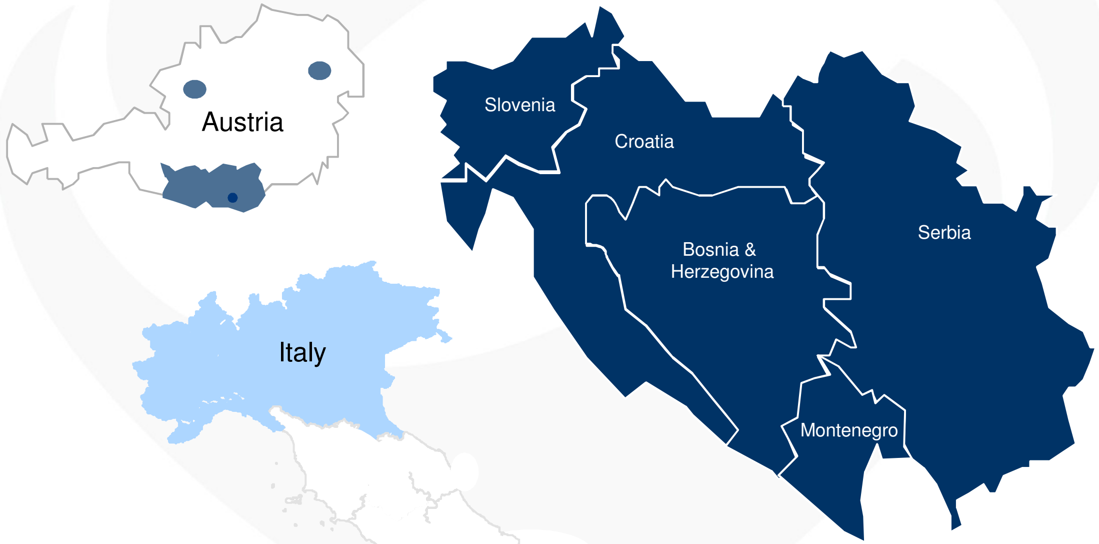
HYPO ALPE ADRIA

Investor Relations
Results Presentation H1/2012



Klagenfurt,
16 August 2012

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HAA maintains stable course in difficult environment

Lasting economic viability	At EUR 34.4 m, the result before tax shows stability in spite of more difficult market environment
Positive market impulses	7% more customers compared to H1/2011; EUR 940 m in new business in a recessive market environment
Further reduction in public guarantees	Downsizing and efficiency programme continued; federal and provincial government guarantees reduced by a further EUR 1.4 bn to EUR 16.7 bn
NPL and risk costs stable	NPL loan book stable at EUR 9.9 bn; Risk costs remain at previous year's level at EUR 125 m, (H1/2011: EUR 135 m)
Quality of capital improved	Stable capital ratios above statutory requirements (9.5% Total Capital Ratio and 6.1% Tier 1); quality of equity strengthened following successful hybrid repurchase

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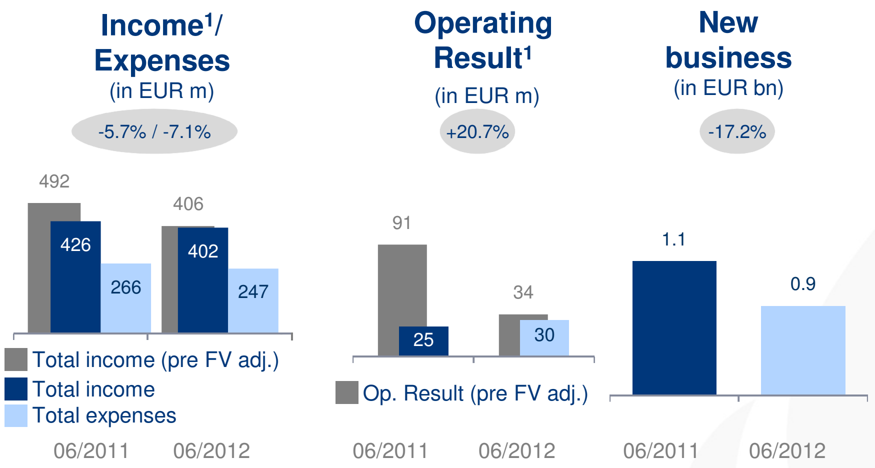
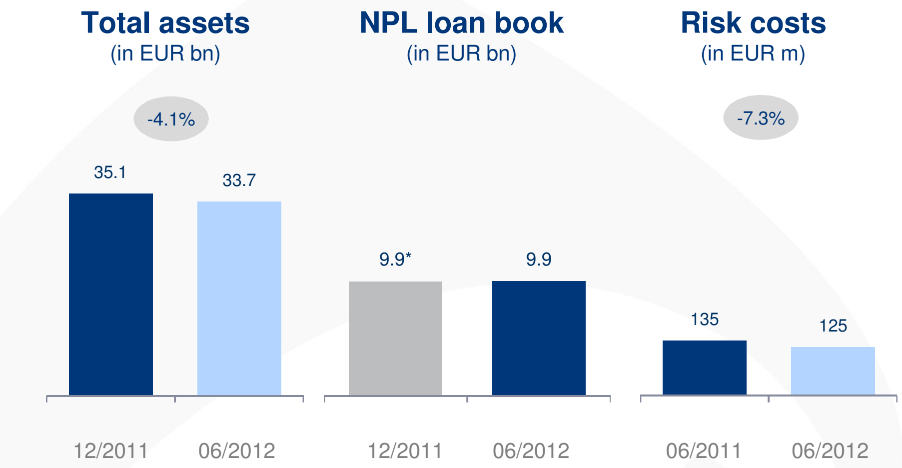
H1/2012 Results: At a glance

Key figures reflecting restructuring programme

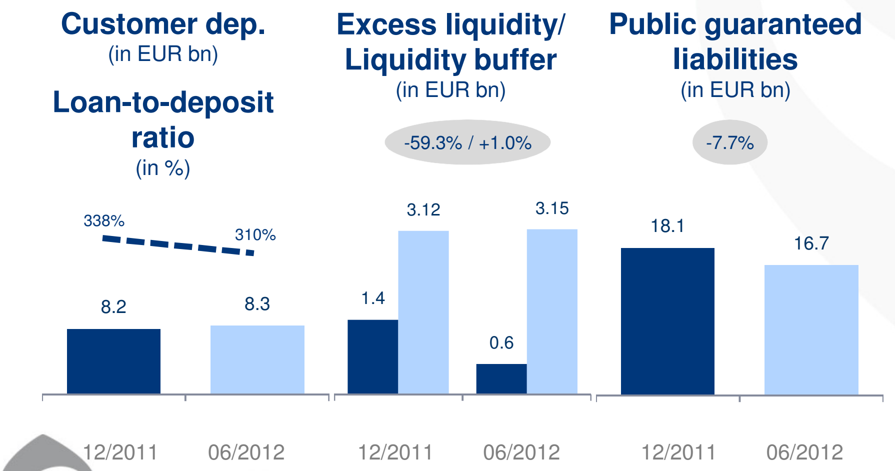
PROFITABILITY



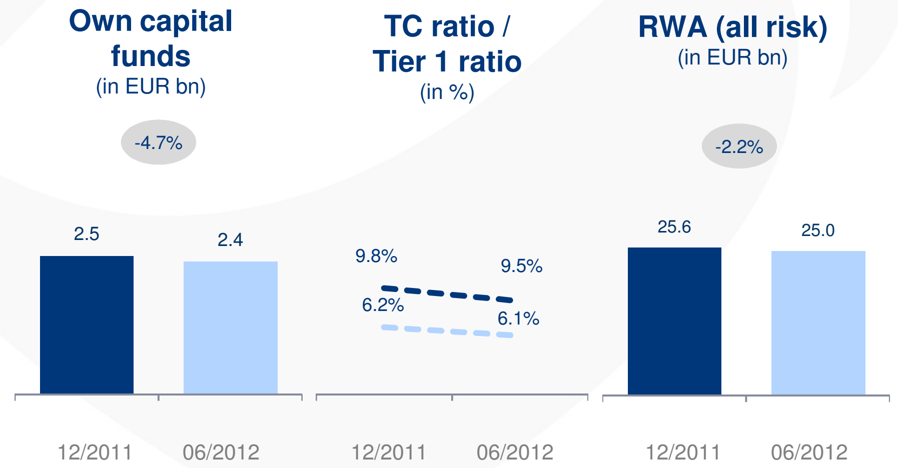
RISK



FUNDING



CAPITAL



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* Centralization of Basel II compliant default calculation in H1/2012 led to a technical adjustment/increase of IFRS Loan Book NPLs YE 2011 of EUR 573 m

[1] Fair value (FV) adjusted Income and Operating Result, with EUR 66.4 m in 2011 and EUR 4.7m in H1/2012

Positive operating result despite challenging market environment

- **Result**
  - Positive pre-tax result of EUR +34.4 m (after tax and minorities EUR -9.9 m), without major one off's
  - Level of risk provisions EUR -125.1 m slightly lower than in first half of 2011 (EUR -134.9 m)
  - Impact on result through buy-back of hybrid capital EUR +12.0 m
  - Impact from fair value measurement of own liabilities EUR +4.7 m (H1/2011 EUR +66.4 m)
- **Operating Income**
  - Decreasing net interest income as a consequence of overall downsizing of the group, however
    - new business underwritten at higher margins across all major subsidiaries
    - growth of customer deposits at higher costs
  - Decrease in commission income mainly due to lower new business lending volume
- **Operating expenses**
  - EUR 20 m lower costs predominantly due to reduced restructuring expenses compared to H1/2011
  - Reduction of 170 FTE during first six months 2012 not yet reflected in P&L

(in EUR m)	06/2012	06/2011*	+/-
Income statement			
Net interest income	342.9	389.5	-12.0%
Net fee and commission income	29.2	37.7	-22.5%
Financial result	42.8	67.4	-36.5%
Other operating result	-8.7	-2.3	>100%
Operating income	**406.2**	**492.3**	**-17.5%**
Personnel expenses	-136.6	-135.7	0.7%
Other administrative expenses	-84.4	-108.1	-21.9%
Depreciation and amortisation	-25.9	-22.6	14.6%
Operating expenses	**-246.6**	**-266.4**	**-7.4%**
Operating results before risk provisions	**161.7**	**225.9**	**28.4%**
Risk provisions on loans and advances	-125.1	-134.9	7.3%
Operating results after risk provisions	**34.4**	**91.0**	**-62.2%**
Results from companies acc. for at equity	0.0	-0.2	>100%
Result before tax	**34.4**	**90.8**	**-62.1%**
Taxes on income	-31.8	-13.3	-134.6%
Result after tax	**2.6**	**77.5**	**-96.6%**
Net income (after tax and minorities)	**-9.9**	**71.8**	**>-100%**
Net interest margin	2.0%	2.1%	
Cost/Income Ratio	60.7%	54.1%	
LLP (% of average loans)	96bp	97bp	
Balance sheet	**06/2012**	**12/2011**	**+/-**
Total assets	**33,699.9**	**35,132.5**	**-4.1%**
Customer loans	25,829.3	26,722.4	-3.3%
Customer deposits	8,324.8	8,201.1	1.5%
RWA (all risk)	25,038.8	25,611.7	2.2%
Total capital ratio	**9.5%**	**9.8%**	
Tier 1 ratio	6.1%	6.2%	

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

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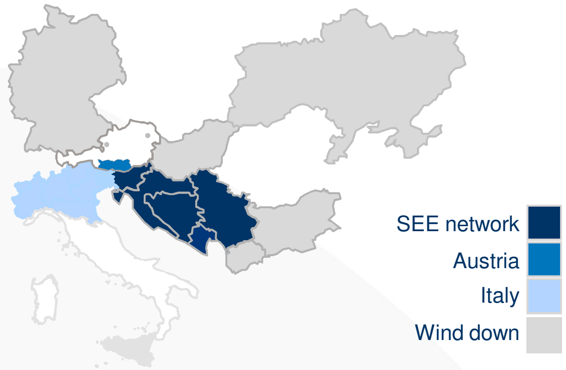
Core segments (SEE, Austria, Italy) on track

- **SEE** delivers positive contribution, despite costs for ongoing restructuring efforts
- **Italy (HBI)** continues to maintain positive result while facing a difficult market, and impacts from down-sizing and reducing non-core exposures (Spin-Off)
- **Austria (HBA)** in the middle of de-merger, retains a positive result
- **Wind Down** operations' main focus on portfolio reduction and capital release, continuously strengthened by dedicated management and focused organizational set-up; in H1/2012 bearing highest risk provisions post completed and allocated/planned portfolio transfers (i.e. Croatia and Serbia)



(in EUR m)	SEE network		Austria		Italy		Wind down		Cons. group/ Head office		Total	
	06/12	06/11	06/12	06/11	06/12	06/11	06/12	06/11	06/12	06/11	06/12	06/11
Net interest income	153.1	211.2	22.5	26.7	41.7	53.2	90.1	67.5	35.4	31.0	342.9	389.5
Net fee and commission income	29.0	29.6	6.6	7.5	4.7	4.0	-11.9	-8.5	0.8	5.2	29.2	37.7
Operating income	182.0	251.9	29.9	38.2	47.0	58.7	96.7	68.7	50.6	74.9	406.2	492.3
Operating expenses	-115.5	-117.2	-23.5	-28.5	-27.4	-30.6	-61,0	-62.5	-19.1	-27.7	-246.6	-266.4
Risk provisions	-28.6	-96.6	1.5	-3.8	-16.6	-20.4	-81.3	-14.0	0	-0.2	-125.1	-134.9
Result after tax	**26.0**	**32.3**	**7.8**	**5.6**	**1.4**	**4.2**	**-53.7**	**-13.3**	**21.3**	**48.7**	**2.6**	**77.5**
Net interest margin	2.5%	3.0%	1.1%	1.1%	2.4%	2.4%	1.8%	1.5%	1.7%	1.3%	2.0%	2.1%
Cost/income ratio	63.5%	46.5%	78.8%	74.6%	58.4%	52.1%	63.1%	91.0%	37.8%	37.0%	60.7%	54.1%
LLP (% of average banks)	65bp	170bp	11bp	20bp	105bp	98bp	151bp	35bp	0bp	8bp	96bp	97bp
	06/12	12/11	06/12	12/11	06/12	12/11	06/12	12/11	06/12	12/11	06/12	12/11
Total assets	11,934	12,517	4,162	4,287	3,459	3,493	10,299	9,990	3,844	4,847	33,700	35,133
Customer loans	8,723	9,110	2,851	2,767	3,269	3,098	10,450	11,266	537	482	25,829	26,722
Customer deposits	4,490	4,368	1,647	1,672	726	585	72	88	1,389	1,489	8,325	8,201
NPL*	1.415	1.652	126	142	563	440	7,749	7,603	2	12	9,855	9,849
NPL Ratio	15.0%	15.7%	3.9%	4.3%	16.8%	13.9%	69.9%	71.2%	0.1%	0.5%	34.0%	32.6%

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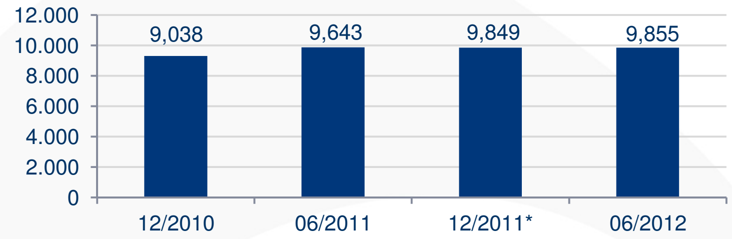
Further stabilisation of risk situation despite a difficult macro-economic environment

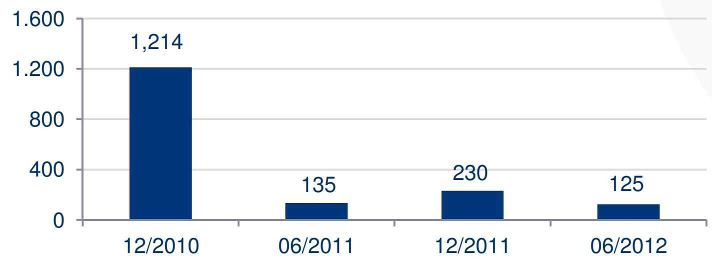
- **Stabilisation of risk costs at EUR 125.1 m (H1/2011: EUR 134 m) due to close client monitoring and successful workouts**
- **Flat NPL development in the first half year 2012 despite a difficult macro-economic environment**
- **Decrease of NPL coverage ratio due to a conservative approach to the evaluation of collateral**

NPL loan book
(in EUR m)

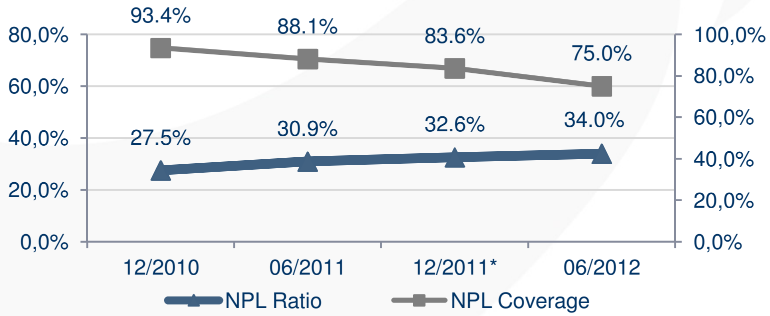


NPL loan book = loan book of retail, corporate, public and financial institutions

Risk provision allocation
(in EUR m)



NPL ratio v NPL coverage
(in %)



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

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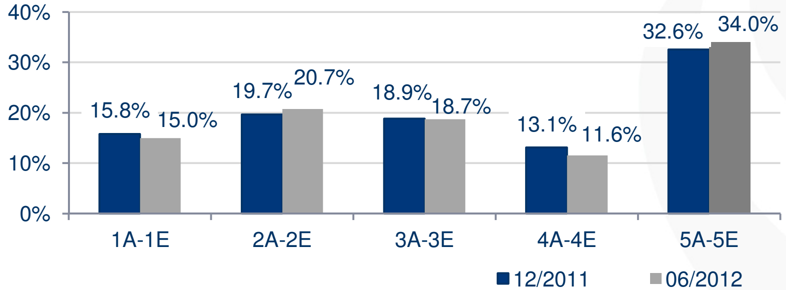
Risk structure of viable entities improves

- **Increase of NPL ratio is driven by a significant exposure decrease and stabilised NPL stock**
- **NPL ratio in defined core markets (SEE, HBA, HBI) is below 15.5%**
- **Clear reduction in clients with poor creditworthiness**

Rating total loan book
(12/2011: EUR 30.2 bn; 06/2012: EUR 29.1 bn)

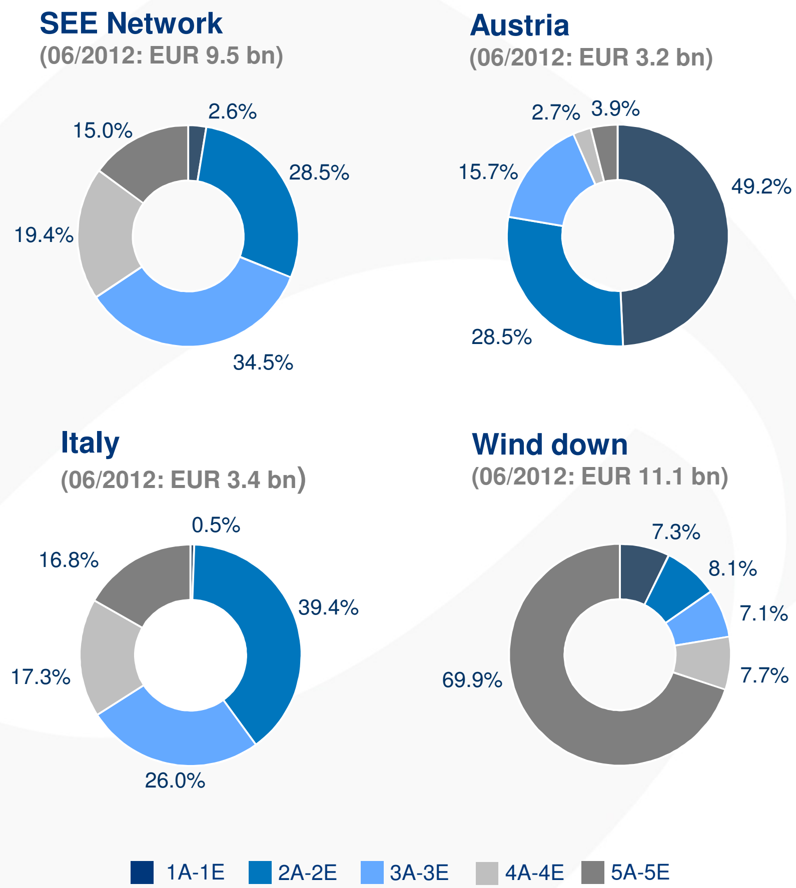


Scale:

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

5A and 5B-5E: NPL's

Asset quality loan book by segment
(total 06/2012: EUR 29.1 bn)



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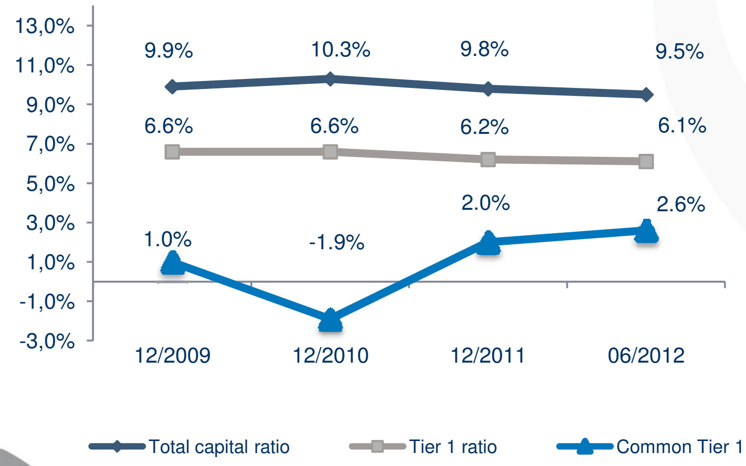
Strengthened Common Tier 1 and solid liquidity

Capital

- **Net RWAs reduction of EUR 573 m in H1/2012 influenced by rating downgrades in Slovenia (EUR +28 m) and Spain (EUR +18 m)**
- **Hybrid capital buy-back**
  - resulting in a total Tier 1 reduction of EUR 61 m due to switch within Tier 1, related to hybrid purchase price
  - gain strengthening Common Tier 1 by EUR 153 m

Capital ratios[1] – an overview (in %):



Liquidity/ Funding

- **Short term liquidity needs (12 months) to repay public guaranteed bonds of EUR 1.5 bn are secured through**
  - existing excess liquidity and liquidity buffer of EUR 3.75 bn
  - repayments of intragroup refinancing lines by SEE, HBA and HBI subsidiaries of EUR 1.6 bn
  - cash generation from Wind down operations of EUR 1 bn
- **Multi year funding plan (prepared in autumn) will include**
  - reflection of most recent macroeconomic developments
  - collateralized funding transactions with existing cover pools, such as public and leasing assets
  - further securitizations and covered bonds
  - deposit gathering
  - alignment with new lending volumes

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[1] Common Tier 1 Ratio computed without participation capital (with participation capital 11/2011: 3.3% and 06/2012: 4.0%)

Turnaround towards retail oriented universal bank

HAA has succeeded in increasing market share in retail deposits in almost all core countries

7% more customers as compared with 6/11

Share of retail loans compared to total loan volume increased to 42%

43% more cross selling (volume of EUR 230 m) as compared with H2/2011

Stable development of new business in corporate segment, with significantly improved risk profile

Building on strong position in public finance, contracts won in 38% of tenders submitted

Leasing market share in Croatia doubled to 9% with increased margins

Hypo Austria: More than 50% new retail loans, new loans in corporate segment trebled

Hypo Italy: 40% increase in retail deposits and double the number of cards sold compared with H1/2011

New attractive branch format

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Outlook 2012

Challenges in the second half year

Recovery and restructuring programme	Result marks an important milestone to achieve ambitious 2012 targets. Restructuring and efficiency programme to be continued in second half of the year.
Preparations for reprivatisations	Prompt implementation of all preparatory measures, in order to be fully prepared when the M&A market recovers.
Capital resources	Outcome from OeNB audit can hardly be influenced – irrespective of the result our aim is clearly to continue our restructuring efforts without any direct capital subsidy from tax payer.
EU state aid process	The EU Commission has indicated that the grant process will be concluded by the end of 2012/beginning of 2013.
Stability of the result	In spite of the difficult environment, no relapse of operative banking parts into the loss making zone. The aim is at a consolidated result around the zero line.

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Appendix

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H1/2012 Results: Financial Performance

SEE network by country

(in EUR m)	B&H		Serbia		Slovenia		Croatia		Montenegro		SEE Network	
	06/12	06/11	06/12	06/11	06/12	06/11	06/12	06/11	06/12	06/11	06/12	06/11
Net interest income	21.9	34.0	29.7	46.4	38.2	44.5	58.7	77.9	4.7	8.4	153.1	211.2
Net fee and commission income	5.7	5.2	3.7	5.2	4.6	3.0	14.5	15.9	0.5	0.4	29.0	29.7
Operating income	25.8	39.1	34.4	54.3	41.3	49.0	77.3	101.5	3.1	7.9	182.0	251.9
Operating expenses	-21.6	-22.1	-19.2	-20.6	-24.3	-22.1	-43.7	-47.1	-6.7	-5.2	-115.5	-117.2
Risk provisions	-3.0	-6.5	-5.8	-16.3	-20.0	-40.7	2.8	-34.2	-2.6	1.1	-28.6	-96.6
Result after tax	**0.7**	**9.6**	**8.5**	**15.4**	**-7.4**	**-12.0**	**30.9**	**16.4**	**-6.7**	**2.9**	26.0	**32.3**
Net interest margin	3.0%	3.6%	4.3%	5.2%	1.9%	1.9%	2.4%	2.9%	3.2%	4.0%	2.5%	3.0%
Cost/income ratio	83.6%	56.5%	55.6%	37.9%	58.7%	45.1%	56.5%	46.4%	220.1%	65.8%	63.5%	46.5%
LLP (% of average banks)	53bp	77bp	116bp	246bp	134bp	219bp	-16bp	163bp	219bp	-56bp	65bp	170bp
	06/12	12/11	06/12	12/11	06/12	06/11	06/12	06/11	06/12	12/11	06/12	12/11
Total assets	1,485.2	1,493.3	1,231.4	1,570.9	4,052.1	4,160.1	4,869.0	5,004.0	298.7	289.0	11,934.4	12,517.3
Customer loans	1,107.2	1,144.0	867.4	1,147.6	2,967.3	3,034.6	3,537.7	3,545.3	242.9	238.4	8,722.5	9,109.9
Customer deposits	783.8	799.4	627.7	590.1	634.7	673.4	2,341.3	2,211.6	102.8	93.5	4,490.2	4,368.0
NPL *	220,7	202,1	198,7	268,3	365,4	617,5	562,7	504,6	67,1	59,4	1.414,6	1.651,9
NPL Ratio	15.4%	14%	16.4%	18.3%	16%	20.1%	13.2%	11.7%	25.3%	23.4%	15%	15.7%

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