

HETA ASSET RESOLUTION AG

Remarkable wind-down performance of HETA

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- HETA ASSET RESOLUTION AG (HETA) generated a profit from **ordinary activities in the amount of EUR +1.09 billion in the past financial year – the third record year in a row.**
- Settlement in the BaSAG regime was faster than planned in 2017 as well. The balance sheet excluding cash was reduced by EUR 2.2 billion to EUR 1.5 billion in the course of the year. Thus the **reduction of 80 % of the balance sheet total** (planned for the end of 2018) has already been achieved one year earlier.
- The fast and highly profitable wind-down allowed an **early satisfaction of creditor claims in the amount of EUR 5.8 billion** in July 2017. Despite this huge payment, HETA ended the year 2017 with a free cash position of EUR 3.7 billion.

HETA reports a record profit on ordinary activities of EUR 1.09 billion for the past 2017 financial year. Significant drivers were the recovery in value of the refinancing lines to the former subsidiary HYPO Bank Italy (HBI, subsidiary of HBI-Bundesholding AG), the significantly higher proceeds from the wind-down at the subsidiaries as well as the own portfolio and the termination of provisions, in particular in the area of ongoing legal proceedings.

Within the BaSAG (Federal Law on the Restructuring and Settlement of Banks (Restructuring and Settlement Act) Regime, HETA works purposefully, with value and above plan on its settlement. Since the starting point in 2015, a significant positive result has been achieved each year. Thus, within the past four years approx. net proceeds of EUR 7 billion were redeemed and at the same time approx. EUR 6 billion of book values were reduced. HETA therefore has reached its own target - to reduce 80% of the assets within three years until the end of 2018 - already at the end of 2017. Within the further processing period there are still approx. EUR 1.5 billion to dispose.

Due to this wind-down performance, a first interim distribution to the creditors of HETA was already possible in summer 2017. In concrete terms, EUR 5.8 billion were distributed, therefrom approx. EUR 4.5 billion to the public sector. By the end of 2017, HETA's own cash holdings increased again to EUR 3.7 billion. As a result of this comfortable liquidity situation, HETA is currently examining whether the conditions for further early payment are met.

The focus of HETA was and is to dispose the assets as quickly as possible and at the same time as valuable as possible. Chief Divestment Officer **Arnold Schiefer**: *„We have been able to take advantage of the positive market environment that has emerged over the past two years, and thus in 2017 we succeeded to partially or completely sell our subsidiaries in Bulgaria, Italy and Serbia. Within the coming months we plan further transactions in Bosnia, Montenegro and Croatia, and thus in markets in which such sales projects have not been implemented yet. HETA is valued by potential investors as a reliable, transparent acting partner“.* Currently there are about 83 participations within HETA. Most of them will be reduced by the end of 2020.

Parallel to the major projects, the portfolio of HETA was also greatly reduced by the ongoing, regular individual wind-down. So the customer receivables in the group decreased by 49 %, assets on stock (movables, real estate) were reduced by 62 % and around three quarters of the treasury portfolio (75 %) was reduced. The sale of the Treasury portfolio resulted in a significant positive P&L effect in 2017.

In addition, the wind-down rate has increased as a result of the general settlement agreement with the Addiko Bank AG. On the one hand, the refinancing of HYPO Bank Italy was also decreased in 2017, and on the other hand, it became significantly more valuable as a result of

the improvement in the economic situation. Chief Resolution Officer **Martin Handrich**: *„The wind-down success of HETA has three main pillars, these are the positive market environment for the individual reduction of receivables and assets, the restoration of the reputation of HETA and the extraordinary commitment of the employees in the headquarters in Klagenfurt and in the subsidiaries in SEE.“*

For June 2018, HETA plans to publish an update of the wind-down plan pursuant to GSA (Federal Act for the Creation of a Wind-down Unit), for which a further increase of the recovery is expected on the basis of the current planning process. Board spokesman **Alexander Tscherteu**: *„We are not only faster, but also much more profitable than planned. Currently, we assume that we will be able to return a total of around EUR 3 billion more to the creditors of HETA than originally assumed.“* Requirement for this is the further orderly settlement of the company, which ensures the operational ability to act.

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