

HYPO ALPE ADRIA

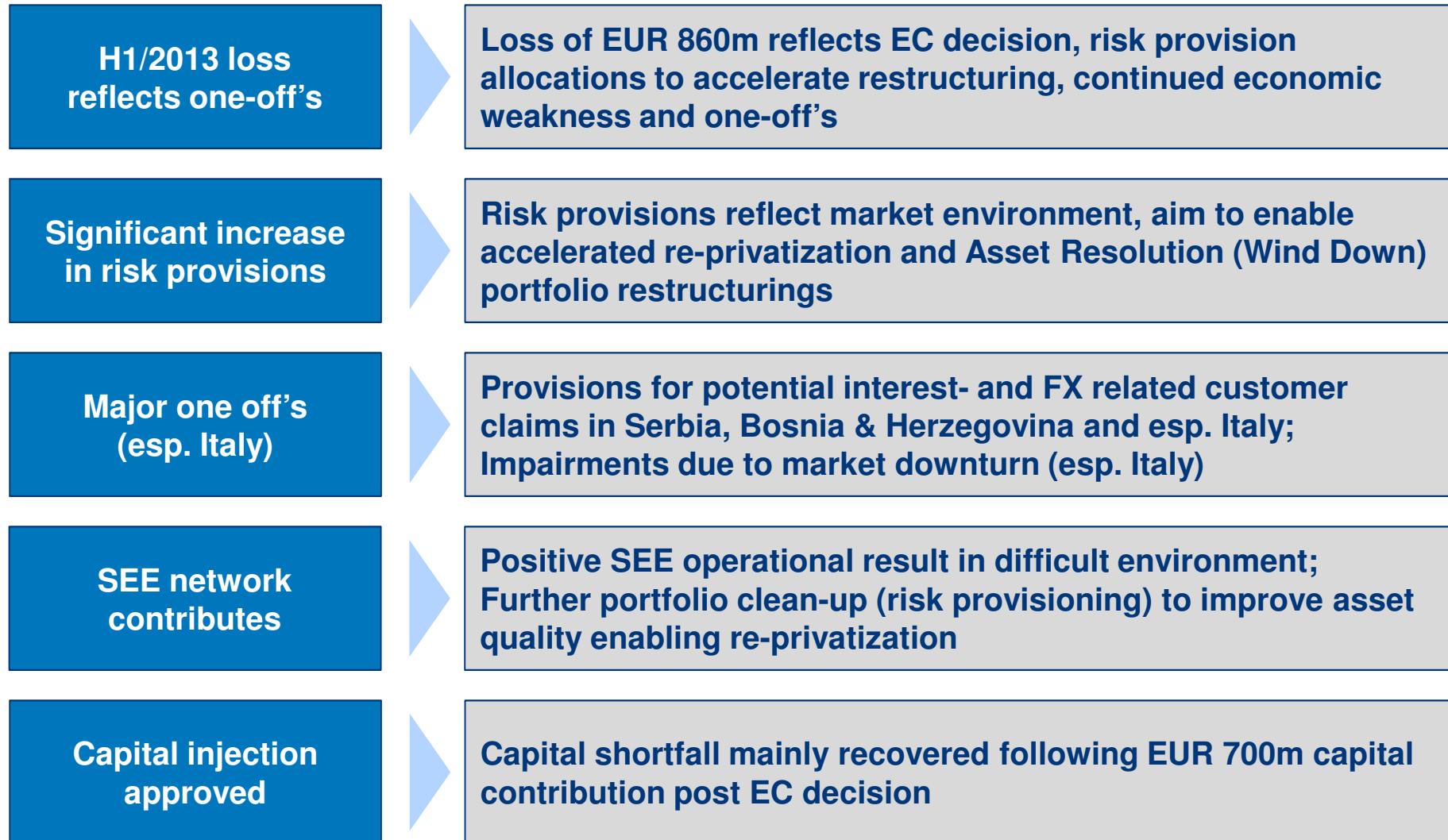
Investor Relations

Presentation of Results H1/2013

Klagenfurt,
29 August 2013



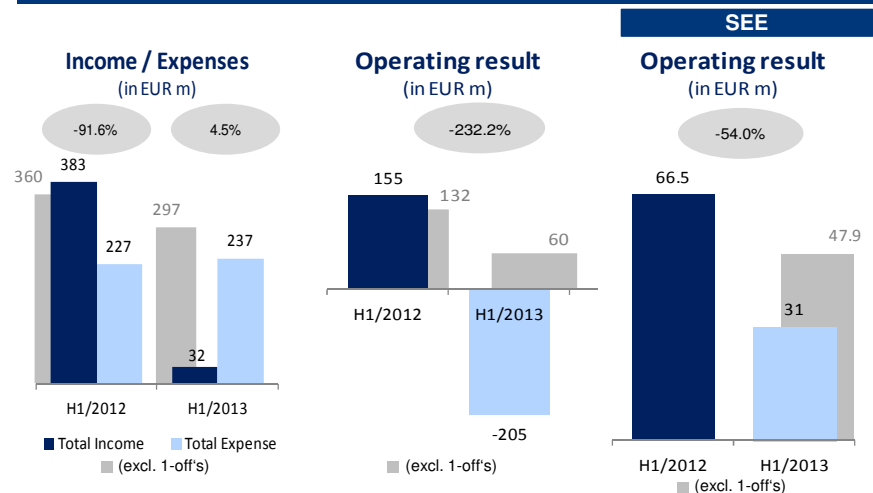
HAA's restructuring path accelerated by expected EC state aid decision



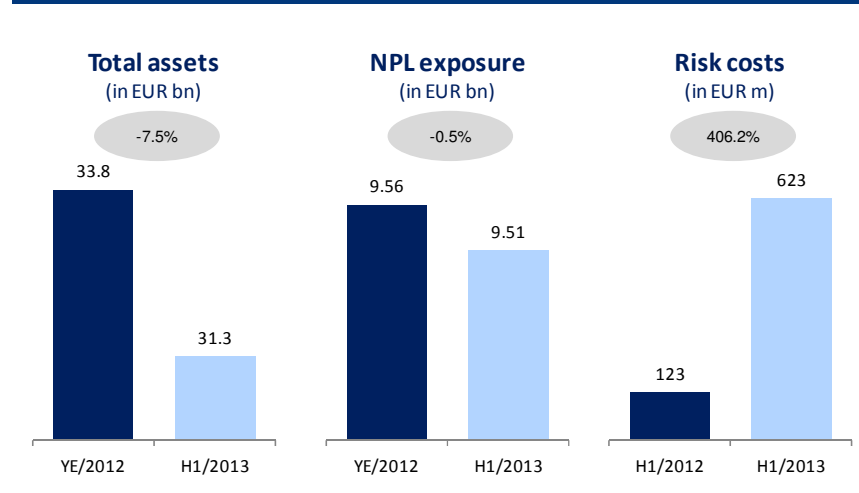
H1/2013 Results: Key figures at a glance

Half year reflects upcoming EC decision, difficult economic environment and one-off's

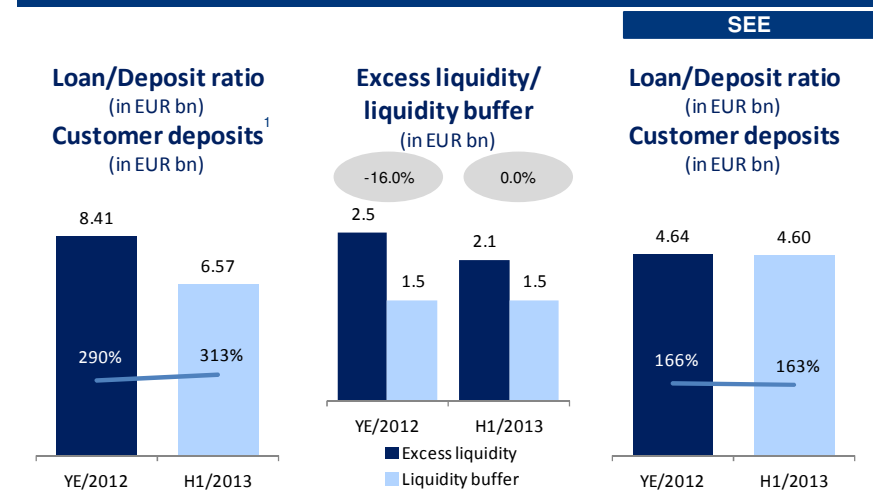
PROFITABILITY



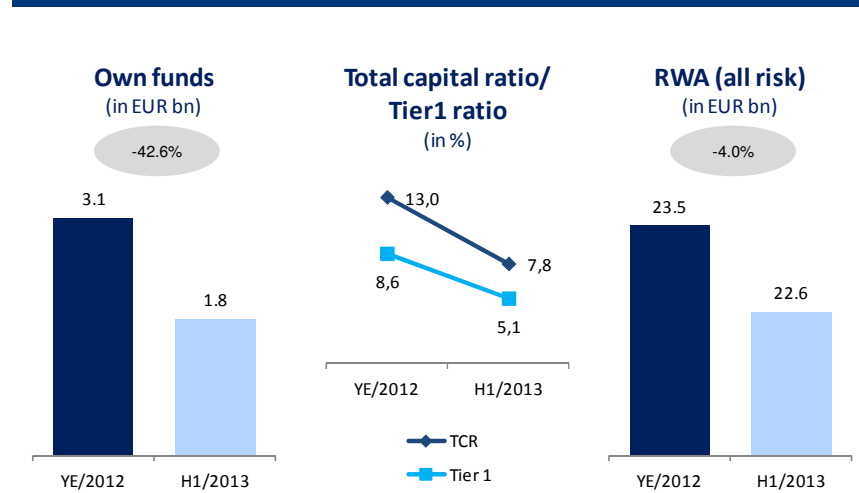
RISK



FUNDING



CAPITAL



¹ Austria not included (IFRS 5)

H1/2013 Results: Financial performance

Half year loss of EUR 860m determined by income related one-off's and significantly increased risk provisions

Result

- Significant exceptional items of EUR -265.1m, e.g. EUR -26.4m in NII (state guaranteed Tier 2 bond), EUR -101.5m in financial and other operating result (impairments on repossessed assets) as well as EUR -105.5m for interest- and FX related customer claims (esp. Italy)
- Significant increase in risk provisions to EUR -623.0m compared to EUR -123.1m in H1/2012

Operating income

- Net interest income declined by 24% to EUR 245.2m due to low market interest level and inability to replenish amortizations and wind down activities with new lending, partially compensated via
 - higher margins and improved risk profile in new lending business
 - successful reduction of interest on deposits
- Stable commission income at EUR 24.9m, despite lower new lending volumes

Operating expenses

- Reduction in personnel expenses by EUR 12.5m offset by increased admin expenses (forensics costs) and extraordinary depreciation (e.g. IT and non-core participations)

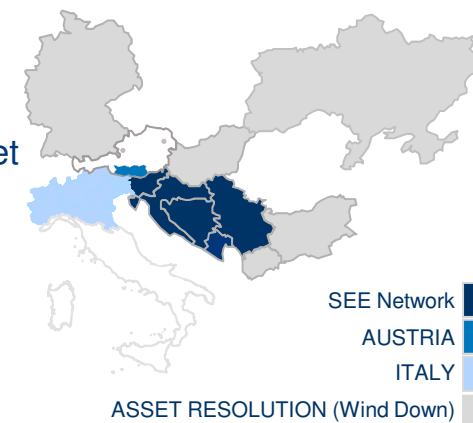
Income statement (in EUR m)	06/2013	06/2012 ¹	+/-
Net interest income	245,2	321,1	-24%
Net fee and commission income	24,9	22,0	13%
Financial result	-41,7	42,3	-199%
Other operating result	-196,3	-2,9	n.m.
Operating income	32,1	382,5	-92%
Personnel expenses	-107,2	-119,7	-10%
Other administrative expenses	-89,5	-82,2	9%
Depreciation and amortization	-40,7	-25,3	61%
Operating expenses	-237,4	-227,1	4.5%
Operating result before risk provisions	-205,4	155,3	-232%
Risk provisions on loans and advances	-623,0	-123,1	406%
Operating result after risk provisions	-828,4	32,3	n.m.
Results from companies acc. for at equity	-0,01	0,0	30%
Result before tax	-828,4	32,3	n.m.
Taxes on income	62,7	-31,8	-297%
Result after tax from continued operations	-765,6	0,5	n.m.
Result from discontinued operations	-94,1	2,8	n.m.
Result after tax	-859,8	3,4	n.m.
Net income (after tax and minorities)	-869,5	-9,2	n.m.
Net interest margin	1.5%	2,0%	
Cost/Income Ratio	740%	59%	
LLP (% of average loans)	554bp	94bp	
Balance sheet	06/2013	12/2012	+/-
Total assets	31.273,2	33.803,7	-8%
Customer loans	20.539,0	24,401.5	-16%
Customer deposits	6.570,2	8,405.9	-22%
RWA (all risk)	22,591.5	23,540.1	-4%
Total capital ratio	7.8%	13.0%	
Tier 1 ratio	5.1%	8.6%	

¹ 2012 financials adjusted due to separate presentation of Austria in line item Result from discontinued operations in accordance with IFRS 5

H1/2013 Results: Financial performance

SEE network and Asset Resolution to become the two dominant pillars

- Sale of Austria and further restructuring in Italy leads to two pillars – i.e. SEE and Asset Resolution (30% and 70% of total assets)
- By excluding exceptional items, SEE network's positive operational contribution will hardly be able to compensate for the operating burden of Asset Resolution
- **SEE network:** stable performance in difficult environment, more than 80% of new lending underwritten in investment grade or upper non-investment grade at improved margins; risk provisioning to increase sellability of the network until mid 2015
- **Asset Resolution (Wind Down):** Headwind from difficult market environment lead to delayed and failed restructurings causing increase in risk provisions, still collection and restructuring efforts enabled to overcompensate NPL migrations



	SEE network		AUSTRIA ¹		ITALY		ASSET RESOLUTION (Wind Down)		Cons. group/ Head office		TOTAL	
	06/2013	06/2012	06/2013	06/2012	06/2013	06/2012	06/2013	06/2012	06/2013	06/2012	06/2013	06/2012
in EUR m												
Net interest income	121,7	153,1			33,7	41,7	63,9	90,1	26,0	36,1	245,2	321,1
Net fee and commission income	30,2	29,0			3,9	4,7	-11,7	-11,9	2,5	0,2	24,9	22,0
Operating income	136,9	182,0			-58,3	47,0	-22,7	96,7	-23,8	56,9	32,1	382,5
Operating expenses	-106,5	-115,5			-32,8	-27,4	-93,5	-61,0	-4,6	-23,2	-237,4	-227,1
Operating result (before risk provisions)	30,6	66,5	0,0	0,0	-91,1	19,5	-116,5	35,7	-28,4	33,7	-205,4	155,4
Risk provisions	-128,5	-28,6			-121,4	-16,6	-263,8	-81,4	-109,4	3,6	-623,0	-123,1
Result after tax continued op.	-97,1	26,0			-178,6	1,4	-350,1	-53,7	-139,9	27,0	-765,6	0,6
Result after tax discontinued op.			-1,1	7,8					-93,0	-4,9	-94,1	2,8
Result after tax	-97,1	26,0	-1,1	7,8	-178,6	1,4	-350,1	-53,7	-232,9	22,0	-859,8	3,4
Net interest margin	2,5%	2,5%	--	--	2,1%	2,4%	1,1%	1,8%	1,2%	1,7%	1,5%	1,9%
Cost/income ratio	78%	63%	--	--	-56%	58%	-412%	63%	-19%	41%	740%	59%
LLP (% of average)	338	64	--	--	815	105	513	150	n.m.	-139	554	94
NPL ratio	16,7%	15,1%	3,9%	3,4%	24,5%	19,3%	65,9%	63,7%	0,2%	0,1%	28,6%	26,9%
	06/2013	12/2012	06/2013	12/2012	06/2013	12/2012	06/2013	12/2012	06/2013	12/2012	06/2013	12/2012
Total assets	9.635	10.114	3.637	4.145	3.008	3.283	11.145	11.669	3.848	4.593	31.273	33.804
Customer loans	7.503	7.714	n.m.	2.775	2.890	3.068	10.027	10.549	119	296	20.539	24.402
Customer deposits	4.600	4.643	n.m.	1.579	517	680	59	59	1.394	1.446	6.570	8.406
NPL exposure	1.741	1.614	149	143	775	656	6.835	7.141	8	8	9.508	9.562

H1/2013 Results: Capital and Liquidity/Funding

Capital shortfall mainly recovered following EUR 700m capital contribution in fall

RWA development (all risk, in EUR m)



Capital ratios (in %)



Capital

- RWA reduction of EUR ~1bn in first half of 2013 – despite further sovereign downgrades (e.g. downgrade Croatia in February 2013)
- Post expected capital increase, total capital ratio to be back on acceptable levels
- EUR 700m (as approved in the general assembly on July 23rd) expected after positive state aid decision by European Commission

Liquidity

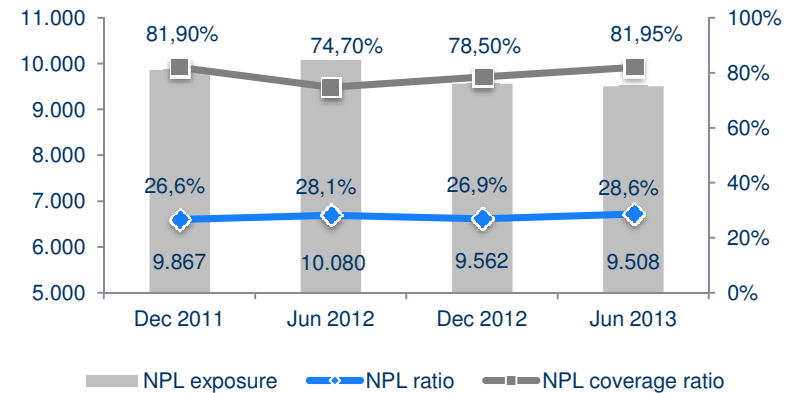
- Stable liquidity position, despite reduced backflows from Asset Resolution and deposit outflows in Italy
- Above EUR 2.1bn in cash and additional EUR 1.5bn liquidity reserves by end of June

Despite challenging market environment – HAA has stable NPLs and higher coverage ratios

Overall NPLs stabilized

- Stable NPLs due to successful workout and rigorous application of monitoring process
- Despite difficult market conditions NPL coverage increased significantly
- Slight increase of NPL ratio due to sharp decrease of total exposure

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

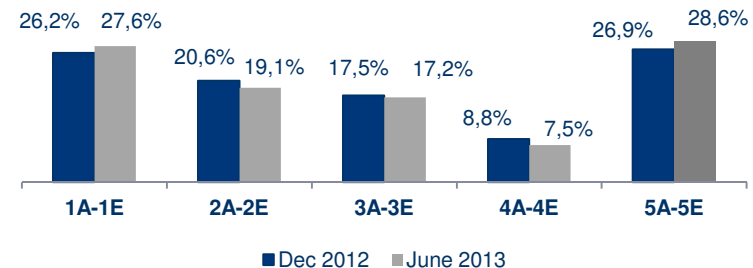


Improved rating distribution

- Ongoing portfolio reduction in line with overall portfolio targets
- Further portfolio-transfers (brush and true sale) executed and planned for H2/2013 (corporate and retail) to enable re-privatization
- De-risking in corporate segment led to portfolio reduction, and new business in line with restrictive rules according to EC behavioral measures

Exposure by rating

(Dec 2012: EUR 35.5 bn; June 2013: EUR 33.3 bn)



Legend:

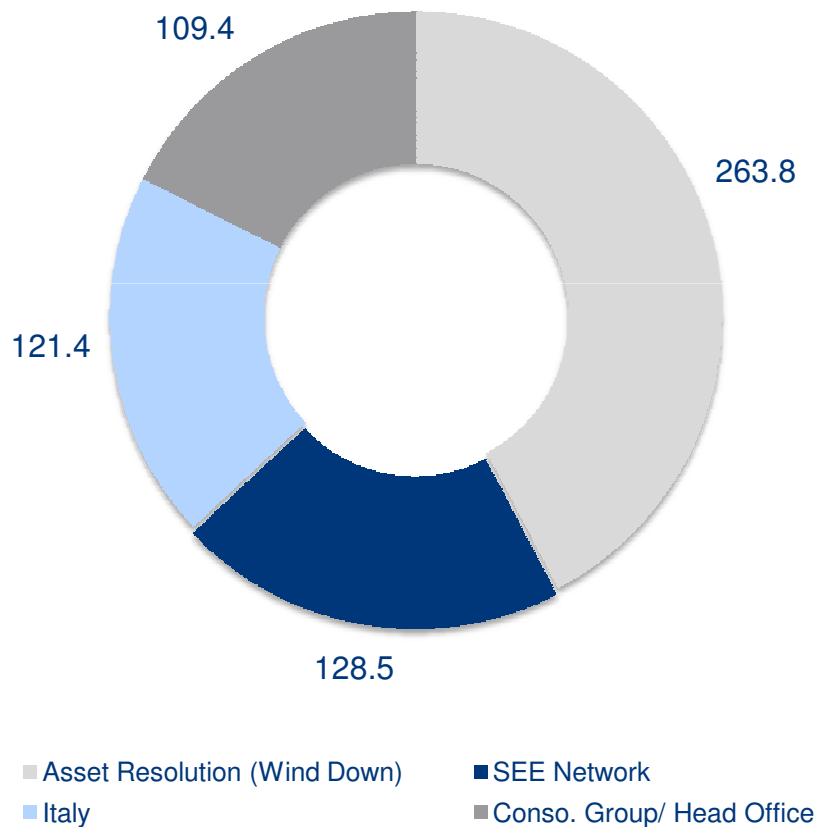
- 1A-1E Highest credit rating
- 2A-2E Excellent credit rating - very good credit rating
- 3A-3E Good credit rating - acceptable credit rating
- 4A-4E Poor credit rating - watch list (4A and 4E)

- 5A 90 days in arrears
 - 5B-5E Individual value adjustment, restructuring, insolvency
- } NPLs

NB: Austria (HBA) included in NPL exposure, NPL- and coverage ratio and exposure by rating figures

Significant increase in risk provisions

Risk Provisions (in EUR m)



- Increased risk provisions of EUR 623m in H1/2013 in comparison with EUR 123.1m in H1/2012
- Anticipated EC requirements lead to single risk provisions
 - out of portfolio revision in Corporate and Retail portfolio to enable re-privatization
 - to facilitate and accelerate restructuring of our Italian subsidiaries
- Difficult market conditions led to an increasing number of delayed and failed restructurings

Milestones H2/2013

Organizational focus

- Managing and steering of the SEE network via an operating holding company
- Finalize set-up and organizational separation towards an efficient Asset Resolution (Wind Down) platform

SEE network

- Continued focus in underwriting higher margin new business in investment or upper non-investment grade
- Further NPL reduction via discretionary portfolio turnarounds, transfers and sale of portfolios
- Disciplined funding approach
- Underlying sustainable profitability

Asset Resolution (Wind Down)

- Continue collection and restructuring efforts in an increasingly difficult market
- Improve operational excellence with clear asset focus

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