HYPO ALPE ADRIA

Investor Relations Presentation
2011 Year-End Results

Vienna,
13 March 2012

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HAA reaches 2011 goal of break-even

First surplus at year-end since 2007	EUR +69.3m in challenging macroeconomic environment supported by one-off effects in financial results
Stabilisation of asset quality	NPL EUR 9.3bn, decrease since June 2011; NPL and watch loans reduced by EUR 1.7bn Risk costs EUR 230m, restructuring achievements and sales
Self-funding improved	Retail deposits up 14% in SEE, 30.000 new customers; Stable liquidity, including cushion, worth EUR 4.5bn
Wind Down is progressing	Appointment of professional management; EUR 1.2bn reduction of total volume in 2011; EUR 260m decrease of stakes in non-strategic companies and real estate investments
Payments to Government of Austria	EUR 3.1bn reduction of bonds with public guarantees (Land Kärnten & Government of Austria) and corresponding risk reduction for taxpayer; EUR 70m payments for government liabilities and in banking taxes
Sales preparations of subsidiaries	HBA and HBI are ready for sale after successful implementation of efficiency programmes; ongoing preparation in SEE with transfer of non-performing portfolio and strengthening of self-funding

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Four Pillar Strategy towards restructuring and recovery

Austria (HBA)	
Total assets (in EUR bn)	4.3
Customers	54,000
Outlets	17
Staff	378

– Bank profitable after efficiency programme
– Demerger Non-Core under preparation
– Ready for sale

Italy HBI	
Total assets (in EUR bn)	3.5
Customers	42,000
Outlets	33
Staff	509

– Bank profitable after efficiency programme
– Demerger Non-Core implemented
– Ready for sale

Wind Down	
Total assets (in EUR bn)	10.0
Customers	27,000
Outlets	21
Staff	600/1,100

– Professional management of all asset classes
– Asset reduction with due regard to value recovery

SEE network (bank & leasing)

- Total assets: EUR 12.5bn
- Customers: 1.1m
- Outlets: 255
- Staff: 4,600

– Majority of banks profitable
– Portfolio clean-up
– Focus on sound and sustainable core business with holding company in Austria
– Sales preparation ongoing

	Slovenia	Croatia	Serbia	BiH	Montenegro
Total assets (in EUR bn)	4.2	5.0	1.6	1.5	0.3
Customers	89,000	416,000	199,000	360,000	33,000
Outlets	27	73	49	96	10
Staff	673	1,687	897	1,122	221

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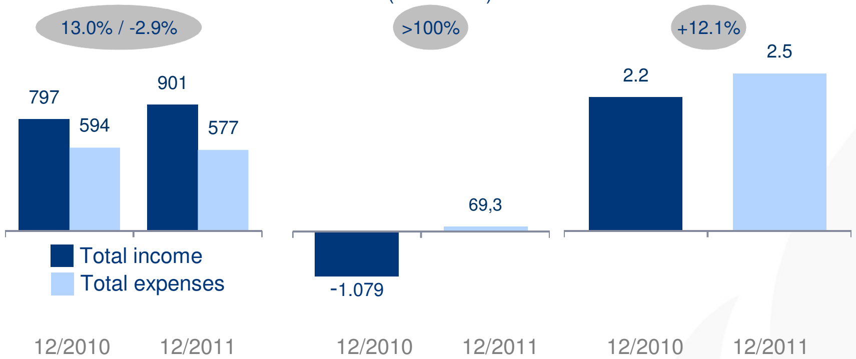
2011 Results: At a glance

Stabilisation defies challenging market environment

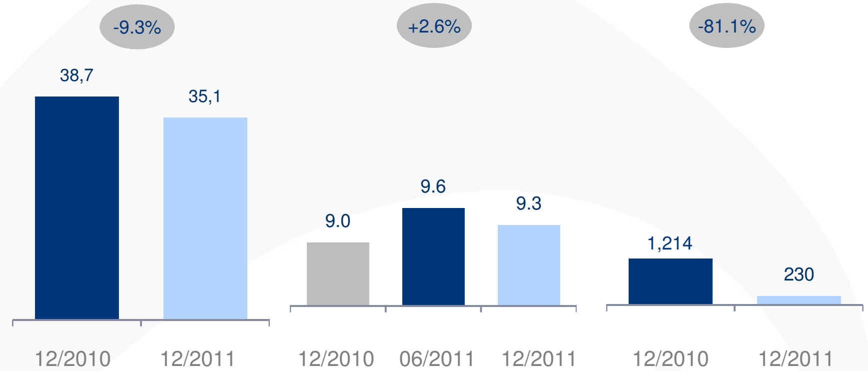
PROFITABILITY

Income Expenses (in EUR m) | **Net income after tax** (in EUR m) | **New business** (in EUR bn)



RISK

Total assets (in EUR bn) | **NPL** (in EUR bn) | **Risk costs** (in EUR m)



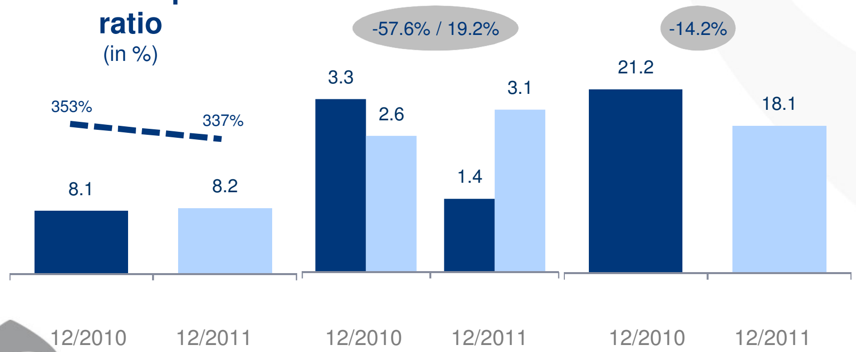
FUNDING

Customer dep. (in EUR bn)

Loan-to-deposit ratio (in %)

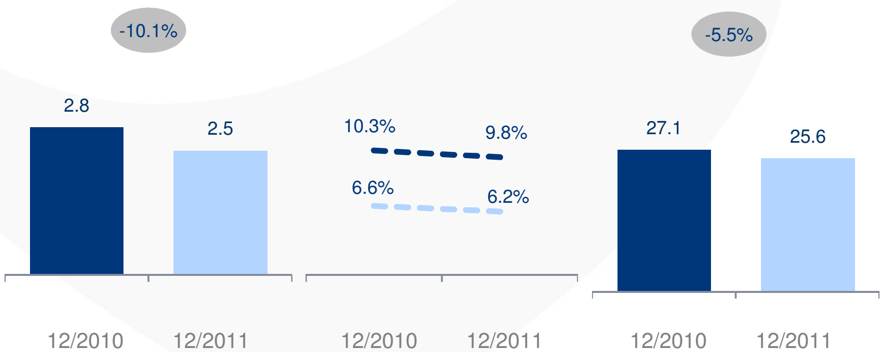
Excess liquidity Liquidity buffer (in EUR bn)

Public guaranteed liabilities (in EUR bn)



CAPITAL

Own capital funds (in EUR bn) | **TC ratio / Tier 1 ratio** (in %) | **RWA (all risk)** (in EUR bn)



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Result supported by special items and risk stabilisation

- **Net income**
  - Including special items in financial result, especially fair value option (EUR 126.3 m) and impairment of Greek bonds (EUR -29.4 m)
  - Significantly lower risk provisions due to SRP releases particularly in Wind Down segment resulting from recoveries and exits
- **Operating income**
  - Lower net interest income due to
    - Increase in non-interest bearing volume following portfolio assessment 2010-Q1/2011
    - Existing loan business maturities not offset by new business (despite increase in 2010)
  - Decrease of net commission income due to fee for state asset guarantee (EUR 20 m p.a.)
- **Operating expenses**
  - Despite higher personnel and administrative costs decrease due to one-off impairment charges in 2010

(in EUR m)	12/2011	12/2010*	+/-
Income statement			
Net interest income	753.3	881.9	-14.6%
Net fee and commission income	73.1	107.9	-32.3%
Financial result	73.8	-68.9	>100%
Other operating result	0.5	-123.9	>100%
Operating income	**900.7**	**796.9**	**13.0%**
Personnel expenses	-281.0	-266.1	-5.6%
Other administrative expenses	-237.7	-224.7	-5.8%
Depreciation and amortisation	-58.3	-103.2	43.5%
Operating expenses	**-576.9**	**-594.0**	**2.9%**
Operating results before risk provisions	**323.7**	**202.9**	**59.5%**
Risk provisions on loans and advances	-229.8	-1,213.5	81.1%
Operating results after risk provisions	**93.9**	**-1,010.6**	**>100%**
Results from companies acc. for at equity	0.9	2.1	-57.1%
Result before tax	**94.8**	**-1,008.5**	**>100%**
Taxes on income	-25.5	-70.6	63.9%
Result after tax	**69.3**	**-1,079.0**	**>100%**
Net income (after tax and minorities)	**59.1**	**-1,085.3**	**>100%**
Net interest margin	2.0%	2.2%	
Cost/Income Ratio	64.1%	74.5%	
LLP (% of average loans)	84bp	416bp	
Balance sheet			+/-
Total assets	**35,132.5**	**38,746.1**	**-9.3%**
Customer loans	26,722.4	28,217.5	-5.3%
Customer deposits	8,201.1	8,120.4	1.0%
RWA (all risk)	25,611.7	27,092.4	-5.5%
Total capital ratio	**9.8%**	**10.3%**	
Tier 1 ratio	6.2%	6.6%	

* addapted values due to final adaption of PPA Aluflexpack / TLM TVP

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2011 Results: Segment Report

Structure aligned with strategy

- SEE network achieved break-even despite further loan portfolio clean-ups, especially in the bank in Slovenia and the bank in the Fed. of Bosnia and Herzegovina
- Austria (HBA) posting first positive result since 2007 of EUR 9.3 m (pre spin-off)
- Italy to maintain positive result while reducing non-core exposures
- Wind Down: asset reduction of EUR 1.2bn (pre-portfolio transfer) o/w approx. EUR 900m in work out-portfolios

(in EUR m)	SEE network		Austria		Italy		Wind down		Cons. Group/ Head Office		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Net interest income	402	465	47	56	101	118	142	162	62	82	753	882
Net fee and commission income	61	70	17	13	7	12	-21	-7	9	19	73	108
Operating income	468	527	59	68	109	127	90	9	174	66	901	797
Operating expenses	-255	-233	-53	-63	-60	-60	-154	-200	-56	-38	-577	-594
Risk provisions	-183	-411	-0	-22	-39	-46	-8	-735	0	0	-230	-1,214
Result after tax	**18**	**-117**	**6**	**-17**	**3**	**9**	**-71**	**-982**	**114**	**28**	**69**	**-1,079**
Net interest margin*	2.8%	3.1%	1.0%	-	2.3%	2.6%	1.8%	-	-	-	2.0%	2.2%
Cost/income ratio	54%	44%	89%	93%	55%	48%	171%	-	-	-	64%	75%
LLP (% of average banks)	162bp	352bp	1bp	-	89bp	100bp	10bp	-	-	-	84bp	413bp
NPL Ratio	12%	25%	4%	12%	12%	23%	70%	55%	-	-	31%	25%
Total assets	12,517	14,390	4,287	4,918	3,493	4,499	9,990	8,159	4,847	6,780	35,133	38,746
Customer loans	9,110	11,532	2,767	3,759	3,098	4,163	11,266	8,762	482	2	26,722	28,218
Customer deposits	4,368	4,268	1,672	1,752	585	795	88	87	1,489	1,220	8,201	8,120
NPL loan book	1,244	3,235	140	754	366	867	7,514	4,172	12	10	9,276	9,038

* calculation based on volume 2011 before portfolio transfer (excecuted on 31/12/2011)

Operational focus sharpened by NPL portfolio transfer

- Transfer of designated NPL portfolios from SEE network, Austria and Italy to Wind Down reflects business strategy, preparation of operational focus and reprivatisation
- Segments already reflect further corporate restructurings planned for 2012, including NPL portfolio transfers in Croatia and Serbia as well as spin-offs in Austria and Italy

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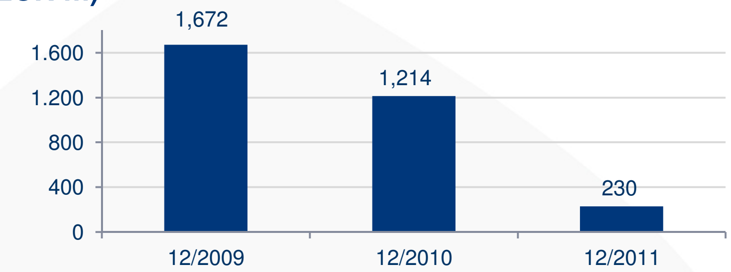
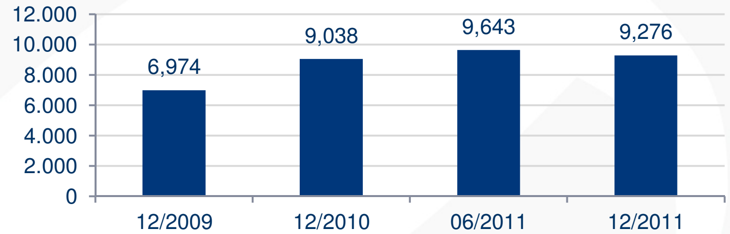
NPL portfolio stabilised

- **Risk provisions**
  - Improved risk management and successful work out leads to substantial reduction of risk provisions in 2011
  - Excluding positive effects like SRP releases in Wind Down-Entities, risk provisioning amounts to a gross allocation significantly beyond EUR 300m
- **NPL loan book**
  - NPL increase in H1/2011 mainly based on the implementation of high risk standards introduced during the portfolio assessment in 2010-H2/2011 (gross effect EUR + 600m)
  - Reduction of work out-portfolio (EUR 898m) leads to a reduction of EUR 367m NPL stock in H2/2011
- **NPL ratio v NPL coverage**
  - Increase of NPL ratio in H2/2011 due to a reduction of overall loan portfolio (although NPLs decreased in H2/2011)
  - Decreased NPL coverage ratio due to processing of backlog to up-date collateral valuations based on haircuts reflecting current difficult macroeconomic environment

Risk provision allocation (in EUR m)

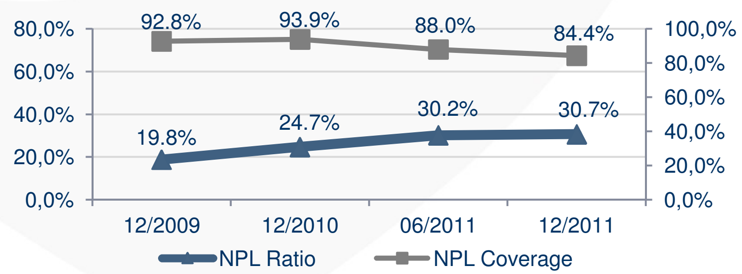


NPL loan book (in EUR m)



NPL loan book = loan book of Retail, Corporate, Public and Financial Institutions

NPL ratio v NPL coverage (in per cent)



NPL coverage ratio = specific + general provisions + collaterals / loan book

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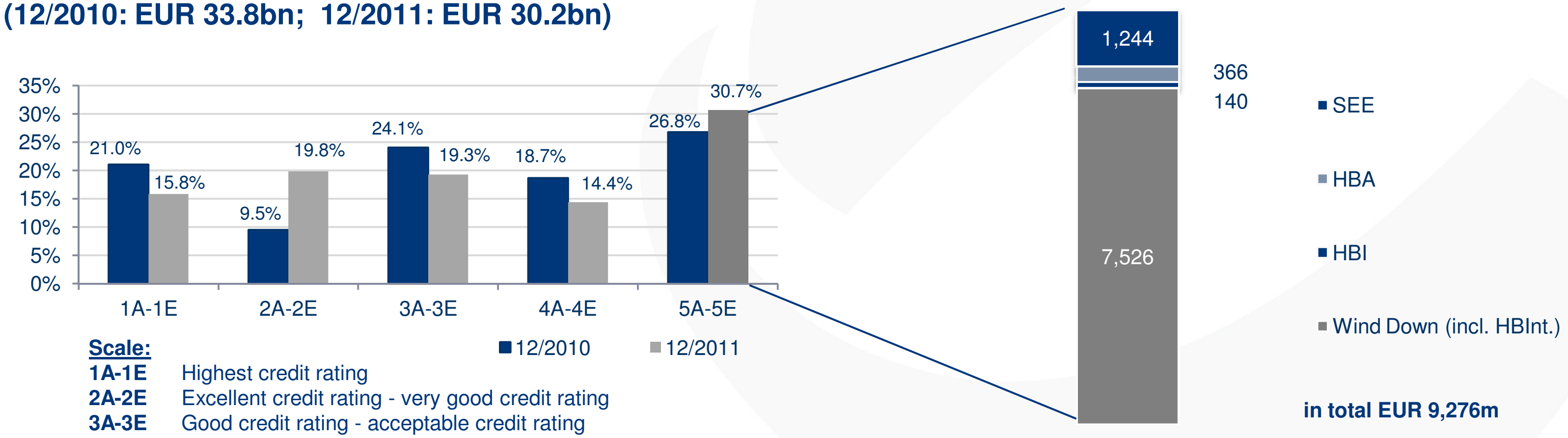
Rating distribution improves

- **Portfolio quality**
  - Implementation of new rating tools and determined "rating rush" lead to significant change in rating distribution
  - Reduction in highest credit rating segment mainly based on lower exposures to banks respectively national banks
  - NPL increase results from a prudent view on Group of Borrower-clients in Q1/2011
- **Target risk portfolio management**
  - Further improvement of rating distribution expected due to focused target risk portfolio management

Rating total loan book
(12/2010: EUR 33.8bn; 12/2011: EUR 30.2bn)



Scale:

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

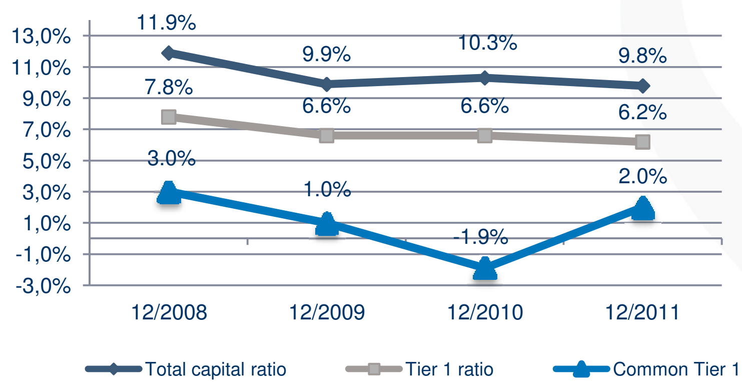
$\left.\begin{array}{l}\textbf{5A}\\ \textbf{5B-5E}\end{array}\right\}$ NPL's

Adapting to new regulatory requirements

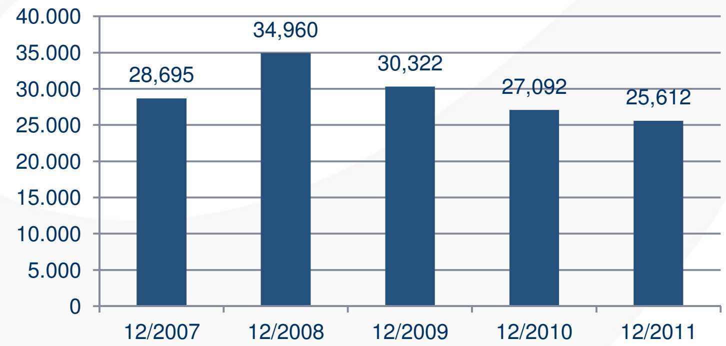
- **Capital ratios**
  - Core capital structure strengthened in light of Basel III by
    - Nominal capital reduction of EUR 771m to absorb 2010 cumulative losses
    - Conversion of Government of Austria's EUR 450m participation capital contribution into share capital
  - Increase in Common Tier 1 ratio shows improvement of capital quality in light of Basel III, which will be further supported via the planned buyback of hybrid Tier 1-capital

- **Sustained reduction of risk-weighted assets**
  - Based on selected new business, improved data and collateral value management

Capital ratios
in percent



Risk weighted assets (RWA)
in EUR m



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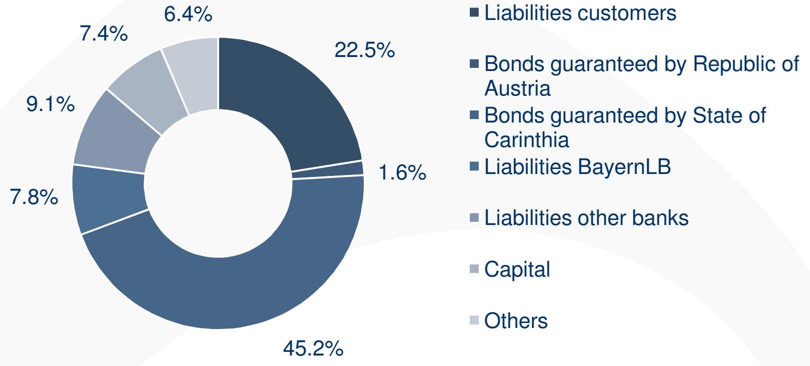
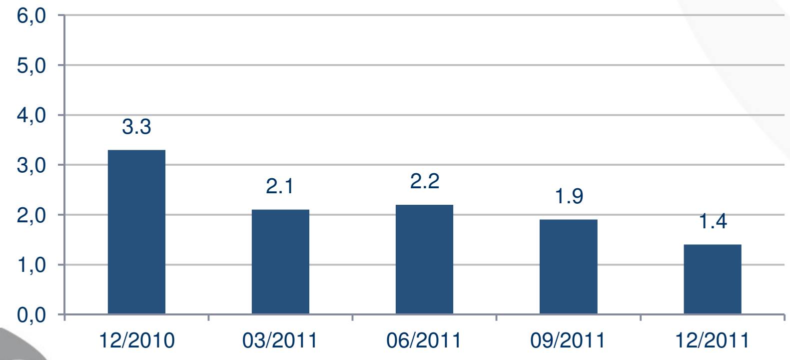
Solid liquidity position

- **Matched maturities profile**
  Redemptions will be covered predominantly by cash position, inflows from maturing intragroup loans and from Wind Down segment
  In addition to the EUR 1.4 bn cash surplus, cushion of EUR 3.1 bn short-term available
- **Public guaranteed liabilities**
  Further reduction to 45% of total funding mix; repayment of public guaranteed bonds of more than EUR 3bn (year-end 2010: EUR 345m) of which repurchased government-guaranteed bonds (GGB) EUR 752m
- **Moody's senior unsecured rating withdrawn**
  Exit rating confirms investment grade Baa3 with negative outlook

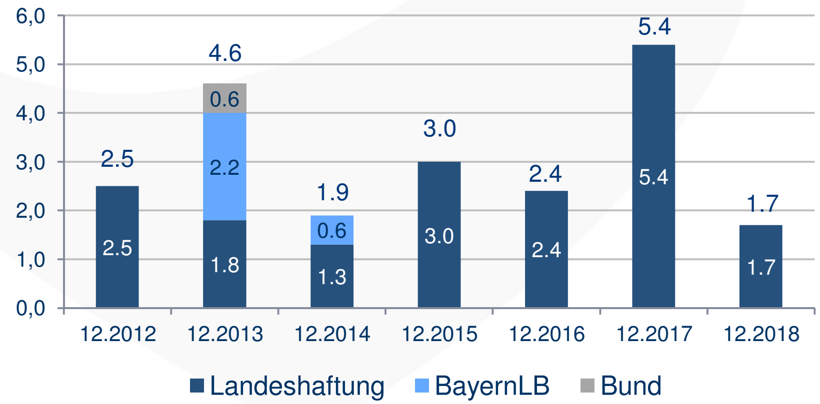
Funding Mix as of 31.12.2011



Cash surplus in EUR bn



Liability maturity profile in EUR bn



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HAA in SEE to become a „common“ service bank

+ 30,000 new customers (HBS + 14%)	Strong increase in commercial products (+5,3% current accounts, +10% credit cards)
Growth in retail deposit base +14% yoy	Increase in public finance sectors with +45%
New loans up 36,5%, especially in retail and public business	New business with better quality due to state-of-the-art risk valuation
Successful cross-selling leading to significant increases (+ EUR 200m in H2/2011)	Moderate and focused expansion with 14 new branches in 2011

SME Customers: Agricultural cooperative in Osatina in Croatia

Hypo Alpe Adria new design of branches

Public Finance: co-operation with City of Osijek to provide students with affordable loans

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Outlook 2012

Prove viability, continue with Wind Down activities

Market development	2012 recession in SEE - 2% (compared to 3.5 % forecast from Q1/2010); SEE potential remains higher than EU average in the medium term
Viability of all banks	Cost-reduction and improvement of efficiency in response to market environment; stabilisation of net result as precondition for reprivatisation
Strengthening of capital base	Meeting tightened capital requirements mainly in our own right through deleveraging and thus without additional burden on the taxpayer; restructuring and optimisation of risk portfolio
Maintaining stable liquidity	Strengthening through growing customer deposits and reflows from asset sales
Preparation of reprivatisation and flexible disposal	Continuation of HBA and HBI service process; sales preparation of SEE network with holding in Austria, actual sale when market is ready for investment
European Commission	Intensifying dialogue with European Commission in order to find common ground and bring state aid-procedure to swift conclusion

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Appendix

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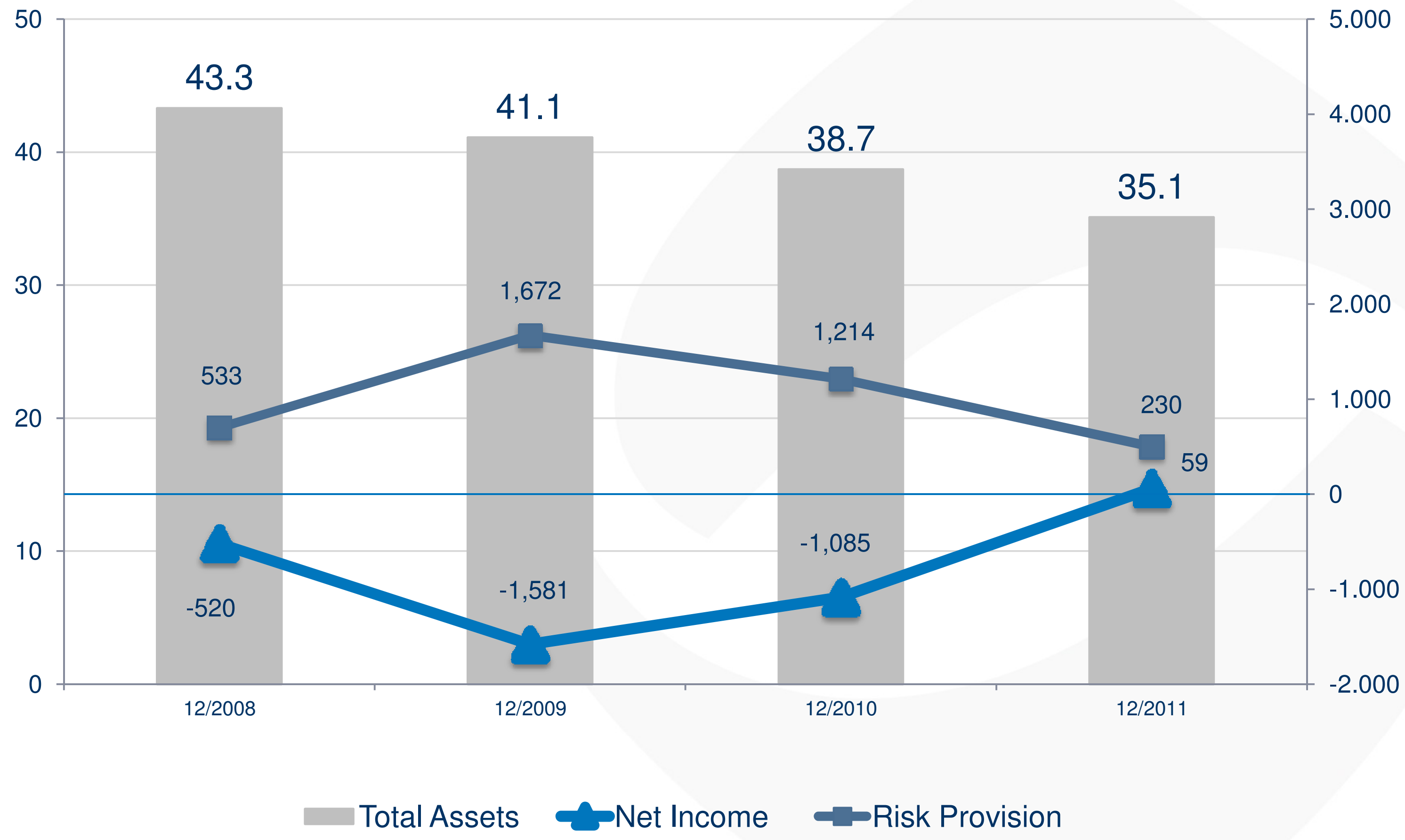
HAA Development 2008 - 2011

(Total assets in EUR bn/Risk provisions and net income in EUR m)



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