Republic of Austria
- EUR 450 m part.cap (2010) with mandatory conversion in Sh Equity in 2011
- Equity-equivalent guarantee
- EUR 500 m as part of EUR 1.5 bn measures (o/w 1 bn subordinated bond) to cover regulatory requirement (TCR 12.04% and shortfall)

Former shareholders and third parties' recapitalisation
- Equity acquired at forced nationalization by RoA at EUR 1 (including RoA's part. Cap. of EUR 900 m)
- Contribution of former shareholders at nationalization
- Active liability management (redemption & buybacks of supplementary and hybrid capital), o/w EUR 258 m in 2012

Losses
- 2009: Balance sheet clean-up under former shareholders
- 2010-12 losses include EUR 666 m reduced participation book values and intercompany ref.lines

Equity 2012
- o/w EUR 45 m from third parties

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Contact

Financial Institutions	markus.eck@hypo-alpe-adria.com Tel. 0043 0 50202 2166
	mario.reinhart@hypo-alpe-adria.com Tel. 0043 0 50202 2842
Corporate Communications/ Investor Relations	valentin.unterkircher@hypo-alpe-adria.com Tel. 0043 0 50202 2841