



HYPO ALPE ADRIA
SA VAMA. UZ VAS. ZA VAS.

2012 Annual Report

Hypo Alpe-Adria-Bank a.d. Beograd

Overview of the most important data

RSD '000

	2012.	2011.	2010.	2009.	2008.	2007.	2006.	Change 2011-2012.
Total assets	168,480,146	146,716,143	144,597,751	139,110,485	114,398,731	133,458,508	112,118,443	21,764,003
Liabilities to clients	84,901,638	68,284,756	60,636,685	64,060,985	52,076,478	41,252,607	23,744,084	16,616,882
Receivables from clients	131,725,765	115,974,856	103,476,808	90,288,454	72,037,116	65,401,993	55,289,249	15,750,909
Capital	33,368,054	33,011,260	31,616,735	31,374,466	26,408,315	18,460,662	14,639,415	356,794
<i>(of which core capital)</i>	<i>24,053,980</i>	<i>30,731,463</i>	<i>30,644,889</i>	<i>29,374,418</i>	<i>26,021,853</i>	<i>16,568,888</i>	<i>14,208,186</i>	<i>-6,677,483</i>
Net interest income	4,871,325	5,881,525	5,477,757	5,350,141	5,145,008	3,380,455	2,645,310	-1,010,200
Operational income	7,609,126	9,106,107	8,363,268	9,018,773	7,826,020	4,887,691	3,337,562	-1,496,981
Operational expenditure	4,683,968	4,278,293	4,002,704	3,991,327	3,716,841	3,222,978	2,482,982	405,675
Operational result	2,925,158	4,827,814	4,360,564	5,027,446	4,109,179	1,664,712	854,580	-1,902,656
Business result	1,787,912	1,498,366	384,506	1,827,484	2,472,210	1,526,978	798,467	289,546
Operational expenditure / operational income (CIR)	61.56%	46.98%	47.86%	45.10%	47.49%	65.94%	74.40%	14.57%
Return on equity (ROE)	4.78%	3.96%	1.09%	6.11%	9.92%	8.37%	7.78%	0.82%
Return on assets (ROA)	1.01%	0.88%	0.24%	1.34%	1.80%	1.13%	0.88%	0.13%
Employees	836	872	816	851	871	803	718	-36

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Executive Board members



Vladimir Čupić
Chairman of the Executive Board

Responsibilities:

- Corporate Finance Division
- Public Finance Department
- Sales Planning and Controlling Team
- Legal Team
- Anti Money Laundering and Counter Terrorism Financing Team
- Safety, Security and Fraud Prevention Team
- Human Resources Department
- Board Assistance Department
- Staff Function: Advisory Officer
- Staff Function: Economic Research
- Staff Function: Corporate Communications
- Internal Audit Department
- Compliance Team



Martin Kammermeier
Deputy Chairman of the Executive Board

Responsibilities:

- Risk Controlling Division
- Credit Management Division
- Retail Credit Risk Management Division
- Task Force Rehabilitation Team
- Credit Processing Division
- Credit Rehabilitation Division



Rade Vojnović

Member of the Executive Board

Responsibilities:

- Accounting and Reporting Department
- Financial Controlling Department
- Balance Sheet Management and Treasury Department



Mirko Španović

Member of the Executive Board

Responsibilities:

- Organization and Information Technology Division
- Real Estate Management Division
- Procurement Team
- Collection Division
- Operations Division



Oliver Klesinger

Member of the Executive Board

Responsibilities:

- Distribution Channels Team
- Sales Management Division
- Individual Clients and Retail Products Department
- Affluent Team
- SME Team
- Marketing Team

Letter of the Executive Board

Dear ladies and gentlemen,

The year 2012 was turbulent for Serbia. General elections were held in May, gross domestic product fell by approximately 1.7%, and the dinar reached its historically lowest value in August (while stabilizing/appreciating thereafter). In the last quarter the economy showed the first signs of recovery, driven by the start of production and exports of FIAT cars.

The banking sector ended the year positively, although the realized profit was cut in half in comparison to 2011. At the individual banks' level, EUR 396 million of profit was achieved by twenty three banks, while the remaining ten banks accounted for a loss of EUR 246 million. Hypo Alpe-Adria-Bank a.d. Beograd stayed seventh by balance sheet amount, with market share of 5.9%, slightly higher y-o-y and ended the year with a profit after tax of EUR 14 million.

In the retail segment Hypo Alpe-Adria-Bank a.d. Beograd achieved good results. Collection of deposits kept expanding, and during the Savings Week in November the bank achieved its record high in retail term deposits, collecting EUR 41.3 million. The bank's market share in this segment rose by 0.4% (from 4.4% to 4.8%). The number of clients increased by eight thousand. Additionally, Hypo bank's business network increased by seven outlets, ending the year with the total of 47 branches and sub-branches. The number of ATMs jumped by 47% y-o-y.

The number of corporate clients, as well as structure of placements by industry, remained on the same level as in the previous years. Although the market conditions were more difficult than before, clients have shown their trust in Hypo Alpe-Adria-Bank a.d. Beograd's values, stability and performance.

In 2012 Public Finance Division placed the total of EUR 64.4 million, and the market share of Hypo Alpe-Adria-Bank a.d. Beograd increased by 1.4% to 7.6%. In that context, high-level cooperation was established and continued with large public companies and many local self-government units in Serbia.

In 2012 the bank realized corporate social responsibility projects in the area of charity work, talent investment, education, sport and culture. What makes us especially happy is the fact that we have tied together two very important goals – business network expansion and helping institutions in cities and towns we opened new branches in, hence assuming social responsibility especially in the communities we are present and active in.

Hypo Alpe-Adria-Bank a.d. Beograd continued to contribute to economic and business research and intelligence in

Serbia with its monthly publication of “Economic Digest” and also with the publication of “Top 500”, an in-depth analysis of the Serbian corporate sector (published together with Altis Capital and the Serbian weekly NIN).

Taking into consideration all the above, the year behind us was very successful for Hypo Alpe-Adria-Bank a.d. Beograd. Credit for excellent results belongs to all employees, but also our partners, associates and clients. The following year, 2013, will surely be filled with new challenges both for Serbia and the banking sector. Still, satisfaction and needs of our clients remain our number-one priority. We will continue listening to our clients, and end 2013 with results even better than the present ones.

Members of the Executive Board of Hypo Alpe-Adria-Bank a.d. Beograd



Vladimir Čupić



Martin Kammermeier



Rade Vojnović



Mirko Španović



Oliver Klesinger

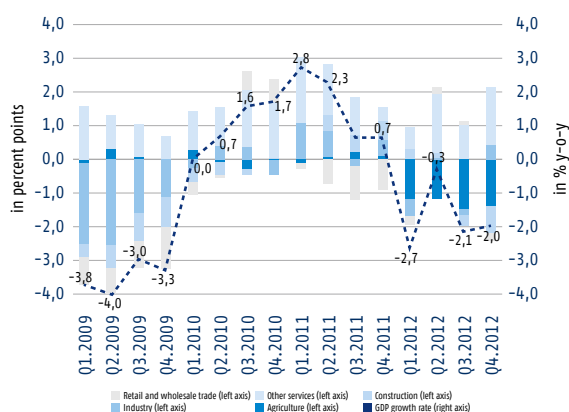
Business report

1. Macroeconomic environment and the banking sector

GDP recorded the fall of 1.7% in the past year (after growing 1.6% in 2011). This development was influenced by low aggregate demand in the country and abroad, bad weather conditions (primarily in February and during the summer), as well as the uncertainty caused by general elections last May. In H1 2012 the highest positive growth contribution was given by state consumption, in compliance with the expansive fiscal policy in the period before the elections. In H2 industrial production and exports recovered gradually, mostly due to the beginning of serial production and export of FIAT cars, so that major positive contribution to growth in the period was given by net exports.

In 2012 highest growth was recorded by information and communications (+10.3%) and financial agency (+4.4%). On the other hand, agricultural production dropped by 17%, and construction by 7.5%.

Contribution of major economic sectors to GDP growth, by quarter



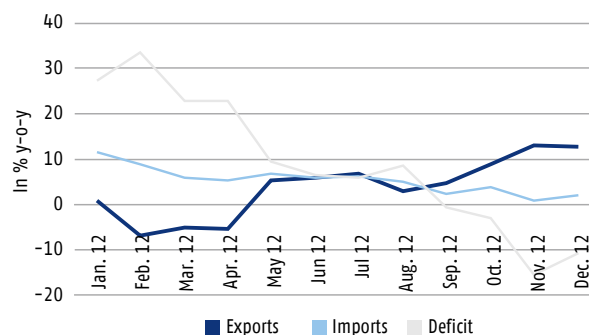
*Other services include traffic and storage sector, accommodation and food, information and communications, financial agency, real estate, professional activities, administration, state administration, education, health protection, art, entertainment and recreation, other services and housekeeping

Source: Serbian Statistics Office, Hypo Research

Exports growth was accelerating since September, while imports decelerated, so that in Q4 2012 foreign trade deficit decreased. Total exports of commodities thus stood at EUR 8.8 billion last year (4.7% growth y-o-y), and imports at app. EUR 14.8 billion (+3.7%), thus forming the foreign trade

deficit of app. EUR 5.9 billion (+2.4%). Growth of exports was mostly influenced by the beginning of serial production and export of cars, and growth of imports slowed down, probably due to weakening of local demand.

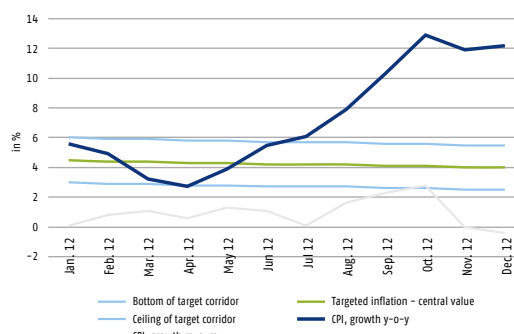
Growth rates of exports, imports and foreign trade deficit (3M moving average)



Source: Serbian Statistics Office, Hypo Research

Annual growth of prices reached the minimum of 2.7% in April 2012. After that inflation sped up, reaching 12.2% at year's end, under the influence of (i) the transfer of the dinar exchange rate weakening to prices (from the first eight months of 2012), (ii) more expensive food due to the bad agricultural season, and (iii) rise of VAT and excises as part of fiscal consolidation measures introduced in October 2012. Thus the inflation at the end of 2012 was 6.7 percent points above the ceiling of the NBS target corridor (4±1.5%).

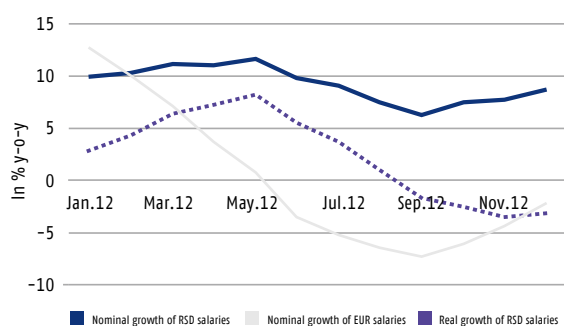
Inflation in Serbia, y-o-y and m-o-m



Source: NBS

Average monthly salary at 2012 end amounted to RSD 41,400, i.e. app. EUR 370. In 2012 salaries grew nominally by 9%, but decreased really by 3%. Calculated in euros, the fall of average salary amounted to 1.8% in 2012.

Salary growth rate in RSD and EUR, m-o-m (3M moving average)

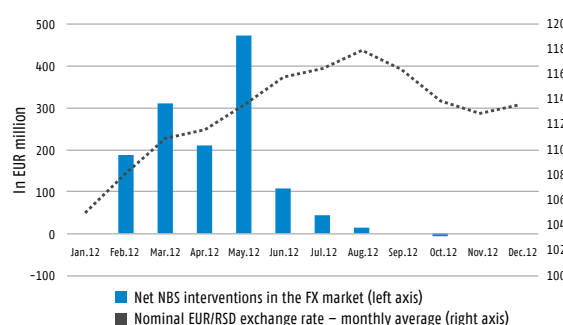


Source: Serbian Statistics Office, Hypo Research

The dinar depreciated by app. 12% since 2011 end (when it stood at 104.6 for 1 EUR) and historically the lowest value was reached on 9th August 2012 (when it amounted to 119.1). This depreciation period was mostly influenced by growth of aversion of the country risk (due to elections in May and long term process of forming the government) and globally (mostly due to then current uncertainty of potential Greek departure from the Euro zone), but also the fundamentals, i.e. expansion of the trade deficit and foreign repayment of the private sector. In order to mitigate that depreciation pressure, in the first eight months of 2012 the National Bank of Serbia intervened by selling EUR 1.35 billion in the interbank market.

From mid August to the end of 2012 the dinar kept strengthening, mostly due to: (i) growing interest of investors for Serbian t-bills, (ii) restrictive monetary policy and (iii) increase of net exports, so that the dinar exchange rate reached 113.7 for 1 EUR at year's end (so that the nominal depreciation for the whole 2012 amounted to 8.7%).

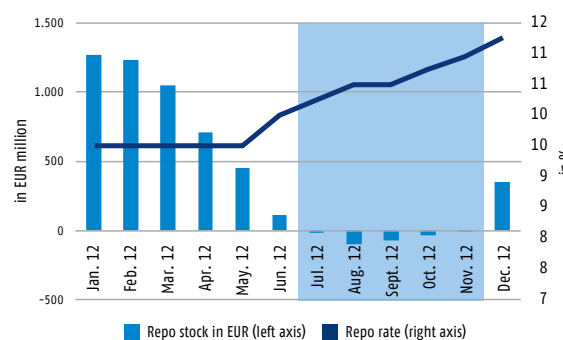
Average monthly EUR/RSD exchange rate and NBS interventions in the open market



Source: NBS

As a response to inflationary pressure, in H2 the NBS restricted its monetary policy through total REPO rate increase of 170 base points in the period from June to December 2012 (at year's end REPO rate was 11.25%). On the other hand, REPO stock was entirely spent in the first seven months of 2012. Since July 2012 the NBS reversed the direction of major operations in the open market, from withdrawal of dinar liquidity from the system (so called reverse REPO auctions) to liquidity placement (i.e. direct REPO auctions). However, due to sudden growth of dinar liquidity in the system at the end of 2012, in December the NBS made the decision to return to reverse REPO auctions.

Repo rate and REPO stock

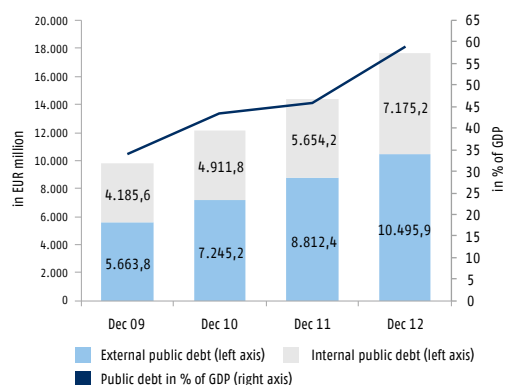


Source: NBS

Consolidated budget deficit in 2012 rose by as much as 37%, reaching RSD 217 billion (6.5% of GDP). Last year's deficit expansion mostly resulted from increase of expenditure (11% growth), followed by less prominent revenues growth of 8%. In October fiscal consolidation measures came into effect, including: (i) increase of VAT rate to 20% (from 18%), (ii) increase of income tax to 15% (from 10%), and (iii) increase of excise rate for tobacco products (from 33 to 43 RSD per cigarette pack) and oil derivatives (from 37 to 42 RSD per litre of diesel, from 49.6 to 55 RSD per litre of leaded petrol, from 19.2 to 30 RSD per kilo of liquid petroleum gas).

Last year financing needs of the state were primarily provided through (i) issues of t-bills in the local market, and (ii) two issues of Eurobonds in the foreign debt market (total issues of USD 1.75 billion in September and November 2012). Thus public debt at 2012 end grew to app. 60% of GDP, i.e. app. 14 percent point more than at 2011 end.

Serbian public debt



Source: Ministry of Finance, Hypo Research

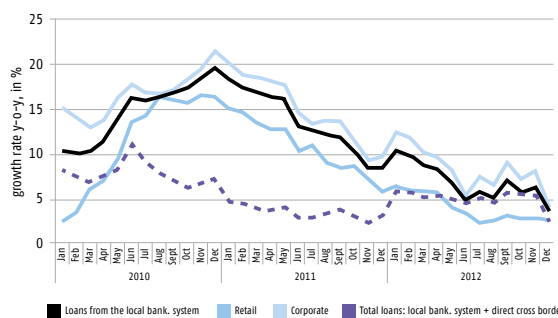
1.1. Serbian banking sector

Total balance sheet amount of the Serbian banking sector amounted to EUR 25.3 billion at 2012 end, thus achieving growth of 2.4% y-o-y, i.e. 11.2% in dinars.

In the course of 2012 growth of corporate and retail loans from the domestic banking sector slowed its pace. Namely, growth of total corporate and retail placements from the domestic banking sector corrected by exchange rate change amounted to 3.5% in 2012 (5.7% in 2011), and

corporate loans by 4.1% in 2012 (9.3% in 2011). Growth of retail loans was stimulated by the programme of subsidized loans for energy efficiency and programme of subsidized housing loans. On the other hand, growth of corporate loans was marked by one big loan to Telekom (at the beginning of 2012 in total amount of EUR 293 million from the local banking system) and programme of subsidized interest. In September, October and November EUR 996 million of subsidized loans were approved, of which 27.5% for refinancing. In 2012 outflow of net repayments of cross border loans was interrupted, after the intense phase is 2010 and 2011. Serbian corporate debt under this basis remained approximately the same as in the previous year, after the decrease of app. EUR 420 million in 2011, while net repayment in 2010 amounted to as much as EUR 870 million. Thus, if we take this flow of placements into consideration, total growth of corporate loans in Serbia in 2012 (corrected by exchange rate change) amounted to 2.4%.

Growth of loans from the domestic sector and direct cross border loans y-o-y (corrected by the effect of exchange rate change on indexed loans)



Source: NBS, Hypo Research

Growth of placements into t-bills continued in the course of 2012. Thus on annual level three billion euros was invested into t-bills (RSD 349 billion), and the total undue t-bills stock at 2012 end reached RSD 413 billion (260 at 2011 end). Of this amount app. 60% originates from the domestic banking system, and the rest are foreign investors. At 2012 end banks invested the total amount of RSD 214 billion (EUR 1.9 billion) into National Bank of Serbia t-bills, repo and RS t-bills. Of this

amount, liquidity in the amount of EUR 350 million (dinar counter value) was withdrawn from the repo placements at the end of 2012.

At 2012 end total retail savings amounted to EUR 8.2 billion, 559 million more y-o-y. The highest savings rise m-o-m happened in November during the Savings week, EUR 190 million, higher than in 2011 (when it was EUR 110 million). In the structure of total savings, FX savings participate with 98.1%, and dinar savings with 1.9%.

In the structure of aggregate liabilities of the banking sector at 2012 end, other deposits (term, savings and special-purpose deposits) dominate with 44.6% and transaction deposits with 14.4% of total liabilities. Capital makes for 20.5% of total liabilities, representing very high capitalization at the banking sector level. Relative to 2011 end, capital of the entire banking sector was at the approximately same level of EUR 5.2 billion.

As of 31st December 2011 the regulatory package came into effect, consisting of six decisions, complying calculation of the banks' capital adequacy and risk management with Basel II standards. On one hand, change of the way of calculating the banks' capital adequacy, and on the other dinar depreciation, caused a fall of capital adequacy ratios, dropping from 19.1% at 2011 end to 16.4% at the end of Q3 2012.

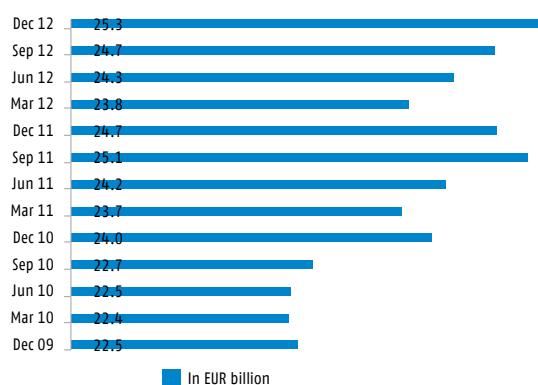
The Serbian banking sector achieved total profit of EUR 150 million, twice lower y-o-y (EUR 304 million in 2011). Profitability of banks was very diverse this year as well. Positive result (profit) was achieved by 23 banks, in total amount of EUR 396 million. However, on the other hand, 10 banks realized total loss of EUR 246 million EUR, of which EUR 127 million related to loss of Razvojna banka Vojvodine.

Profitability of the banking sector in 2012 amounted to 2.9% measured by return on equity (ROE) i.e. 1.2% measured by return on assets (ROA). Profitability decreased significantly y-o-y, since in 2011 ROE was 6.1%, and ROA 1.3%.

NPL in Serbia at the end of Q3 2012 amounted to 19.9% of total placements, according to the records of the National Bank of Serbia. Growth of NPL in 2012 was a bit lower than in 2011, when it grew from 16.9% at 2010 end by app. 2.1 percent points to 19% at 2011 end.

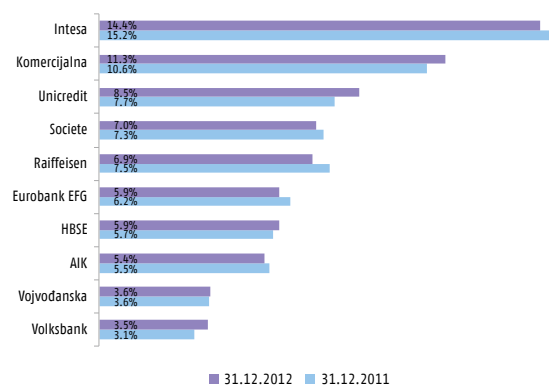
Provisions for potential losses at the end of Q3 2012 amounted to EUR 1.5 billion, being 9.1% relative to gross placements of the entire sector. These ratios were a bit higher in than at the 2011 end, when they were 8%.

Net balance sheet assets of the banking sector, in EUR billion



Source: NBS

Market share of individual banks by net assets



Source: NBS

1.2 Hypo Alpe-Adria-Bank a.d. Beograd in the market

Measured by total balance sheet assets, Hypo Alpe-Adria-Bank a.d. Beograd kept its seventh position at the end of 2012, but with market share of 5.9%, a bit higher than in 2011, when it was 5.7%.

In total granted loans of the banking sector, Hypo Alpe-Adria-Bank a.d. Beograd kept the same market share as last year, 6.5%, while in total taken loans and deposits it participated with 5% at 2012 end (4.6% in 2011).

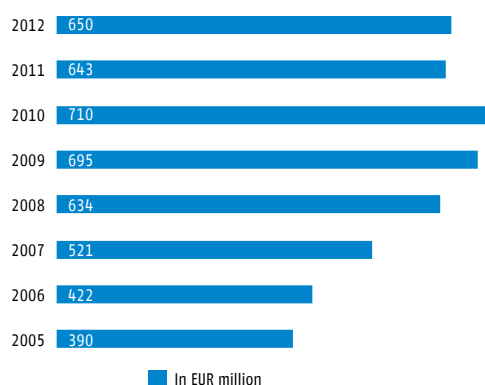
2. Corporate Finance Division

Economic activities in Serbia in 2012 were caught up by the second wave of recession. Stagnation of economic growth, increased market uncertainty, as well as macroeconomic risks inevitably caused the operations of the Corporate Finance Division of the Hypo bank to be more tactical than strategic.

Risks innate to the domestic real sector, as well as diminished credit capacity of the economy significantly decreased room for further expansion of loans, but in spite of that, Hypo bank kept the same level of business activities in the local market and kept one of the leading positions in the corporate finance sector.

For four years in a row Corporate Finance Division has been actively participating in crediting the local economy through attractive subsidized loans from the programme of the Serbian Government, making 18% of the total new loans of the Hypo bank in 2012.

Total placements to corporate clients



Structure of placements by branches of industry remained the same as in previous years, thus the largest portion of loans being placed to the trade sector, 27%, and 22% was placed to the processing industry.

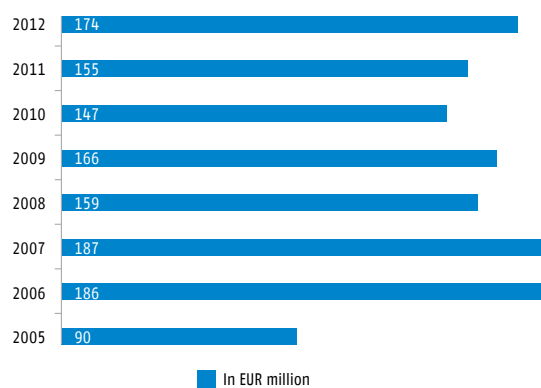
The number of corporate clients remained at the same level as last year, largely under the influence of the fact that our clients recognize the basic values of the Hypo bank, which is very important, especially in a year such as 2012.

Having in mind that illiquidity of the economy influences directly the delays in loan repayment and growth

of non-performing loans, the negative trend continued in 2012 in the local market. However, Hypo clients showed the trend slower than the rest of the market, thanks to the proactive approach to resolving due liabilities. On the other hand, the process of portfolio diversification by sectors, loan size and rating through the so called „Risk Cube“ is reflected on good-quality of portfolio maintenance and exerts objective influence on decrease of risks the bank is exposed to.

Aside from unpredictable market influences, Corporate Finance Division recorded 13% growth of deposits y-o-y in 2012, certainly confirming professional and partner relationship between Hypo bank and its clients.

Total deposits of the Corporate Finance Division, by year



Business and initiative in the Corporate Finance Division are first of all characterized by long term business relations and stable client base, high quality of services and efficiency of processes, as well as the possibility to comply the existing products and create new products in accordance with market needs.

Standard products and services of the Corporate Finance Division are: investment loans (loans for buying machines, equipment, real estate, land and other fixed assets, loans for construction), frame loans (current account overdraft, discount of bills of exchange, revolving line), documentary business (guarantees, letters of credit, buying of receivables, collection), working capital loans.

In the upcoming period the Corporate Finance Division will continue improving its business activities,

with the focus on long term and partnership relations with its clients. A special accent will be placed on the offer of specific products tailor-made for the clients, paired with identification of risks involved with requests. Intensified cooperation with existing clients through the cross selling approach, based primarily on quality, should provide additional trust and stability of business relations, that would certainly provide further growth of the most important business ratios.

3. Public Finance Department

Total placements in the Serbian public sector in December 2012 achieved mild growth relative to December 2011, while the share of Hypo Alpe-Adria-Bank a.d. Beograd increased by 1.4% to 7.6%.

Public Finance Department placed the total of EUR 64.4 million new placements in 2012.

New disbursements increased Public assets to EUR 140 million in 2012.

In the course of 2012 significant cooperation was realized or continued with the following clients: Telekom Srbije a.d, JP Srbijagas, Građevinska direkcija Srbije (Serbian construction directorate), JP Elektroprivreda Srbije (Serbian electricity supply company), as well as with numerous local self-government units.

Deposits in the public sector recorded a significant fall y-o-y (EUR 83 million), reaching EUR 551 million in December 2012. In these circumstances the Public Finance Department recorded growth of its market share, reaching 10% at 2012 end, in comparison to 5.6% in December 2011.

Strategic orientation of the Public Finance Department is to improve cooperation with municipalities and cities Hypo bank is present in, resulting in significant growth of deposited funds of LSGUs (EUR 7 million).

Almost all financial positions improved y-o-y, with special stress on excellent growth of operational revenues by 174% (as of 31st December 2012 EUR 4.2 million) and dramatic increase of profitability by 287% (as of 31st December 2012 EUR 3.5 million).

Collection of receivables in 2012 remained exceptional (100% as of 31st December 2012). Still, one has to stress that this result also stems from constant monitoring of our clients' business, as well as prompt reaction to the early warning signals.

4. Sales Planning and Controlling Team

Sales Planning and Controlling Team, as a new organizational unit formed in January 2012 with the basic task of providing support to the Corporate Finance Division and Public Finance Department in planning their strategic goals and monitoring their realization.

Basic activities of the Sales Planning and Controlling Team are preparation of various reports, sales analysis and control, adequately directing and aiding relevant segments in their operations. Additionally, the team supports good-quality maintenance of sales tools i.e. Pipeline, RAP tool, as well as preparation of structured report on profitability by client, product, industrial branch etc. it also deals in analysis of data quality through systemic problem discovery, proposal of corrective and preventive measures, so as to aid their removal.

The team is independent, directly reporting to the Executive Board, and its goal is to provide the best possible adequate business analyses and planning.

5. Individual Clients and Retail Products Department

Individual Clients and Retail Products Department was formed as part of the Organization Optimization and Governance project on 20th December 2011, and is primarily in charge of launching new products and redesigning the existing products for natural persons, all in accordance with the clients' needs and segment strategy.

The department continuously monitors profitability of all products, defines strategy of pricing, as well as sales tools and service level standards.

In 2012 the department innovated the offer of private individuals' products. It introduced new, modernized current account packages for different client segments, combining electronic and mobile banking, debit and credit cards and insurance products. Special youth offer was prepared for young people up to 30 years of age, without maintenance fees and with Dina European Youth Card and all other current-account-related features.

The bank established cooperation with the insurance company UNIQA, enabling clients to buy life and non-life insurance products in the branch network of the Hypo bank. The offer of cash loans was expanded by insurance against unem-

ployment, and special offer was created for pensioners up to 75 years of age.

With help of a well-known consultancy the bank put through the project of the new card strategy, in cooperation with Hypo banks in Croatia, B&H and Slovenia, whose purpose was to apply the best possible business practice in the area of cards. Additionally, in cooperation with other Hypo group banks service quality project was also implemented. Pursuant to the project, branch employees received new uniforms, attended training for communication skills, optimized the sales processes and introduced a systemic process of complaint management.

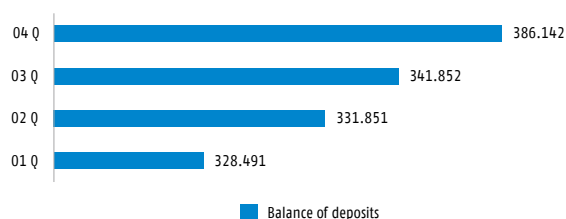
6. Affluent Team

In the course of 2012 retail segment reorganization in the area of affluent banking that started in December 2011 was completed successfully. The bank successfully implemented the affluent concept in 15 organizational units, with the most important share of this client segment. Throughout the year the number of new clients was rising continuously, leading to achievement of commercial plans, especially growth of deposit base of the bank. Deposits of affluent clients rose by 18% in 2012, while the number of clients rose by as much as 29%. Results were significantly contributed to by expansion of the bank's network, and improvement of its products and services, accompanied by continuous investment into improvement of knowledge and sales skills of personal bankers. Results achieved in 2012 improved total business results of the retail segment a lot, while enabling development of the client base and creating requirements for further expansion in 2013 at the same time.

Number of clients in 2012



Balance of deposits in 2012



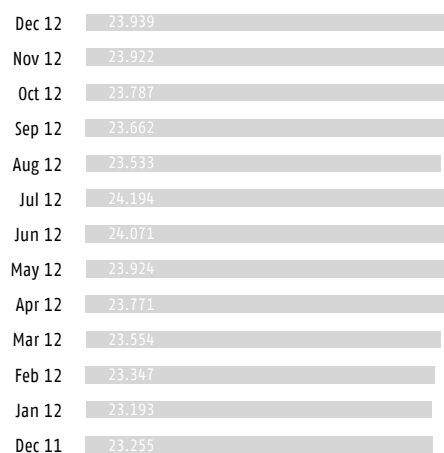
7. SME Team

Small and middle-sized companies are the axis of growth and development of the Serbian economy nowadays. They are the most efficient economic segment, chief driver of growth and employment, due to that deemed to be the key factor in the recovery of the economy. Thanks to their flexibility and proneness to innovation, different enterprises and wider possibilities for specialization, SMEs are superior to large systems in adapting to needs and market trends.

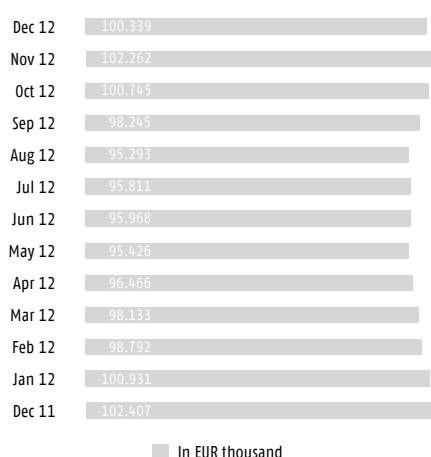
Still, the global economic crisis hindered further development of the SME segment, intensifying the existing problems. Worsening of the business environment and slowdown trends caused growth of business risks and investment costs, and diminishing of economic activities and liquidity on the other hand.

In such an environment financing of Hypo Alpe-Adria-Bank a.d. Beograd clients was restrictive in 2012. Thanks to the existing client base and acquisition of new clients the trend of client number growth was stable, as well as the development of the loan portfolio of the SME segment.

Trend of client number growth in the SME segment in 2012



SME loan portfolio in 2012



SME Team is the meeting point for all requests, wishes, initiatives, innovation and ideas aimed at setting up partnerships and stable relations between the bank and its clients.

Understanding the clients' needs and high level of services resulted in numerous activities:

- Development of new products and redesigning the existing ones;
- Constant market and competition analysis;
- Improvement of standards and sales approaches;
- Development and implementation of sales tools;
- Direct campaign management;
- Strategy and pricing policy management;
- Creation of training;
- Constant result monitoring;
- Improvement and changes of processes and applications;
- Activities in projects.

Among products available to our SME clients in 2012 we would like to place special emphasis on:

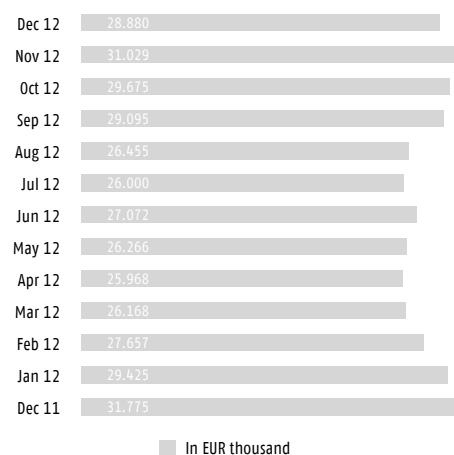
- Working capital loans;
- Investment loans (loans for buying machines, equipment, objects, land, commercial real estate and other fixed assets, construction loans);
- Frame loans (current account overdraft, discount of bills of exchange, revolving lines);
- Subsidized loans (loans with subsidized interest rate for SMEs and registered farms);

- Documentary business (guarantees and letters of credit);
- deposits;
- cards.

Improvement of cross selling, as well as acquisition of new clients through favourable conditions, represented the safe basis for growth in the segment.

In spite of the fall of economic activity, SME segment kept the same level of deposits in 2012 as in past years, thus showing its stability and reliability.

Trends in deposit portfolio of the SME segment in 2012



8. Distribution Channels Team

Distribution Channels Team was formed at the end of 2011, with the chief task of developing distribution channels, especially through expansion of the business network, as well as use of self-service banking technologies, products and services in order to increase market share and presence in geographical regions not currently covered by the business network.

In 2012 expansion of the network continued, increasing the number of branches and sub-branches by seven new ones, both in towns and cities where Hypo bank is already present, and other Serbian towns, while the branch in Niš was relocated.

Aside from business network expansion, Distribution Channels Team expanded the ATM network, especially in locations not near the branches. Only in 2012 the total number

of ATMs increased by 22, the ATM network thus expanding by as much as 47% y-o-y.

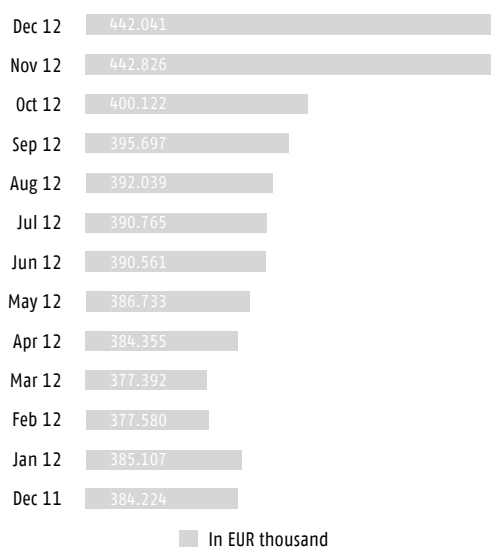
At the end of May 2012 the bank set up cooperation with a partner bank in implementation of POS terminals for all our retailers.

Distribution Channels Team has been actively improving functionalities of the existing e-banking solution, while in September 2012 it released into production the new m-banking solution, offering Hypo clients quick and simple banking transactions by using their mobile phones.

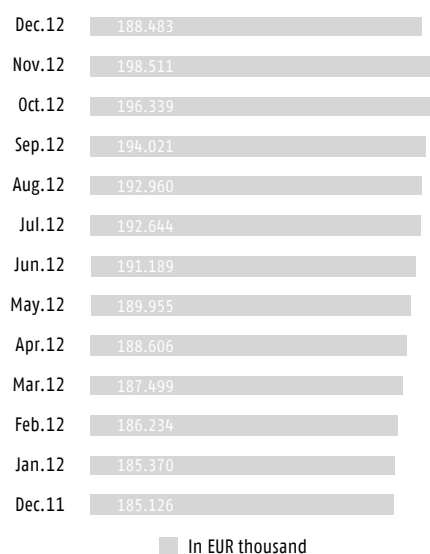
9. Sales Management Division

Sales Management Division continued expanding in the area of collecting deposits in 2012. Deposits were relatively stable throughout the year, with the highest growth achieved in November, during the regular action of Savings Week, when additional EUR 43 million of retail deposits were collected, representing 11% growth y-o-y. In the previous period the bank collected the total of EUR 263 million of retail deposits, recording the highest amount of deposits in the bank's history. Market share rose by 0.4% (from 4.4% to 4.8%).

Trends in deposits of Sales Management Division clients in 2012

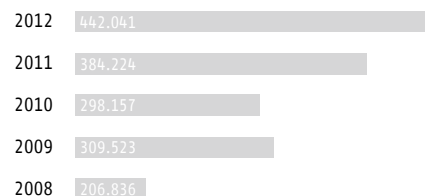


Total deposits of Sales Management Division clients, by year



Total number of clients has been growing steadily throughout the year, gaining almost eight thousand new clients by December, showing 5% growth. Due to a database brush, a certain fall occurred in December.

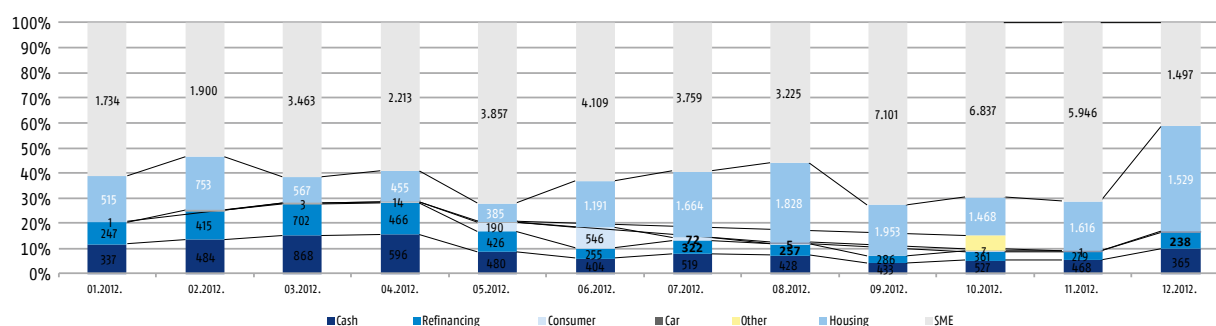
Trends in the number of Sales Management Division clients in 2012



In 2012 placements to the SME segment were the most prominent, making as much as two thirds of total placements. The clients were offered favourable subsidized loans, both for liquidity and residential construction.

In 2012 the bank continued improving sales efficiency and quality of services, improvement of application support and processes, increase of productivity, all with purpose of raising the level of clients' satisfaction.

Volumes of disbursed loans by products



10. Marketing Team

In 2012 the Marketing Team largely followed work of the Sales Management Division in the retail segment.

Most part of the marketing budget for 2012, around 60%, was spent on media campaigns. Of that app. 80% was related to advertising of retail products and services, as the result of the bank's strategy to strengthen its market share in this business segment.

The bank was promoted as a stable and safe financial institution, offering very favourable crediting conditions, savings, new products and services to its clients, based on their needs.

Throughout the year the bank popularized savings, but also the short term retail loans and housing loans. Saving was promoted the entire year. The bank achieved its ambitious plans in collecting deposits, thanks to attractive savings products accompanied by well-designed marketing campaigns. Campaigns included a combination of all communication channels and were put through throughout the year. Peak of the savings campaign was reached in November, traditionally celebrated in the Hypo bank as Savings Month. Sales goals have been achieved, and EUR 30 million deposits were collected.

At the end of Q1 loyalty programme for business cards started, and lasted for three months. In Q2 promotion cycle started, first with housing loans, then Hypo protection loans with insurance, including cash, consumer and refinancing loans. Hypo protection loans were promoted intensively through BTL activities during the summer months, and in media in H2. Year's end, as high season for consumption, was used for additional promotion of these loans and prepaid cards.

Although 2012 represented a challenge with respect to economic circumstances and business environment in the

country, the bank succeeded in achieving its business plans. Sales focus remains a priority in 2013 as well, as well as intensive support of all bank activities, directed at new products and services, but also the current trends in the local and international financial market. Marketing Team plans to continue finding new forms of communication with clients, especially in the area of retail and SME segments.

11. Legal Team

In the course of 2012 the Legal Team, as part of its activities, created and performed legal check of the all documents of the bank related to its legal status and competence in legal transactions, performed registration of data about the bank and the responsible persons relevant for legal transactions into appropriate state registers, drafted specific contracts concluded by the bank with clients, in case of more complex and non-standard loans and other banking business, created and checked contract templates for taken deposits, issuing of cards and account opening, specific contracts on bank's borrowing abroad, including accompanying related documents, as well as contracts whose concluding provided technical base and support for the bank's work.

The Legal Team also prepared material and documents for summoning and holding sessions of the bank Assembly, prepared material in its competence for sessions of the bank's Board of Directors, checked material prepared for sessions of the bank's Executive Board, given legal opinion about various issues arising in work of other organizational units of the bank, provided answers to legal questions asked by Hypo Alpe-Adria-Bank International AG Klagenfurt as its major owner, participated in Hypo Group projects by preparing

adequate documents and provided explanations for all issues in its competence in the projects, procured stipulated approvals, rulings and consents of the National Bank of Serbia, Agency for company registers and other state bodies.

The Legal Team managed court proceedings not related to collection of receivables from the banks' clients, informed employees of amendments of laws and bylaws important for work banking business, and performed other tasks at request of the bank's Executive Board.

12. Anti Money Laundering and Counter Terrorism Financing Team

AML & CFT Team, as an independent team directly reporting to the bank's top management, has the basic task of setting up and developing the system for prevention of money laundering and terrorism financing and initiating and proposing appropriate measures for its improvement to management.

Control and management of risk of money laundering and terrorism financing in 2012 were realized through:

- supervision and analysis of the clients' business;
- reporting and sending data to the Anti Money Laundering Administration;
- internal control of prevention of money laundering and terrorism financing;
- participation in the process of launching new products and services;
- composing the annual plan for professional education and training of employees, making documents for training of employees;
- participation in setting up and development of support in the area of prevention of money laundering and terrorism financing;
- analysis of risk of money laundering and terrorism financing and decision-making on setting up / continuing business relations with high-risk clients;
- reporting to the Executive Board and Audit Committee about activities of prevention of money laundering and terrorism financing;
- implementation of the T24 core system project;
- implementation of the CRS module for client classification.

In the course of 2012 the Team established in its regular report about internal control, submitted to the Executive Board, based on reports from organizational units, that no irregularities were established in performance of activities and measures of client identification and monitoring when setting up a business relationship and during transactions, in the part related to establishing data about the clients' beneficial owners.

In Q4 regulations in the area of prevention of money laundering and terrorism financing were amended. The Anti Money Laundering Administration published the Directive on publishing indicators for recognizing suspicion of money laundering and terrorism financing, publishing in its website the amended and supplemented list of indicators. AML & CFT Team made adequate amendments in the internal List of indicators and submitted it for approval of the Executive Board in time.

Pursuant to the Programme of annual professional education and training of employees in the area of prevention of money laundering and terrorism financing in 2012, the AML & CFT Team trained 551 employees.

13. Compliance Team

Reputation is of immense importance for Hypo bank. Observing legal regulations, internal bank enactments, application of standards and good business practise is a necessary requirement for preserving reputation and decreasing the regulatory risk and financial loss risk.

The need of Hypo bank to introduce necessary standards and good business practise, primarily for its clients, demanded that the Compliance Team be constantly involved in all relevant business processes pursuant to the good business practise in compliance activities, in order to implement standards and legal regulations under the competence of Compliance Team.

Since its founding in 2006, the team kept developing, improving its methodology, and in the course of 2012 it added pace to activities of improvement of functionalities. The team adopted the new plan of activities and several internal enactments regulating standards under the competence of Compliance Team. Several new procedures were developed, application for monitoring realization of proposed activities for compliance of internal enactment and activities was implemented, all in order to strengthen internal control, coherent application of legal regulations, standards and good business practise under the authority of the Compliance Team.

Compliance Team invests its effort in influencing and raising awareness of employees about the need to act upon legal regulations, internal bank enactments, standards and good business practise.

Compliance Team achieves its role by identifying, monitoring and management of compliance risk, through controls, reporting on established incompliance, proposing activities /recommendations for overcoming established incompliance, providing opinion on compliance of policies, procedures and products of the bank, monitoring realization of proposed activities for removal of incompliance, monitoring advertising of bank products, participation in projects important for the bank, communication with regulatory and investigative bodies, all in order to ensure legal business processes and protection of interests of clients, the bank and its employees, improvement of procedures, and accordingly, minimizing reputational risk, regulatory and financial loss risk.

14. Safety, Security and Fraud Prevention Team

After systematization in December 2011 the Department for Security Monitoring and Prevention continued operating as the Safety, Security and Fraud Prevention Team.

Primary duties of the team are related to prevention, analysis and resolving frauds (internal and external). Safety, Security and Fraud Prevention Team cooperates continuously with managements and employees of the bank with regards to appearance of suspicious persons and potential attack (fraud).

Safety, Security and Fraud Prevention Team updates data in the Fraud list database every day, containing data about natural persons and legal entities identified as suspicious or potentially suspicious. No person can become the bank's client without the check in the internal Fraud list. Fraud list is in the bank's Lotus notes portal. In 2012 total number of registered legal and natural persons identified as suspicious amounted to 225.

Cooperation with members of the Fraud Prevention Forum of the Serbian Chamber of Commerce continued in 2012. Mutual informing about current forms of fraud and misuse in the process of loans approval and use, contributed to decrease of fraud risk in 2012. Exchange of appropriate data and information among forum members takes place according to general rules of using and proceeding with data and information of the Forum. These data are not binding, but represent general recommendations. Access to data and informa-

tion is only allowed to the Forum members, who distribute them to other stakeholders and units in their banks pursuant to internal enactments.

In the course of 2012 the Group held the tender for security services. After several months of the tender process, it was decided that the company the bank had cooperated with up to then, Securitas Services d.o.o. Beograd, fulfilled all conditions to continue cooperation, after comparison to other bidders and based on quality, price and other criteria. The contract was signed in August 2012.

Safety, Security and Fraud Prevention Team continued regular training of all new employees in the area of security and information security. Having in mind cost optimization in the past year, as well as the overall security situation in Serbia and the region, the team deemed that additional security training was necessary, in order to raise awareness of employees and prevent potential loss. At the end of 2012 the bank organized security training for employees in Belgrade branches and sub-branches. Training was performed by the long term consultant „AOA Security”, with the focus on protection of people, concentrating activities on two categories, pre and post incident. Each of the categories required a different training focus, placing the human factor first. Analysis of a large number of criminal and terrorist acts showed that behaviour of victims prior to the incident is of key importance. Conclusions showed that most attacks could have been prevented with help of different behavioural response. In such situations employees can modify their behaviour so as to enable identification of potential dangers upfront, thus preventing potential damage.

Hypo bank employees have to be trained in the sense of knowing how to discover a misuse, their awareness should be developed, and they should be motivated to combat misuse, as well as to be capable of discovering suspicious structures. At the end of 2012, pursuant to the adopted Misuse Prevention Policy, all employees were obliged to attend online training on misuse prevention. Purpose of this training was to show specific examples in real situations to employees, introducing them to issues and problems in fraud prevention. Training was composed of several steps with practical examples from everyday business situations, including multiple-choice questions. Training ended in April 2013.

The bank finalized implementation of the group programme „BKMS Whistleblowing” related to on-line electronic mailbox for all employees who want to report cases of corruption, fraud, inobservance of security and other procedures.

Safety, Security and Fraud Prevention Team participated actively in resolving all cases of fraud in Hypo bank and Hypo leasing, starting investigation of the total of 84 cases in 2012.

In 2013 Safety, Security and Fraud Prevention Team will participate actively in all bank processes and aid by its work to employees in overcoming risky situations.

At the moment security situation in Hypo bank is at a very high level, and in the upcoming period we will preserve such situation through team work.

15. Human Resources Department

At the end of Hypo Alpe-Adria-Bank a.d. Beograd had 837 employees. As before, gender structure was on the female side, 70% to 30%. The most employees have university degree, 57%, and the most numerous age group is from 30 to 39, with almost 58% of total employees.

Role of the Human Resources Department is strategic, administrative and developmental, as support to the Executive Board on one hand and the employees on the other.

Business processes and resources were optimized through the Group Optimisation, Organisation and Governance project, reorganizing the bank's management structure in the sense of harmonization of management positions on all levels with the group. Human Resources Department provided full administrative support and contribution to this project.

Since the market changes constantly, one needs to adapt development of employees to market needs. In this sense Hypo bank continued training initiated in cooperation with IEDC BLED School of Management through three programmes: 1) Creating Future, for members of the Executive Board, 2) Leading from the middle, for managers directly reporting to the Executive Board, and 3) Achieving operational excellence, for the following management level and employees with potential. The total of 147 employees were trained in 2 modules. The bank also initiated the Risk Academy, in order to improve employees' knowledge in the area of risk. In October pilot training „APRM Masterclass" was held, with finalization of the project planned for 2013. Aside from the above, online training „Leasing basic education" was held for employees in market divisions of the bank and leasing, with 90 participants.

In 2012 as well we continued with tailor-made training created for the bank's needs, and internal training with lecturers – our colleagues, who understand best the clients' requests, group requests, and regulatory requests on one hand, and our possibilities to respond to them on the other. In that sense we would like to place accent on Financial analysis training, organized for the needs of the Credit Management Division and Retail Credit Risk Management Division. Last year we had the first practical security training. This was tailored for employees in branches and sub-branches, to teach them how to react in critical situations.

Sales Force Effectiveness (SFE) project continued into 2012 – SFE II, training the SME employees to use tools and apply principles effectively throughout the group.

Aside from the above, our employees also had legally prescribed training, such as the one in prevention of money laundering, fire fighting, etc.

Through corporate social responsibility programmes we aided young people, students and students of economic schools through necessary internships.

Plan for 2013 includes all forms of necessary interne, in-house and external training, as well as continuance of development programmes started earlier.

16. Staff function: Economic Research

Economic Research function is a staff function, directly reporting to the Executive Board, which provides necessary analyses and data for the management, to be used in the process of adopting decisions and plans.

Basic task of Economic Research is to monitor macroeconomic trends and policies in the country and abroad, trends in the banking sector, as well as trends and perspectives in individual corporate segments. Aside from monitoring trends, Economic Research compose projections for future developments in key economic and financial figures relevant for the bank's operations.

Work processes include regular preparation of analyses of business in the banking sector in Serbia, based on quarterly balance sheets, occasional short comments on current subjects, as well as analyses of the state and perspectives of individual branches of the economy important for the bank' portfolio. Economic Research also prepares research and analytical material in its area of expertise, on specific economic subjects of general inter-

est, presented when the bank's representatives are invited to take part in public discussions in professional conferences and forums.

Aside from regular and ad-hoc materials for internal use, Economic Research edits and prepares several publicly available publications. On daily level Economic Research publishes comments on money market and FX market events in Serbia. Every month the bank publishes „Economic Digest – financial and market trends guide ". Economic Research also participates in creation of the regional quarterly publication „SEE Macroeconomic Outlook", in cooperation with Economic Research Department of the Hypo bank in Croatia. This publication includes an overview and forecasts of basic macroeconomic indicators and developments in the banking sector in SEE markets our group operates in (Bosnia and Herzegovina, Montenegro, Croatia, Slovenia and Serbia). In 2012 Economic Research cooperated with the consultancy Altis capital and the weekly NIN in preparation of an annual publication „TOP 500", containing the top list of Serbian companies, as well as the analyses of the economy by segments.

17. Staff function: Corporate Communications

Corporate Communications are a staff function, directly responding to the bank's Executive Board, managing all processes of external and internal communications.

Corporate Communications activities in the area of media relations in 2012 resulted in the first position of Hypo Alpe-Adria-Bank a.d. Beograd in the total number of media reports in relation to all other banks in the Serbian market, as well as the first position in the number of media reports in the segment of communicating products and services. Total number of media reports about the Hypo bank in 2012 increased by 11.6 percent y-o-y.

With purpose of improving communications with its target groups, communication in the internet, i.e. social networks improved significantly in 2012. The number of fans in the bank's official Facebook page increased by 500 percent in 2012, while the number of followers on Twitter increased by 260 percent. An official YouTube channel was started as well, for placement of diverse video content.

In the segment of corporate social responsibility, in 2012 the Bank realized a string of projects of community support.

Realization of corporate social responsibility projects was mostly directed at supporting young talent and students, development of culture and education and charity work, i.e. supporting the socially handicapped. Pursuant to the network expansion strategy, the bank realized various donations for institutions and organizations in towns new branches and sub-branches were opened in. According to principles of the UN Global Compact, signed by Hypo bank, Corporate Communications prepared the regular Progress Report, i.e. detailed annual report on all realized corporate social responsibility projects.

In the internal communications segment, Corporate Communications created and distributed all information relevant for employees, pursuant to the existing local and group procedures. Employees were informed continuously through the Intranet portal, as well as through the print media – internal newsletter Hypo News. Corporate Communications also coordinated preparation and publishing of publications whose authors were employed with other organizational units.

18. Financial Controlling Department

Financial Controlling Department operates as an independent department reporting directly to the Executive Board. The department has the task of providing regular process of reporting on results at all vertical levels, adequate planning process with the budget and the five-year business plan as end result, as well as development of various instruments whose purpose is to measure profitability and improve reporting processes for the most efficient possible bank management by the Executive Board.

Primary task of the department is to monitor bank's business, in the sense of planned developments of the loan portfolio, deposits and other financing sources, structure of operational income /expenditure, new investments and control of costs, as well as measurement of profitability and efficiency. The bank has the goal of achieving sustainable growth and balancing its activities in the sense of profitability and risk.

Financial Controlling Department provides support for all market divisions in the area of reporting, planning, creating various analyses and developing financial models. Communication with other organizational units, as well as the Hypo Group, is also a part of everyday activities.

In 2012 the bank intensified activities in introducing COGNOS Planning as part of SAP Profitability Analysis, with the idea of improving the planning and reporting system.

19. Treasury and Balance Sheet Management Department

FX market

In 2012 Hypo Alpe-Adria-Bank a.d. Beograd kept its stable position in the financial and interbank Serbian market.

In the local interbank FX market the largest influence on the RSD exchange rate in 2012 was exerted by parliamentary and political elections. Until May 2012 the local FX market was characterized by constant demand from FX and dinar depreciation. Political uncertainty and government change in the parliamentary and presidential elections influenced further halt in dinar depreciation.

In Q4 2012, thanks to stable political situation and high yields for securities issued by the Ministry of Finance of the Republic of Serbia, FX was in high offer, and the dinar appreciated, leading to stabilization of the dinar exchange rate.

As the result of the above factors, EUR/RSD exchange rate dropped in 2012 by 8.67%, representing a change relative to 2011, when the exchange rate appreciated by 0.81%.

In the course of 2012 the National Bank of Serbia (NBS) made many selling interventions in the interbank market. Due to high volatility and demand for FX, NBS sold the total of EUR 1.353 billion to commercial banks in 2012, and bought EUR 5 million from commercial banks.

The highest dinar to euro depreciation was recorded in August, amounting to 119.0723 (median National Bank of Serbia exchange rate), representing depreciation in the amount of 13.79% ytd. The highest appreciation occurred in January, when the exchange rate was 103.6922, 0.38% appreciation ytd.

In 2012 retail prices growth amounted to 12.2%.

EUR/RSD exchange rate in 2012 (average values m-o-m)

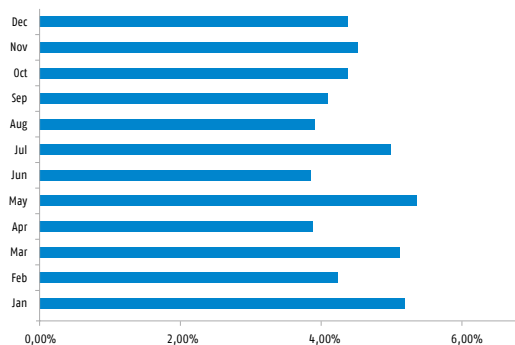


Increased interest in investing into government securities, as well as general more favourable economic perspective of Serbia in 2012, influenced on the trading volume in the Serbian interbank market to keep the approximately the same level as in 2011. In 2011 total trade stood at EUR 19.532 billion and in 2012 EUR 17.389 billion (making 88.78% in comparison to 2011).

In 2012 Hypo Alpe-Adria-Bank a.d. Beograd succeeded in preserving its position as one of the leading Serbian banks. In total buying in the interbank market Hypo bank participated with 4.6%, while in total sales it participated with 4.4%. Overall share of the bank in the interbank market in 2012 was 4.5%.

At the same time, in buying from resident clients, the bank realized the share of 4.82%, in selling to resident clients 5.57%, with total share in trading with resident clients of 5.11%.

HBSE share in the interbank market in 2012

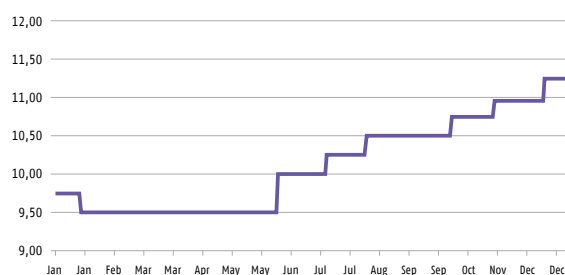


Monetary policy of the National Bank of Serbia

National Bank of Serbia continued strengthening its monetary policy market instruments. In compliance with its policy, the National Bank of Serbia continued influencing with monetary instruments the inflation rate trends, i.e. bringing the inflation down to target frame. In 2012, due to a jump in prices of energy-generating products and regulated prices, elections and high depreciation, the targeted inflation rate of 4%+1.5% was not achieved. CPI amounted to 12.2% in 2012.

In 2012 NBS interventions increased dramatically, amounting to net EUR 1.347 billion, relative to app. EUR 135 million in 2011. Reference interest rate moved from 9.75% to 11.25%.

Repo rate in 2012



Capital market

Belgrade Stock Exchange trade in 2012 showed a downfall in achieved trading volumes y-o-y. Total trading volume decreased in both segments, in securities in dinars and those denominated in EUR. Fall in interest of investors is reflected in the fall of turnover in line of worsening of macroeconomic ratios throughout 2012, but it also comes as the effect of still ongoing crisis at global level. At the same time both leading Belgrade Stock Exchange indices recorded mild upturn, Belex15 by 4.98%, and BelexLine by 2.90%. Having in mind the state of the Serbian economy in 2012, and the fact that both indices plummeted in 2011 by as much as 20% (Belex15 23.43%, and BelexLine by 23.82%), 2012 growth would be rather called consolidation of exceptionally low last year's number than a recovery.

BELEX 15

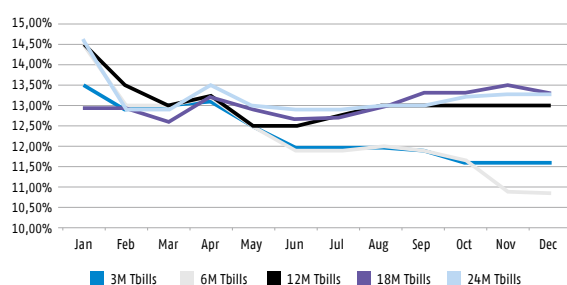


BELEX Line



In 2012 trading volume continued to grow, both in the primary and secondary markets of government securities of the Republic of Serbia. Aside from quantitative move, a qualitative step forward was made by the first issue of five-year coupon securities of Republic of Serbia. This extended the dinar yield curve. Yield curves for these securities rose in Q1 to Q3 2012, under the influence of worsening the country's macroeconomic ratios, with additional pressure from the fact that 2012 was the year of elections in Serbia.

Yield correction downwards started at the beginning of Q3, after the local political situation settled down, and the new government announced the plan of consolidation of public finances. This was additionally stimulated by the current relatively favourable situation in the interbank financial market and successful sales of Serbian Eurobond at lower yield rates, making the short term financial position of the state comfortable, giving it the chance to exert additional pressure on yields form securities issued in the local financial market.



20. Risk Controlling Division

Risk Controlling Division is one of the pillars directly responsible to the CRO, responsible for identification, measurement, control, monitoring and reporting on significant risks on bank level.

After the overall bank reorganization in Q3 2011, some functions and tasks in the area of credit risk performed earlier in the Credit Management Division, were joined with Risk Controlling Division, and work of the division in 2012 was marked by continued intensification of the process of identification, measurement, control, monitoring and reporting on the bank's risk profile, mostly in areas of credit risk, liquidity risk and operational risk. The division also focused on other risks – FX risk, interest risk etc.

With continued support of the Hypo banking group, Risk Controlling Division continued developing and implementing methodologies, instruments and tools for measurement and appraisal of risk, and well as more complex scenario analyses in the area of credit risk and liquidity risk, and more frequent reporting to the Executive Board and the group about risks the bank was exposed to.

Special attention and challenge in the division's work in 2012 was directed at implementation of the internal capital adequacy process (ICAAP), whose full implementation, according to the decision of the National Bank of Serbia, was to be finalized by 31st December 2012, and 30th April 2013 was the deadline for the first report to the National Bank of Serbia in ICAAP.

As in earlier years, Risk Controlling Division participated actively in work of relevant committees and bodies of the bank in management of certain projects and coordination of those activities with the Hypo Group, thus continuing to act as one of relevant factors in the process of creating the strategy of risk management, in improvement

of risk analysis methods, as well as the very process of risk management of the bank.

21. Credit Management Division

Credit Management Division is one of the key components of the organization, with significant impact on the bank's overall success. As part of the credit process, the division is responsible for coherent identification, assessment, monitoring and management of the bank's credit risk in the corporate, public and financial sector. The above activities are put through pursuant to regulations of the National Bank of Serbia based on recommendations, rules and guidelines of the Hypo Group.

As part of the activities of credit risk management, the bank holds monthly sessions of the Watch Loan Committee, which adopts defined or proposes additional measures for prevention of credit risk increase, of exceptional importance for functioning of the bank. The committee is competent for monitoring of developments with the existing performing clients on the so called „Watch list" as well as defining measures for prevention of credit risk increase for those clients. The committee also adopts regular reports on the risk of WL portfolio („Watch list Portfolio Risk Report") and gives proposals for adoption of adequate measures to competent committees.

The division is organized in the following departments / teams:

- Underwriting Department;
- Financial Analysis Department;
- Corporate Monitoring Team;
- Credit Support Function.

Efficient credit risk management as a critical component of the overall approach to risk management, represents the most important goal of the Credit Management Division. This is especially important at the time of economic crisis – slow-down of economic activity and worsening of market liquidity. Having in mind the negative effects of the economic crisis and slow recovery of the local economy, special attention is paid to assessment of credit risk for new placements, as well as reviews of existing placements through regular activities of analysis and assessment of financial, market and credit potential of clients.

Additionally, client monitoring is performed actively, with purpose of timely recognition of early warning signals and undertaking adequate procedures and measures with purpose of preserving portfolio quality. As part of recognizing the warning signals, the division collects information, identifies and analyses problem causes and classifies clients into risk categories. Based on the above, it defines measures for prevention of increase of credit risk and performs control of their execution.

Purpose of the above activities is to provide timely information in view of potential risk factors, and timely reaction of the bank to prevent worsening of the portfolio quality. At the same time, this also provides further support for clients of the bank in stabilization and preservation of business continuity, and enables further development and revival of the local economy.

22. Credit Processing Division

Credit Processing Division, as an independent organizational unit of the bank, is one of the important factors in the credit process, whose goal is to diminish the risk of the bank's operations.

Basic responsibility and competence of the division is to create contracts and collateral documents for the bank's placements, monitoring of collaterals (unless in cases of loans to natural persons secured by bills of exchange, joint and several liability, life insurance and no-value collaterals) as well as processing of loans of bank clients, except for natural persons and banks.

Pursuant to the already mentioned OOG project, the division was reorganized, forming two departments:

- Credit and Collateral Department;
- Support Department.

At the same time with this reorganization, non-risk relevant tasks under competence of the division were transferred to competence of other divisions.

In monthly sessions of the Risk Committee (RICO), one of whose major goals is to monitor the bank's exposure to credit risk, the division participates by preparing reports and presenting the overview of coverage of disbursed placements by agreed collaterals, by business segments.

In 2012 the division participated in the project of collateral Eligibility Rush, organized and realized in cooperation with the Group. Project included monitoring of real estate insurance policies, both residential (RRE) and commercial (CRE). As part of the project the bank performed monitoring of insurance policies for real estate whereupon mortgages were instituted over on behalf of the bank as collateral for placements, timely updating and securing that all mortgaged real estate are insured adequately. Consequently the clients were reminded two times about their contractual obligations by registered mail. For clients who have not yet sent insurance policies the bank provided the so called umbrella insurance, pooling the insurance for commercial and residential real estate without a valid policy.

At the same time the division continued activities of improving data quality in the collateral system, as well as measurement and valuation of collaterals and timely updating of collateral appraisals, both real estate and movables, on one hand, and insurance policies on the other.

In the course of 2012 Credit Processing Division prepared the Contract policy and new versions of the Administration policy, Borrower definition policy, Collateral management policy and Collateral and collateral monitoring manual.

Based on the Contract policy, Credit Administration Team, part of the Credit and Collateral Department, prepared new templates of standard contracts for the bank's loans.

Pursuant to the Memorandum of understanding the bank signed with Hypo Leasing, the team created standard contract templates for financial leasing, and reviewed the versions of Hypo leasing policies under competence of the division.

Support Team, part of the Support Department, participated actively in preparing data for registration of bills of exchange serving as collateral for placements of legal entities, pursuant to National Bank of Serbia regulations.

In compliance with implementation of the new core system Temenos/T24+ Best implementation, Support Team and Collateral Administration Team participated continuously in the project according to implementation strategy: defining process improvement requests, checking and confirmation of functional specifications, testing offered functionalities, training etc.

The division achieved its most important goals for 2012 successfully and in time:

- It changed its organizational structure and improved its work;
- Transferred non-risk-relevant operations to other divisions, including archiving;
- Registered bills of exchange of its clients and guarantors;
- Created standard contract templates for new products pursuant to Contract policy;
- Participated actively in the Eligibility Rush project for collaterals, raising the percentage of collateral acceptability;
- Participated in the project of implementation of the new core system T24;
- Achieved process improvement (automation of the process of filling out dunning letters).

23. Credit Rehabilitation Division

In the course of 2012 there were no organizational changes in the Credit Rehabilitation Division, since the one performed in September 2011, in order to comply the business process and competences with group requests, transferring the competence for rehabilitation and forced collection from retail clients to the new Collection Division.

According to the existing organization the division is formed of the following departments:

- Restructuring Department;
- Workout Department;
- Portfolio and SRP Reporting Department.

In 2012 Credit Rehabilitation Division participated actively in collection, restructuring and recovery of the bank's non-performing receivables, as well as sales of mortgaged real estate.

Credit Rehabilitation Division is composed of three departments:

Restructuring Department

Restructuring Department is responsible for clients with operational business, which generates cash flows that could cover a relevant portion of financial liabilities.

The basic activity of the department is restructuring, implying:

- Preparation and presentation of opinions and proposals for each individual case of restructuring and preparation of the new credit proposals with adequate explanation;
- Constant control of new measures, undertaken in order to improve financial situation of clients, for purpose of collection of receivables;
- Monitoring – after the process of client restructuring, one can decide (based on the clients; financial standing) not to return the client to regular status, i.e. branch, but keep it under department's supervision, until financial standing of the client is improved up to the level when it can continue regular repayment of obligations to the bank;
- Negotiations with potential buyers in cases of selling collaterals (movables and/or real estate);
- Reporting about the clients' status under the competence of the department.

Workout Department

Workout Department is responsible for clients when collection is largely realized through collateral workout, bankruptcy etc.

Basic activity is forced collection, including:

- Analysis of the legal status of collaterals and credit placements;
- Giving legal opinion at proposal for client reprogramming and restructuring;
- Creating legal enactments pursuant to the procedures of the Credit Rehabilitation Division and Workout Department;
- Representing the bank with purpose of collecting receivables, in relation to cases assigned to the department;
- Supervision over work of engaged external law offices;
- Creating reports on status of cases court proceedings were initiated for;
- Negotiations with potential buyers in cases of selling collaterals (movables and/or real estate);
- Organization of the process of selling collaterals.

Portfolio and SRP Reporting Department

Basic activity of the department is monthly identification of corporate clients for calculation of individual provisions, as well as calculation of provisions based on the assumptions delivered by responsible managers. Cooperation with other departments in the division and providing support. Monitoring and applying IFRS and local regulations (NBS) in the area of calculation of specific risk provisions, and other regulations in the area of competence of the division. Control of reports taken from the IT system and preparation of regular and special reports, according to the needs of the division and request of the division head and the bank's Executive Board.

24. Task Force Rehabilitation Team

Basic task of the Task Force Rehabilitation Team is to put through liquidation of the defined portfolio under the competence of Hypo bank (< EUR 5 million) and portfolio under competence of the Group Task Force Rehabilitation (>EUR 5 million).

Management and monitoring the assigned liquidation portfolio (performing and non-performing placements) of the Group Task Force Rehabilitation Team and the local team (GTFR and LTFR) with purpose of liquidating the portfolio with minimal losses of value and maximal profit. Primary responsibility is management of client relations, documenting activities and mapping the system of assigned clients. All activities related to the portfolio of the Task Force Rehabilitation Team are performed with full cooperation with the Group Task Force Rehabilitation Team.

Basic purpose of the Task Force Rehabilitation Team is to participate actively in processes of client recovery achieved through various forms of restructuring.

Portfolio of placements under the team's responsibility includes previously realized performing and non-performing placements to corporate clients in the following areas:

- Commercial real estate;
- Project financing;
- tourism;
- leasing.

This portfolio does not include all placements from the above areas, but a precise list of placements where risk concentration was identified after internal analyses and consultations.

Basic tasks (detailed description):

1. Client relations, negotiations

Contacts /correspondence with clients, negotiations and talks with clients, external auditors, lawyers and other banks, implementation of measures for restructuring and collection.

Monitoring agreed strategies for restructuring, participation in negotiations with other banks etc.

2. Credit analysis

- Analysis of credit capacity, business model and the client's financial standing (partially based on input from CMD, Financial Analysis Department);
- Assessment of financial and business plans from the aspect of veracity and feasibility;
- Assessment of restructuring plans;
- Assessment of collateral workout, collection proposals;
- Analysis of the bank's position (also in comparison to other banks) including legal position based on checked loan and collateral contracts and collateral quality (based on external appraisal, CREM confirmation);
- Defining soft facts for internal rating, confirming and updating internal rating (hard & soft facts), entering rating into the core system;
- Defining the restructuring/exposure strategy;
- Defining collection/exposure strategy;
- Preparing bankruptcy and court proceedings together with internal/external lawyers, preparing the legal strategy for collateral workout;
- Preparing/creating credit risk assessment in the context of loan applications;
- Voting on specific requests (positive, negative or conditional positive);
- Defining conditions for making loan decisions;
- Presenting the risk function in credit committees.

3. Specific risk provisions management

Assessment of impairment factors and creating test calculations, creating requests for approval of specific risk provisions and reporting to relevant committees pursuant to the bank's specific risk provisioning policy.

4. Reporting to committees

Reporting to Group Task Force Rehabilitation Team, Group credit committees, Executive Board of the Bank and other committees.

5. Portfolio management

Checking credit exposure in TFR portfolio, developing strategies of exposure.

6. Project activities

Participation in projects of the team and the Group.

25. Retail Credit Risk Management Division

Retail Credit Risk Management Division was founded in January 2012, as the result of the bank's focus on retail operations and the need for viewing the characteristics of this segment from a specialized perspective.

When founding the division the entire capacity for credit risk assessment of individual requests was taken over from the Credit Management Division. Retail Credit Risk Management Division is organized according to the following structure:

- Retail Portfolio Management Department;
- Function of natural persons portfolio management;
- Function of SME portfolio management;
- Analytics and reporting;
- Department for credit risk assessment and restructuring non-standard requests, wherein employees have been divided into three basic roles: (i) credit risk assessment for non-standard requests for natural persons, (ii) credit risk assessment for non-standard requests for SME, (iii) credit risk assessment for restructuring natural persons' and SME placements;
- Three staff functions: (i) Function of retail collection risk management, (ii) Function of fraud pre-

vention in retail operations, (iii) Function of retail review.

Basic goals of the Retail Credit Risk Management Division are maintaining quality of new placements at a high level pursuant to Hypo group standards, through defining standardized processes enabling good-quality and quick request processing, while observing the National Bank of Serbia regulations, standards of internal regulations, as well as diminishing the existing non-performing loans level.

In 2012 the first Retail credit policy was adopted, processes in the retail segment were fully amended, resulting in better quality of new business in 2012 in comparison to previous years.

26. Collection Division

Collection Division was formed in June 2011, enabling transfer of the entire portfolio of retail clients (natural persons, agro and SME) from the competence of Rehabilitation to the new division.

Collection Division is composed of the following departments and functions:

- Early Collection Department;
- Prevention Department;
- Loss Recovery Department;
- Administration Department;
- Legal and Repossession Department;
- Analysis function;

Activities of the Early Collection Department:

- Employees in Early Collection service clients /debtors, co-debtors and guarantors who are 1 to 30 days past due for the bank and leasing (natural persons, farmers, SME, and cover all products in delay belonging to that segment) pursuant to the Group Collection Policy for Retail;
- Employees in Early Collection treat clients in delay as clients, not as debtors, and remind them of payment delay. They use polite and friendly manner of communication;
- Goal of the employee is to convince the client/debtor, co-debtor and guarantor to settle due liabilities;

- Updating alternative addresses, phone numbers (home, mobile, work) as well as numbers and addresses of employers they come by while talking to clients;
- Sending reports about undertaken activities with purpose of collection by phone to the reporting team which unites reports;
- Offering restructuring to clients who have conditions for it;
- If the client cannot be contacted through available phone numbers from the database, the client is sent to skip tracing;
- Employees in Early Collection service all incoming calls.

Activities of the Prevention Department

- Employees in Prevention service clients /debtors, co-debtors and guarantors who are 31 to 90 days past due for the bank and leasing (natural persons, farmers, SME, and cover all products in delay belonging to that segment) pursuant to the Group Collection Policy for Retail;
- Employees in Prevention treat clients differently than employees from Early Collection. Communication with the client is more to the point, negotiations are more difficult. They treat clients in delay up to 60 days as clients, and after 60 days as debtors. Employees warn about the possibility of sending the case to external agencies, initiating court proceedings and repossession of collaterals;
- Goal of the employee is to convince the client/debtor, co-debtor and guarantor to settle due liabilities;
- Updating alternative addresses, phone numbers (home, mobile, work) as well as numbers and addresses of employers they come by while talking to clients;
- Sending reports about undertaken activities with purpose of collection by phone to the reporting team which unites reports;
- Offering restructuring to clients who have conditions for it;
- If the client cannot be contacted through available phone numbers from the database, the client is sent to skip tracing;

Activities of the Loss Recovery Department:

- Employees in Loss Recovery service clients /debtors, co-debtors and guarantors who are 90 days past due for the bank and leasing (natural persons, farmers, SME, and cover all products in delay belonging to that segment) pursuant to the Group Collection Policy for Retail;
- Employees in Loss Recovery treat clients differently than employees from Early Collection and in Prevention. Communication with the client is strictly to the point, negotiations are very difficult. They treat clients as debtors. Employees warn about the possibility of sending the case to external agencies, initiating court proceedings and repossession of collaterals;
- Goal of the employee is to convince the client/debtor, co-debtor and guarantor to settle due liabilities;
- They provide support to Legal and Repossession Department in the court proceedings;
- Updating alternative addresses, phone numbers (home, mobile, work), as well as numbers and addresses of employers they come by while talking to clients;
- Sending reports about undertaken activities with purpose of collection by phone to the reporting team which unites reports;
- Offering restructuring to clients who have conditions for it;
- If the client cannot be contacted through available phone numbers from the database, the client is sent to skip tracing.

Support Department consists of three teams:

- Restructuring Team;
- Administration Team;
- Skip Tracing Team.

Activities of the Restructuring Team:

- Development, implementation and management of processes for retail, agro and SME clients restructuring for the bank and leasing;
- Communication with clients who accepted restructuring;
- Control of received documents;

- Coordination and cooperation with other organizational units in bank and leasing;
- Monitoring of client who were restructured;
- Cooperation with the National Corporation for Housing Loans Insurance.

Activities of the Administration Team:

- Activities related to forming and sending dunning letters and SMS messages to clients;
- Collection of return receipts, delivering them to Skip Tracing Team for checking addresses and archiving;
- Coordination with external collection agencies.

Activities of the Skip Tracing Team:

- Finding new contact phones and addresses of clients / debtors, co-debtors and guarantors (yellow pages and white pages, 988, election lists...) and updating the database;
- Sending reports about undertaken activities in order to collect by phone to the Reporting Team, which unifies the reports.

Activities of the Legal and Repossession Team:

- Checking collateral status;
- Preparing documents for initiation of forced collection;
- Initiation of court proceedings (litigation, bankruptcy, executive and criminal);
- Initiation of off-court foreclosure;
- Coordination with external law offices;
- Repossession of movables and real estate (after legal requirements have been met).

Activities of the Analysis and Reporting Team:

- Creating call lists for operators in Early Collection, Prevention and Loss Recovery departments;
- Collecting all reports from departments and forming a unified division report;
- Creating reports at group request, head of division and heads of departments;
- Thinking through and creating reports in the bank's IT system in cooperation with IT;
- Standardization of result measurement and KPIs.

Results achieved in 2012:

Collection Division cooperated with Retail Risk in April 2012 to create a catalogue of products for restructuring of natural persons, and in May the catalogue for SME and agro clients, whereupon the number of restructuring cases increased from 30 on the average per month prior to the catalogue to app. 100 cases per month by the end of 2012.

Regular process of calling clients increased the number of clients not in delay and stabilized NPL.

The new process in the Legal and Repossession increased the speed of resolving cases and possibilities for execution.

The number of sold collaterals (real estate) increased significantly, so that 2012 ended with 48 sold collaterals in the amount of app. EUR 2 million relative to 12 sold in 2011.

By introducing the analysis function work of the division became more transparent, and daily, weekly and monthly reports improved control of the portfolio.

Application was created, covering the complete process in the division from the beginning to the end, with all necessary information about the client in one place.

27. Operations Division

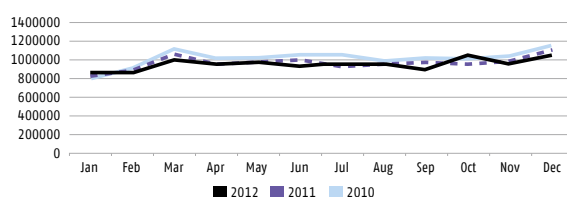
In January 2012 Operations Division officially started working, unifying six departments that were formed when all Transactions Banking Division were taken over, as well as parts of tasks of the Credit Processing, Retail and Private Banking – network, as well as Real Estate Management.

1. Payment Services Department

The Payment Services Department achieved the following results:

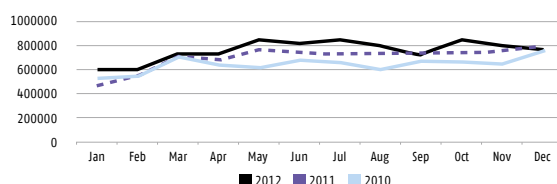
Number of transactions of domestic legal and natural persons in dinars in 2012 recorded a 5.9% fall y-o-y, while in the same period total turnover in the domestic payments increased by 7.1%.

Number of transactions in domestic payments



Number of foreign exchange transactions in 2012, realized through instruments of international payments, recorded 7.90% growth y-o-y, while in the same period the volume of international payments dropped (24.24%)

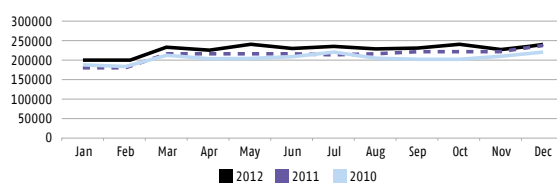
Number of transactions in international payments



Total revenues from clients for domestic payment commissions (legal and natural persons) in 2012 amounted to RSD 444,780,214 RSD, growing 16.7% y-o-y.

Total revenues from clients for international payment commissions (legal and natural persons) in 2012 amounted to RSD 145,679,455.69, 11.20% more y-o-y.

Number of transactions with issued cards



Number of transactions per month performed by Hypo bank clients (89,300 issued cards) increased by 3.25% - from 236,509 in December 2011 to 244,186 in December 2012..

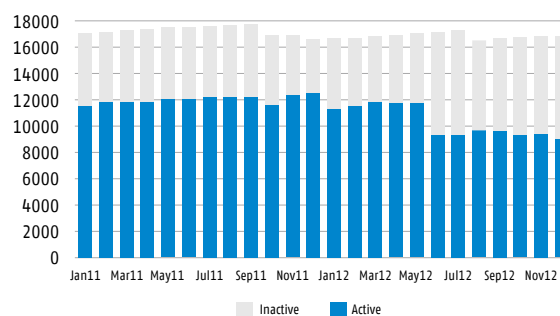
Turnover volume with cards issued by Hypo Alpe-Adria-Bank a.d. Beograd recorded 4% growth - from RSD 1,127,000,000 in December 2011 to RSD 1,174,000,000 in December 2012.

2. 2. Client and Account Administration Department

Client and Account Administration Department was formed in January 2012 with teams taken over from the Transactions Banking Division and Credit Processing Division. Its basic activities have been grouped around tasks of support through e-banking solutions with centralized administration of clients' requests for individual services, administration of deposits, overdrafts and corporate credit cards, correction of posting of transactions in the domestic payment operations, reporting to the Agency for Deposit Insurance, and the National Bank of Serbia as well as tasks of international complaints and preparation of reports at request of competent bodies.

One of the major tasks of the department in 2012 was development of the document management system for centralized opening and closing accounts of legal persons residents, as well as control and takeover of documents for already opened accounts from the branch network. The system, which includes all controls of the four-eyes principle, in account opening and identification of clients was developed and implemented in October 2012, after which the new process for opening and closing the accounts of legal persons residents, who file their requests in all parts of the bank's network, was set up immediately (November 2012).

Accounts of legal persons in domestic payments 2011/2012.



E-banking transactions of legal persons which participated in total number of non-cash transactions, participated with 58.56%, and in total turnover with 85.11% relative to all non-cash transactions of the domestic payments.

Number of natural persons using the WEB e-banking and SMS services at 2012 end was 32,057. (7,515 WEB and SMS, 3,357 only WEB, 21,185 only SMS), 25.23% more y-o-y. The number of e-banking transactions of natural persons in 2012 increased by as much as 80.54%.

3. Treasury and Investment Back Office Department

Regardless of the fact of diminished trading volume in the Belgrade Stock Exchange, the bank remained among top ten members of the Central Securities Register in 2012 in view of the value of turnover of settlement transactions based on trading securities in the regulated market, dinar financial instruments of the Republic of Serbia and repo trading with dinar financial instruments in the Belgrade Stock Exchange.

4. Contact Centre Department

At the beginning of 2012 Contact Centre Department was formed from the previous Call Centre, now significantly improved with new software and hardware and services. Thanks to significant improvement the clients can now receive a wide array of information on the phone in relation to products and services of the bank and leasing.

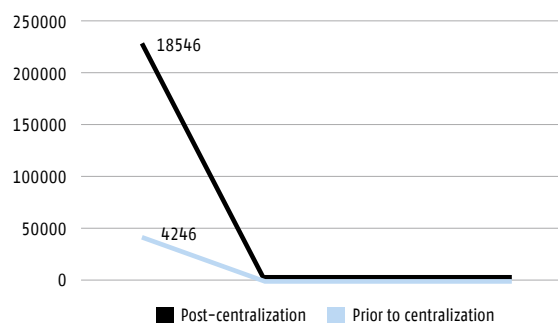
The most important taken-over services:

- Detailed information about retail products and services;
- Detailed information about products and services for SME/ agro clients;
- General information about dinar and FX accounts of legal entities;
- First level of support for e-banking;
- First level of support for leasing;
- First level of support cards
- Card blocking;
- Record of all oral complaints, suggestions, praises and proposals;
- Instructions for FX payments for natural persons;
- Check-up of balances of accounts, loans, cards, unrealized cheques, with PIN identification.

Last year the bank finalized complete centralization of calls from sub-branches/branches to the Contact Centre,

whose major goal is to decrease the number of calls to sub-branches and encumbrance of employees by phone calls, leaving more room for sales and improving the Contact Centre services.

Number of calls prior to and post centralization



Aside from the aforementioned, at the end of 2012 the use of the Contact Centre as a sales channel was initiated, activating sales campaigns in addition to incoming calls. During the Savings Month the Contact Centre contributed by its engagement to achievement of sales goals.

Outbound campaign House of good savings – savings month november

Number of calls	13780
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5. Document Centre Department

Centralized archiving of documents is performed within the new Document Centre Department since July 2012. Since then the central archive was made according to all security standards and administration policy, located in one place – Hypo Hill, thus achieving savings in the bank's premises. Transfer of documents from the Credit Processing Division was used for scanning the documents and forming an electronic bank archive.

6. Credit Back Office Department

In 2012 in the Credit Back Office Department the process of centralization of processing and approving retail loan requests was finalized. Introduction of the centralized approach to processing loan requests enabled implementation of the new risk strategy, and thus improvement of portfolio quality.

Centralized approach enabled increase in processing speed of loan requests for natural persons and uniform approach to

their processing, as well as clear and good overview of the document flow in all stages of the process.

Such an approach to request processing in 2012 enabled processing of larger number of requests by a smaller number of employees, achieving a cost reduction as well.

28. Business Processes Management Team

Business Processes Management Team is an independent team reporting directly to the Executive Board. Its goal is to improve business processes in the bank through modelling the current state and setting up more efficient, more feasible and more profitable processes. Duties within the team have been divided into four parts: creation of business processes, optimization of business processes, coordination of processes of implementation of new products and services and coordination of outsourcing.

29. Organization and Information Technology Division (Orga/IT)

In the area of information technologies, 2012 was marked by continuation of the implementation project of the new core banking system Temenos T24, with the following strategic goals:

- Replacement of the ZIS Legacy system by T24 core system;
- Improvement of bank operations and shortening the time for responding to market requests;
- Satisfying growing requests and expectations of clients in the sense of quality and costs.

Fulfilment of thus defined strategic goals of the project implies fulfilment of the following operational goals:

- Implementation of necessary functionalities in the T24 system in compliance with the bank's business requirements;
- Implementation of the T24 system in the head office and all branches;
- Integration of the T24 system with the existing satellite applications wherever possible;
- Migration of all data about clients, products and accounts to T24;
- Adapting DWH and relevant data models to structures of data in T24 system;

- Implementation of the appropriate IT infrastructure with purpose of optimization of performances of the new system;
- Reengineering of business processes with purpose of achieving organizational readiness for change ensuing with the T24 system.

The bank's team of 50 employees, experts in various business and IT areas, participate in the project. The team is organized through several streams pursuant to packages of tasks and project stages. The project will continue into 2013, and according to the project plan the system is expected to be in production in August 2013.

At the beginning of 2012 the division was fully integrated with Hypo Leasing in view of providing IT services and IT infrastructure management.

The division provided necessary support for reorganization and expansion of the business network (increase of the number of branches and ATMs).

As part of the centralization project, the bank introduced the new application that automated the process of processing loan requests for the retail segment and provided integration with auxiliary applications used in the process. This achieved higher efficiency and service quality.

In the DWH and BI area the largest accent was placed on activities of development of the new DWH and BI system that should provide good-quality reporting with implementation of the new T24 system.

The division developed a new version of the SFE project application, becoming the group solution for monitoring results of retail sales.

Aside from securing necessary infrastructure resources for all of the above projects and development activities, special accent was placed on improving technical quality of IT infrastructure through equipment renewal (new modern components making the desktop environment, printing system and data centre architecture) as well as improvement of users' service through implementation of the contact centre in the IT Service Desk Team.

In the area of organizational development, in the course of 2012 the bank implemented a string of significant policies setting up group standards for development of organizational structure of the bank (standard organizational structure policy, organizational principles, changes and organizational charts).

Significant role of the project portfolio manager and project management officers in the 15 projects active in 2012, three of which strategic for the bank.

At 2012 end the division employed 37 people.

30. Procurement Team

Procurement Team was formed on 30th June 2011, after the group-wide decision to make it an independent team reporting directly to the Executive Board, instead of being the part of the Service and Procurement Division.

Chief activity of the Procurement Team is implementation of the complete process of procurement of commodities, works and services for the bank, pursuant to relevant procedures, manuals and instructions, with emphasis on principles of efficiency, economy and thriftiness.

In order to achieve the best possible conditions for the bank, Procurement Team kept researching the market and staying in contact with suppliers, in order to provide the best possible quality of services at the lowest prices. In 2012 Procurement Team achieved the following savings:

Controlled costs 31.12.2012.			
Budget	Goal of controlled costs	Realized controlled costs	Realized goal controlled costs in %
26,207,000	9,722,800	8,788,815	90%

Realized savings as of 31.12.2012.		
Goal savings TOTAL	Realized savings EUR	Realized goal Savings in %
2,000,000	2,700,236	135%

Increased control of all costs amounted to app. 40% in 2012 relative to 22% in 2011:

- The team realized 434 procurement initiatives (focusing on the largest initiatives in order to increase average savings per initiative);
- Management and supervision of success of realization of procurement managers through KPI methodology;
- Each procurement member achieved average annual savings of more than € 400 k (relative to € 360 k in 2011);

- Minimal number of tenders: 15% are tenders for repeating costs and 20% for one-off costs;
- Providing compliance with all countries and business partners. Analysis of results in all countries, identifying unused potential.

31. Real Estate Management Division

In 2012 organizational structure of the Real Estate Management Division changed according to the adopted CRID document as part of the OOG project. Four organizational units were formed in the division:

- Facility Management Department;
- Real Estate Valuation Department;
- Investment Services Function;
- Cost Control Function.

In 2012 Investment Services Function organized planned activities within the project of network development for 2012, planning opening of 7 new outlets and one relocation. Planned activities of opening new branches were performed as planned, while construction and equipping sub-branches were performed at quality level defined by the new Hypo Book of Standard. Level of investments in eight branches remained within the budget planned for 2012 (CAPEX 2012):

- Sub-branch Požarevac – opened on 14th May 2012
- Sub-branch Niš/relocation – opened on 21st May 2012
- Sub-branch Kraljevo – opened on 16th July 2012
- Sub-branch Niš – opened on 20th August 2012
- Sub-branch Obrenovac – opened on 17th September 2012
- Sub-branch Beograd/Vidikovac – opened 19th November 2012
- Sub-branch Beograd/Požeška – opened on 10th December 2012
- Sub-branch Beograd/Borča – opened on 24th December 2012

Facility Management Department worked continuously on maintenance and improvement of services it provides, pursuant to available funds and needs of users. Two group level tenders were held – for technical and hygiene maintenance, realizing implementation of HAA standards for maintenance

services, and 30% savings for hygiene maintenance y-o-y. Savings of 30% were also achieved on local tenders for annually-tendered services (postal services, full coverage car insurance for the bank's car park, bank equipment servicing). Since the share of lease costs for the bank's premises in the OPEX budget is rather high, Real Estate Management Division has been working continuously on analysis and optimization of those costs in the sense of complying lease prices with market prices, which have been dropping.

Valuation Department, operating as part of the Real Estate Management Division made 1,564 verifications of external appraisals and 716 real estate appraisals in 2012, of which 190 appraisals exceed the value of EUR 1 million. In 2012 the first market research report was published, and a unified database was formed for residential premises. "TnT tool" was tested, to be used in 2013, serving for statistical check-up of expired appraisals below EUR 1 million. Of 7 employees in the Valuation Department, three candidates applied for RICS certificate and two for REV certificate (finals planned for 2013).

Hypo Alpe-Adria -Leasing d.o.o. Beograd and Hypo Alpe-Adria-Rent d.o.o. Beograd

Diminishing economic activities and continued fall of local demand in 2012 reflected on results of the leasing sector. Size of the financial leasing sector measured by total balance sheet assets at the end of Q3 2012 reduced by 110 million, reaching EUR 656.9 million, making the fall of as much as 14.3% y-o-y. The downward trend from 2010 continued, since balance sheet assets amounted to EUR 936.5 million that year. In Q1 to Q3 2012 leasing portfolio decreased by as much as EUR 70 million, representing the fall of 11.3% relative to 2011 end.

In nine months of 2012 the leasing sector recorded negative pre-tax result of EUR 0.83 million, representing a worsening relative to 2011, when the result was positive, EUR 3.0 million. Observed at annual level, total income and profit of the sector decreased y-o-y by 17.6%, while total expenditure and loss dropped slower, by 12.2%. Due to the negative pre-tax result, profitability ratios were negative, so that average ROE for 2012 was -1.61%, and average ROA -0.16%, representing slumps y-o-y, since in 2011 those ratios were 3.91% and 0.35% respectively.

In spite of numerous challenges from the macroeconomic environment marking 2012, Hypo Alpe-Adria-Leasing d.o.o. Beograd and Hypo Alpe-Adria-Rent d.o.o. Beograd succeeded

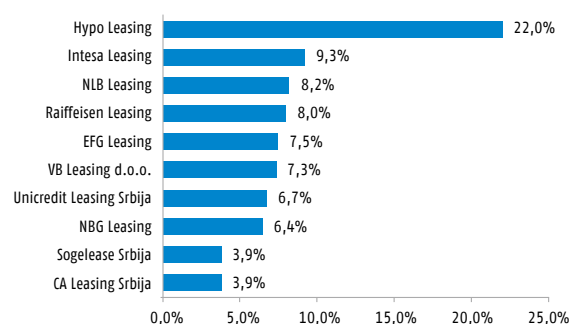
in preserving the leading position in the leasing market, with cumulative market share in balance sheet assets of 29.3%.

From the beginning of its operations in Serbia by 2012 end, Hypo Leasing and Hypo Rent placed as much as EUR 1 billion to the Serbian market, concluding 37 thousand contracts with more than 16 thousand clients.

Balance sheet amount of the two companies at 2012 end stood at EUR 290 million. Out of EUR 271 million of financial and operational leasing placements in the course of 2012 in the local market, Leasing and Hypo Rent participated together with EUR 25 million, more than 10% of total value of placements of the leasing sector, ranking us among top 3 leasing companies by financing volume.

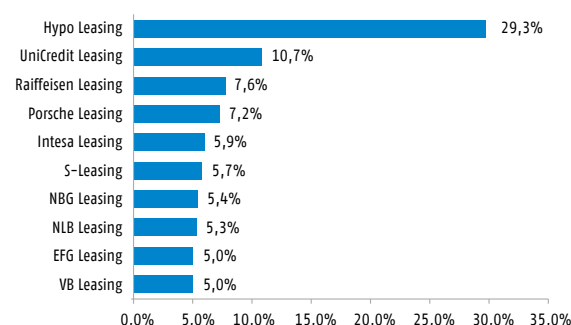
Observed by total balance sheet amount, Hypo Leasing has had the leading position in the market since its founding.

Market share by balance sheet, top 10



Source: NBS

Cumulative share of Hypo Leasing and Hypo Rent

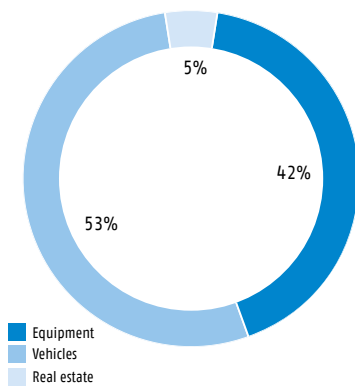


Source: NBS and ALCS

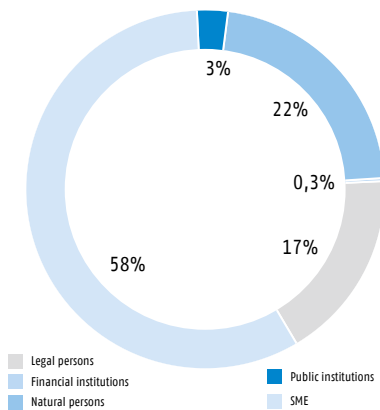
In the local leasing market Hypo-Alpe-Adria-Leasing d.o.o. Beograd offered support to clients by financing passenger and commercial vehicles, construction and agricultural machines, and a wide spectre of production equipment.

In portfolio structure by financing object, Hypo Leasing portfolio is dominated by motor vehicles with the share of 53%, followed by equipment financing with 42% and finally real estate financing with 5%. The largest part of portfolio, 75% of total value, is related to legal entities, 22% are natural persons, and the remaining 3% are public institutions.

Portfolio structure by financing object – Hypo Leasing

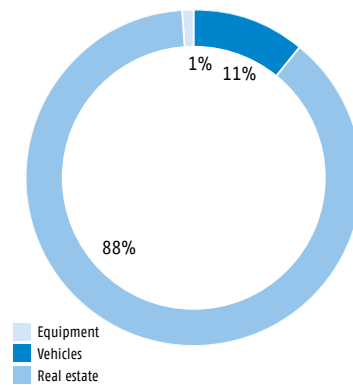


Portfolio structure by clients – Hypo Leasing

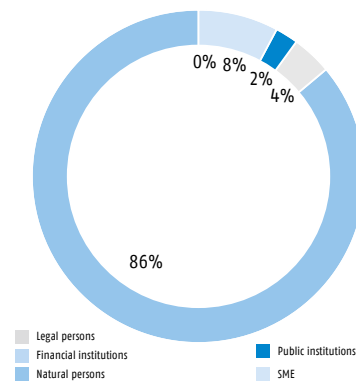


When it comes to Hypo Rent portfolio, real estate has a dominant share of 88%, while motor vehicles participate with 11% of the total portfolio. Out of the total value of Hypo Rent portfolio, legal persons absorb 92% of share, while natural persons take up only 2%.

Portfolio structure by financing object – Hypo Rent



Portfolio structure by clients – Hypo Rent



In 2012 Hypo Leasing registered its first financial leasing real estate, this being the first case of real estate financing through financial leasing in the domestic market.

Hypo Leasing and Hypo Rent employ the total of 99 employees in 7 locations in Serbia: Belgrade, Novi Sad, Niš, Kragujevac, Subotica, Čačak and Zrenjanin.

Financial Report 2012

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INDEPENDENT AUDITORS' REPORT**TO THE SHAREHOLDERS OF HYPO ALPE ADRIA BANK A.D., BEOGRAD**

We have audited the accompanying financial statements of Hypo Alpe Adria Bank a.d., Beograd (hereinafter: the Bank), which comprise the balance sheet as at 31 December 2012, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Law on Accounting and Auditing and regulations of National Bank of Serbia governing financial reporting of banks, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

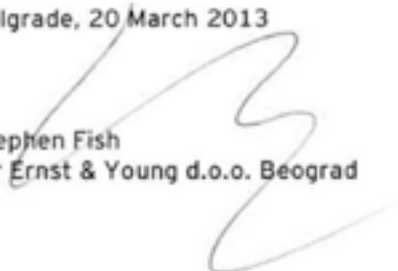

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with the Law on Accounting and Auditing and regulations of National Bank of Serbia governing financial reporting of banks.

Belgrade, 20 March 2013


Stephen Fish
for Ernst & Young d.o.o. Beograd
Nataša Vukšić
Authorized Auditor

Income statement

RSD '000

	2012.	2011.
1. Interest income and similar income	10,261,600	10,193,311
2. Interest expenditure and similar expenditure	(5,390,275)	(4,311,786)
Net interest income	4,871,325	5,881,525
3. Commission income from credit institutions	906	1,257
4. Commission expenditure for credit institutions	(58,259)	(131,114)
5. Commission income from clients	1,080,776	1,180,250
6. Commission expenditure for clients	(142,838)	(117,615)
7. Net FX gains and income from change of value of receivables and liabilities	1,641,436	2,196,338
8. Net income/expenditure from securities	4,648	46,249
9. Other operational income	211,132	49,217
Operational income	7,609,126	9,106,107
10. General and administrative expenditure	(4,373,701)	(3,946,930)
11. Depreciation costs	(310,267)	(331,363)
Operational expenditure	(4,683,968)	(4,278,293)
Operational result	2,925,158	4,827,814
Provisions' expenditure	(1,137,246)	(3,329,448)
Profit before tax	1,787,912	1,498,366
Profit tax	(200,935)	(217,929)
Profit after tax	1,586,977	1,280,437

Income statement

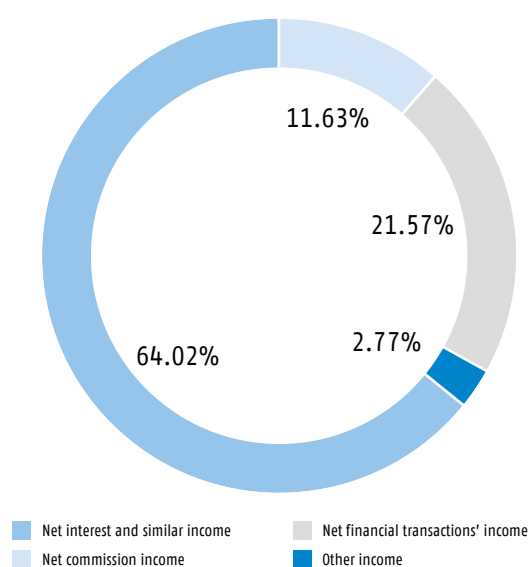
RSD '000

	2012.	2011.
Interest income and similar income		
From necessary reserve and deposits with National Bank of Serbia	143,421	89,754
From operations with National Bank of Serbia	154,410	328,562
From placements to banks	181,915	229,727
Interest and commissions from corporate loans	5,030,707	4,763,372
Interest and commissions from retail loans	2,920,521	3,278,313
From securities operations	1,830,626	1,503,583
Total interest income	10,261,600	10,193,311
b) Interest expenditure		
Relations with the central bank	(98,021)	(338)
Liabilities to local banks	(198,498)	(164,495)
Liabilities to foreign banks	(1,589,369)	(1,416,465)
Corporate liabilities	(1,534,512)	(1,119,605)
Retail liabilities	(1,969,875)	(1,610,883)
Total interest expenditure	(5,390,275)	(4,311,786)
Net interest income	4,871,325	5,881,525
Commission income and expenditure		
a) Commission income		
Commissions from credit institutions	906	1,257
Commissions from issued guarantees and other warranties	116,849	302,257
Commissions from domestic payments	445,318	382,206
Commissions from international payments	143,968	131,584
Commissions from cards	151,014	138,387
Commissions from securities	5,410	5,290
Other corporate commissions	65,831	101,295
Other retail commissions	157,796	124,521
Total commission income	1,087,092	1,186,797
b) Commission expenditure		
Commissions to credit institutions	(58,259)	(131,114)
Commissions to clients	(61,363)	(48,901)
Commissions to cards	(26,848)	(11,982)
Commissions to domestic payments	(28,670)	(30,200)
Commissions to international payments	(25,957)	(26,532)
Commissions to securities	(762)	(845)
Total commission income	(201,859)	(249,574)
Net commission income	885,233	937,223
Other business income		
Net FX gains/losses	(7,414,570)	901,927
Change of value of FX-indexed assets and liabilities	8,110,090	339,987
Net income/expenditure from change of value of securities	945,916	954,424
Net gains from selling securities	0	41,804
Net income from financial transactions	1,641,436	2,238,142
Other income	211,132	49,217
Total other business income	1,852,568	2,287,359
Total operational income	7,609,126	9,106,107

Overview of operational income

	RSD '000
	2012.
Net interest and similar income	4,871,325
Net commission income	885,233
Net financial transactions' income	1,641,436
Other income	211,132
	7,609,126

Operational income structure



Expenditure for indirect write-off of placements and provisions

	RSD '000	
	2012.	2011.
Expenditure (income) for value adjustment of receivables	(1,154,410)	(4,266,418)
For placements to banks	(2,799)	(567)
For placements to clients	(1,071,517)	(3,890,196)
For interest and commissions	(20,820)	(389,752)
For other assets	46	117
For securities	(59,320)	13,980
Expenditure (income) for provisions	17,164	936,970
Expenditure for provisions for given guarantees	84,612	1,026,201
Expenditure for provisions for issued letters of credit	921	1,434
Expenditure for provisions for assumed long term liabilities	1,924	(2,992)
(Expenditure) income from provisions for employees (IAS 19)	(70,293)	(87,673)
Total expenditure for write-off and provisions	(1,137,246)	(3,329,448)

Other business expenses

RSD '000

	2012.	2011.
Net salaries	(1,129,342)	(1,032,226)
Taxes and contributions for salaries	(423,473)	(386,268)
Other personal expenses	(55,109)	(153,136)
Donations and aid	(21,618)	(35,327)
Rents and other expenses	(593,622)	(529,335)
Insurance premium	(229,981)	(170,961)
Representation expenses	(25,323)	(26,000)
Advertising costs	(132,773)	(135,745)
Costs of using IT systems	(428,483)	(362,566)
Fuel and car maintenance costs	(20,138)	(17,851)
Postal services	(143,729)	(123,362)
Memberships in the country and abroad	(4,429)	(3,848)
Taxes and contributions not depending on result	(313,297)	(287,597)
Appraisal, arbitrage and auditing expenses	(18,465)	(17,544)
Other administrative expenses	(450,445)	(390,847)
Material expenses	(249,101)	(236,077)
Write-off of uncollectible receivables	(116,718)	(8,940)
Loss for write-off and selling fixed assets	(268)	(595)
Depreciation	(310,267)	(331,363)
Other expenses	(17,387)	(28,705)
Total expenses	(4,683,968)	(4,278,293)

Balance sheet 31. december 2012.

RSD '000

	2012.	2011.
Assets		
Cash and cash equivalents	15,507,572	6,449,397
Deposits with the central bank	15,836,947	20,687,957
Placements to domestic and foreign credit institutions	2,579,038	2,452,872
Placements to clients	131,725,765	115,974,856
Value adjustment of receivables	(17,695,378)	(15,321,311)
Participation in capital and investments into securities	16,081,121	12,606,499
Fixed assets and intangible investments	2,262,073	2,032,773
Other assets	2,183,008	1,833,100
Total assets	168,480,146	146,716,143
Liabilities		
Transaction deposits	15,396,318	15,276,116
Other deposits	69,505,320	53,008,640
Taken loans and interest liabilities	22,966,024	19,779,517
Subordinated liabilities	23,149,166	21,286,090
Other liabilities	3,786,724	3,923,370
Tax liabilities	38,673	71,158
Provisions	253,943	354,794
Deferred tax liabilities	15,924	5,198
Share capital	14,319,484	14,319,484
Issue premium	9,758,438	9,758,438
Provisions	7,703,155	7,652,901
Undistributed profit from the current year	1,586,977	1,280,437
Total liabilities	168,480,146	146,716,143

Balance sheet 31. december 2012.

RSD '000

	2012.	2011.
Assets		
Cash and cash equivalents		
Cash at hand	1,563,931	1,689,146
T-bills included in cash equivalents	0	399,648
Assets in the drawing account	7,475,726	4,039,039
FX accounts with NBS for trading securities	0	0
FX accounts with foreign banks	6,467,915	321,564
Total cash and cash equivalents	15,507,572	6,449,397
Deposits with the National Bank of Serbia		
Mandatory reserve with the NBS	15,836,947	16,181,403
Placements to NBS for repo operations	0	4,506,554
Total deposits with the National Bank of Serbia	15,836,947	20,687,957
Placements		
Placements to local and foreign banks	2,579,038	2,452,872
Corporate placements	87,256,436	73,267,752
Retail placements	44,469,329	42,707,104
Total gross placements	134,304,803	118,427,728
Value adjustment of placements	(17,694,587)	(15,318,330)
Net value of placements	116,610,216	103,109,398
Participation in capital and other securities		
Traded securities	0	0
Securities available for sale – shares	472	472
Securities available for sale – corporate bonds	0	109,796
Securities available for sale – investment units	0	0
Investments into t-bills of NBS	0	0
Investments into t-bills of RS	16,080,649	12,495,367
Investments into subsidiaries	0	864
Total gross value of securities and participations in capital	16,081,121	12,606,499
Value adjustment of securities	(472)	(2,616)
Net value of securities and participations in capital	16,080,649	12,603,883
Other assets and balance brought forward		
Receivables from employees	558	409
Given advances	69,719	77,383
Stock	403	10,594
Other assets	149,673	103,272
Deferred expenses	1,389,149	993,044
Assets acquired through collection of receivables	65,643	303,376
Receivables for paid profit tax	0	0
Deferred tax assets	329,954	273,047
Other balance brought forward	177,909	71,975
Total gross other assets and balance brought forward	2,183,008	1,833,100
Value adjustment of other assets	(319)	(365)
Net value of other assets and balance brought forward	2,182,689	1,832,735
Fixed assets and intangible investments		
Buildings and other equipment	1,360,670	1,080,198
Intangible investments	901,403	952,575
Total fixed assets and intangible investments	2,262,073	2,032,773
Total assets	168,480,146	146,716,143

Balance sheet

RSD '000

	2012.	2011.
Liabilities		
Deposits	84,901,638	68,284,756
Transaction deposits of foreign banks	1,321,155	2,939,623
Transaction deposits of companies	9,367,890	7,376,857
Transaction deposits of natural persons	4,707,273	4,959,636
Other corporate deposits	26,797,300	20,560,359
Other retail deposits	42,708,020	32,448,281
Other liabilities	50,210,454	45,420,127
Taken loans	22,945,440	19,764,434
Liabilities for interest	20,584	15,083
Other financial liabilities	384,647	778,189
Liabilities for change of fair value of derivatives	2,594,027	2,641,210
Deferred income from loan commissions	808,050	503,971
Liabilities for profit tax	6,422	35,641
Liabilities for other taxes	32,251	35,517
Off-balance sheet provisions	100,727	188,184
Provisions for employees (IAS 19)	153,216	166,610
Deferred tax liabilities	15,924	5,198
Subordinated liabilities	23,149,166	21,286,090
Total liabilities	135,112,092	113,704,883
Capital		
Total share capital	14,319,484	14,319,484
Issue premium	9,758,438	9,758,438
Reserve from profit	7,612,920	7,612,920
Revalued reserve	90,235	39,981
Undistributed profit from the current year	1,586,977	1,280,437
Total capital	33,368,054	33,011,260
Total liabilities	168,480,146	146,716,143

Structure of the bank's share capital

Structure of the bank's share capital	RSD '000		RSD '000	
	2012.	% of share	2011.	% of share
Hypo Alpe - Adria - Bank International AG Klagenfurt	14,319,338	99.999%	14,319,338	99,999%
Other shareholders	146	0.001%	146	0,001%
Total share capital	14,319,484		14,319,484	

As of 31st December 2012 the bank's subscribed and paid capital consisted of 7,159,742 ordinary shares (31st December 2011: 7,159,742 shares) with individual nominal value of RSD 2,000 per share. Each share carries one vote. All issued shares were fully paid.

Shares have been registered with the Securities Commission:

CFI code: ESVUFR

SIN number: RSHYPOE 68424

Issue premium was formed when issuing shares and represents the difference between the achieved sales value of shares and their nominal value.

Necessary reserve

Dinar necessary reserve represents the amount of funds the bank shall keep with the National Bank of Serbia. In 2012 dinar necessary reserve was calculated pursuant to the Decision of the National Bank of Serbia on necessary reserve of banks with the National Bank of Serbia (Official gazette of RS nos. 3/2011, 31/2012, 57/2012, 78/2012, 87/2012 and 107/2012).

In 2012 changes were made to percentage of earmarking the FX necessary reserve in dinars. Until March 2012 the banks were obliged to earmark in dinars the 15% of FX necessary reserve calculated for liabilities with agreed tenor up to two years, i.e. 10% of FX necessary reserve calculated for liabilities with agreed tenor exceeding two years.

In April 2012 the part earmarked in dinars increased from 15% to 20% of FX necessary reserve calculated for liabilities with agreed tenor up to two years, i.e. from 10% to 15% of FX necessary reserve calculated for liabilities with agreed tenor exceeding two years.

In June 2012 the part earmarked in dinars increased to 27% of FX necessary reserve calculated for liabilities with agreed tenor up to two years, i.e. 19% of FX necessary reserve calculated for liabilities with agreed tenor exceeding two years.

Since August 2012 the part earmarked in dinars amounted to 32% of FX necessary reserve calculated for liabilities with agreed tenor up to two years, i.e. 24% of FX necessary reserve calculated for liabilities with agreed tenor exceeding two years.

Basis for calculation of dinar necessary reserve is made of average daily accounting balance of dinar liabilities from the previous calendar month, consisting of dinar deposits, loans and securities, as well as other dinar liabilities, except for dinar liabilities indexed in FX clause. Basis also includes parts of dinar deposits received for operations performed by the bank in the name of and for the account of third parties, exceeding amounts of placements the bank gave from those deposits. As an exception, the bank does not calculate necessary reserve for the amount of liabilities to National Bank of Serbia; liabilities to banks earmarking necessary reserve with the National Bank of Serbia; dinar liabilities for funds received by banks from international financial organizations, governments and financial institutions founded by foreign countries by means of mediation of the state as chief debtor, i.e. owners of those funds or directly with the condition that when those funds are placed again the banks observe agreed principles for establishing loan margins; liabilities in dinars and FX for deposits, loans and other funds received from abroad in the period from 1st October to 31st March 2010, for originally established maturity of those liabilities, by 31st December 2013 at the latest; funds of term dinar savings collected from 31st October to 8th November 2010, until expiration of the period savings were termed for, providing it was not indexed in FX, liabilities in dinars for funds of financial support provided by the Agency for insurance of deposits pursuant to the law. In the calculation period the Bank shall maintain average daily balance of ear-

marked dinar necessary reserve in the amount of calculated dinar necessary reserve, providing that daily balance of earmarked dinar reserve during the month cannot exceed or be smaller than calculated necessary reserve. For calculation of the average daily balance of earmarked necessary reserve all days in a calculation period shall be taken into consideration. As of 31st December 2012 dinar necessary reserve amounted to RSD 7.953.082 thousand and was in compliance with the above National Bank of Serbia decision. Interest rate for the amount of achieved average daily balance of earmarked dinar necessary reserve amounted to 2.5% p.a. in 2012.

Foreign currency necessary reserve is calculated for liabilities for FX deposits, loans and securities, as well as other FX liabilities, as well as FX deposits received for operations performed by the bank in the name of and for the account of third parties, including dinar liabilities indexed in FX. As an exception, the bank does not calculate necessary reserve for the amount of liabilities to National Bank of Serbia; liabilities to banks earmarking necessary reserve with the National Bank of Serbia; subordinated liabilities National Bank of Serbia established to be accepted for being a part of supplementary capital of the bank, FX liabilities for funds received by banks from international financial organizations, governments and financial institutions founded by foreign countries by means of mediation of the state as chief debtor, i.e. owners of those funds or directly with the condition that when those funds are placed again the banks observe agreed principles for establishing loan margins; liabilities for deposits, loans and other funds received from abroad in the period from 1th October to 31th March, for originally established maturity of those liabilities, by 31th December 2013 at the latest; liabilities in FX for funds of financial support provided by the Agency for insurance of deposits pursuant to the law.

In 2012 the National Bank of Serbia decreased rates for FX liabilities according to tenor and in June 2012 increased the rate for dinar necessary liabilities indexed in FX, regardless of the tenor. Calculated FX necessary reserve is earmarked in euros, paid to FX accounts of the National Bank of Serbia, and as an exception, should the earmarked FX necessary reserve cause the FX risk ratio of the bank to be different from that prescribed the National Bank of Serbia decision regulating risk management, the bank may also earmark FX necessary reserve in US dollars.

National Bank of Serbia does not pay interest for FX necessary reserve.

Head office Belgrade

Hypo Alpe-Adria-Bank a.d. Beograd

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11070 Novi Beograd
Tel. +381 11 22 26 000
Fax +381 11 22 26 555
www.hypo-alpe-adria.rs
office@hypo-alpe-adria.rs

Branches

Regional branch – Beograd

Bulevar Mihajla Pupina 6
11070 Novi Beograd
Tel. +381 11 22 26 000
Fax +381 11 22 26 555

Regional branch – Novi Sad

Bulevar oslobođenja 18
21000 Novi Sad
Tel. +381 21 48 96 000
Fax +381 21 48 96 052

Open on

Mon - Fri 08:00-17:00
Sat 09:00-13:00

Regional branch – Niš

Cara Dušana bb
18000 Niš
Tel. +381 18 293 111
Fax +381 18 515 603

Open on

Mon - Fri 08:00-17:00
Sat 09:00-13:00

Branch Ušće

Bulevar Mihajla Pupina 6
11070 Novi Beograd
Tel. +381 11 22 26 034
Fax +381 11 22 26 098

Open on

Mon - Fri 09:00-17:00

Branch Hypo Plaza

Bulevar Zorana Đinđića 8a
11070 Novi Beograd
Tel. +381 11 20 16 308
Fax +381 11 20 16 399

Open on

Mon - Fri 08:00-19:00
Sat 09:00-13:00

Branch Terazije

Terazije 45
11000 Beograd
Tel. +381 11 33 46 501
Fax +381 11 33 45 621

Open on

Mon - Fri 09:00-17:00

Branch Vasina

Vasina 16
11000 Beograd
Tel. +381 11 30 36 230
Fax +381 11 32 85 669

Open on

Mon - Fri 08:00-19:00

Branch Bečej

Trg oslobođenja 3
21220 Bečej
Tel. +381 21 69 13 925
Fax +381 21 815 561

Open on

Mon - Fri 08:00-16:00

Branch Šabac

Pop Lukina 2
15000 Šabac
Tel. +381 15 349 448
Fax +381 15 349 447

Open on

Mon - Fri 08:00-17:00

Branch Čačak

Pivarska 2
32000 Čačak
Tel. +381 32 340 095
Fax +381 32 344 324

Open on

Mon - Fri

08:00-17:00

Branch Kragujevac

Zorana Đinđića 11b
34000 Kragujevac
Tel. +381 34 500 005
Fax +381 34 338 875

Open on

Mon - Fri

09:00-17:00

Branch Sombor

Kralja Petra I 24
25000 Sombor
Tel. +381 25 434 040
Fax +381 25 422 745

Open on

Mon - Fri

08:00-16:00

Branch Pančevo

Petra Drapšina 5
13000 Pančevo
Tel. +381 13 354 400
Fax +381 13 354 410

Open on

Mon - Fri

08:00-16:00

Branch Užice

Dimitrija Tucovića 38
31000 Užice
Tel. +381 31 500 326
Fax +381 31 500 927

Open on

Mon - Fri

08:00-16:00

Branch Kikinda

Kralja Petra I 41
23300 Kikinda
Tel. +381 23 401 960
Fax +381 23 32 757

Open on

Mon - Fri

08:00-16:00

Branch Vršac

Dvorska 1
26300 Vršac
Tel. +381 13 835 505
Fax +381 13 831 351

Open on

Mon - Fri

09:00-17:00

Branch Subotica

Korzo 15
24000 Subotica
Tel. +381 24 670 400
Fax +381 24 558 600

Open on

Mon - Fri

08:00-17:00

Branch Zrenjanin

Svetozara Markovića 2
23000 Zrenjanin
Tel. +381 23 511 825
Fax +381 23 511 824

Open on

Mon - Fri

08:00-16:00

Filijale

Branch Vrbas

Maršala Tita 102
21460 Vrbas
Tel. +381 21 700 904
Fax +381 21 700 906

Open on

Mon - Fri 08:00-16:00

Branch Jagodina

Kneginje Milice 15
35000 Jagodina
Tel. +381 35 244 346
Fax +381 35 244 984

Open on

Mon - Fri 08:00-16:00

Branch Leskovac

Bulevar Oslobođenja 169
16000 Leskovac
Tel. +381 16 266 060
Fax +381 16 260 830

Open on

Mon - Fri 09:00-17:00

Branch Bačka Palanka

Kralja Petra I 33
21000 Bačka Palanka
Tel. +381 21 753 100
Fax +381 21 754 885

Open on

Mon - Fri 08:00-16:00

Branch Kruševac

Trg kosovskih junaka 1
37000 Kruševac
Tel. +381 37 424 320
Fax +381 37 424 590

Open on

Mon - Fri 08:00-16:00

Branch Kraljevo

Omladinska 6
36000 Kraljevo
Tel. +381 36 336 540
Fax +381 36 336 542

Open on

Mon - Fri 09:00-17:00

Branch Sremska Mitrovica

Kralja Petra I 46
22000 Sremska Mitrovica
Tel. +381 22 617 700
Fax +381 22 639 335

Open on

Mon - Fri 08:00-16:00

Branch Požarevac

Trg Radomira Vujovića 12
12000 Požarevac
Tel. +381 12 210 154
Fax +381 12 210 144

Open on

Mon - Fri 09:00-17:00

Sub-branches

Beograd					
Partizanske avijacije 14 11000 Beograd Tel. +381 11 22 89 860 Fax +381 11 22 80 567 Open on Mon - Fri	09:00-17:00	Immocentar, blok 64 11000 Beograd Tel. +381 11 21 68 544 Fax +381 11 21 68 543 Open on Mon - Fri Sat	09:00-19:00 09:00-13:00	Vojvode Stepe 114-116 11000 Beograd Tel. +381 11 30 98 387 Fax +381 11 39 10 203 Open on Mon - Fri	09:00-17:00
Glavna 12 11080 Beograd, Zemun Tel. +381 11 31 68 371 Fax +381 11 31 68 369 Open on Mon - Fri	09:00-17:00	Resavska 26 11000 Beograd Tel. +381 11 32 32 517 Fax +381 11 33 43 644 Open on Mon - Fri	09:00-17:00	Makedonska 21 11000 Beograd Tel. +381 11 33 73 926 Fax +381 11 33 73 929 Open on Mon - Fri	09:00-17:00
Blok 67, Juriša Gagarina 14 (objekat PO1) 11070 Novi Beograd Tel. +381 11 22 26 061 Fax +381 11 22 26 061 Open on Mon - Fri	09:00-17:00	Požeška 46 11030 Beograd Tel. +381 11 22 26 295 Fax +381 11 35 73 992 Open on Mon - Fri	09:00-17:00	Bulevar despota Stefana 95 11000 Beograd Tel. +381 11 27 61 832 Fax +381 11 27 61 749 Open on Mon - Fri	09:00-17:00
Hypo Hill, Trgovačka 2 11000 Beograd, Čukarica Tel. +381 11 20 50 105 Fax +381 11 20 50 130 Open on Mon - Fri	09:00-17:00	Bulevar kralja Aleksandra 100-104 11000 Beograd Tel. +381 11 30 88 780 Fax +381 11 34 41 743 Open on Mon - Fri Sat	08:00-19:00 09:00-13:00	Ruski car, Knez Mihailova 7 11000 Beograd Tel. +381 11 30 38 970 Fax +381 11 32 87 864 Open on Mon - Fri	09:00-17:00
Patrijarha Joanikija 28b 11000 Beograd, Vidikovac Tel. +381 11 22 26 285 Fax +381 11 22 21 068 Open on Mon - Fri	09:00-17:00	Bulevar kralja Aleksandra 248 11000 Beograd Tel. +381 11 24 55 976 Fax +381 11 24 55 387 Open on Mon - Fri	09:00-17:00	Borča, Ivana Milutinovica 26 11000 Beograd Tel. +381 11 22 26 289 Fax +381 11 22 21 013 Open on Mon - Fri	09:00-17:00

* sub-branch in Brankova 13-15 was closed by the end of 2011

Obrenovac

Miloša Obrenovića 129
11500 Obrenovac
Tel. +381 11 872 4660
Fax +381 11 872 7045

Open on

Mon - Fri

09:00-17:00

Gornji Milanovac

Karađorđeva 8-10
32300 Gornji Milanovac
Tel. +381 032 722 285
Fax +381 032 718 006

Open on

Mon - Fri

09:00-17:00

Novi Sad

NIS
Narodnog fronta 12
21000 Novi Sad
Tel. +381 21 420 824
Fax +381 21 420 823

Open on

Mon - Fri

09:00-17:00

Sat

09:00-13:00

Lazarevac

Karađorđeva 45
11550 Lazarevac
Tel. +381 11 81 26 101
Fax +381 11 81 10 339

Open on

Mon - Fri

09:00-17:00

Loznica

Vojvode Mišića 2
15300 Loznica
Tel. +381 15 893 621
Fax +381 15 893 620

Open on

Mon - Fri

08:00-16:00

Uspenska 1
21000 Novi Sad
Tel. +381 21 67 42 188
Fax +381 21 67 42 180

Open on

Mon - Fri

09:00-17:00

Niš

Dr Zorana Đinđića 25
18000 Niš
Tel. +381 18 293 111
Fax +381 18 515 603

Open on

Mon - Fri

08:00-16:00

Responsible for contents

Hypo Alpe-Adria-Bank a.d. Beograd

Bulevar Mihajla Pupina 6

11070 Novi Beograd

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