

HETA ASSET RESOLUTION AG i.A.

Publication of annual financial statements 2022 and financial plan 2023

Wien/Klagenfurt am Wörthersee, May 26th 2023

- The annual financial statements (individual financial statements) show a positive result from ordinary activities (EBT) of EUR +108.5 million for 2022. The main earnings drivers result from the reversal of provisions, as the underlying risks and expected costs did not materialize or only to a lesser extent.
- The company has been in liquidation proceedings under the Austrian Stock Corporation Act since 1 January 2022. In the 2022 financial year, the removal of the remaining obstacles to the termination of the liquidation and deletion of the company from the company register was successfully advanced. As a result of these positive developments, the timetable for completing the liquidation has been updated. From today's perspective, the end of the liquidation proceedings, originally planned for 2030, is assumed to be in 2027.
- In the published financial plan 2023, which reflects the wind-down period until 2027, further distributions (liquidation participation payments) are assumed; the overall recovery rate is expected to be 90.25% (previously expected: 89.41%).
- As part of the first liquidation participation payment, approximately EUR 410 million will be distributed in the first half of June to the holders of the debt instrument "Liquidation Participation", i.e. the creditors of the eligible non-subordinated liabilities.

About the company

HETA ASSET RESOLUTION AG i.A. (HETA), which emerged from the former Hypo Alpe-Adria-Bank-International AG, has been in the status of liquidation under the Austrian Stock Corporation Act (AktG) since 1 January 2022. As part of the liquidation under the stock corporation law, HETA's liquidators must terminate current business, collect receivables, convert the remaining assets into money and satisfy the creditors. Any remaining assets after payment of the liabilities (liquidation proceeds) must be distributed.

Since 16 December 2021, the shares in HETA are no longer held directly by the Republic of Austria but by the wind-down management company ABBAG, a 100% shareholding of the Republic of Austria. Upon entering into liquidation in accordance with the Austrian Stock Corporation Act, HETA is no longer subject to the provisions of the Austrian Banking Law (BWG); in addition, the Financial Market Authority's comprehensive supervision, control and information rights as resolution authority have also expired.

Annual Financial Statements according to Austrian Commercial Code (UGB) as of 31 December 2022

Due to the withdrawal from the BaSAG (Austrian Federal Act on the Recovery and Resolution of Banks) regime, the 2022 annual financial statements are the first to be prepared within the framework of the accounting standards according to the Austrian Commercial Code (UGB) without the Austrian Banking Law (BWG) specifics. Furthermore, the preparation of consolidated financial statements is no longer necessary.

HETA's balance sheet total was reduced to EUR 675.3 million in the 2022 financial year compared to the liquidation opening balance sheet (EUR 808.3 million as of 1 January 2022).

This decrease was largely due to a dividend payment from a subsidiary, which led to a significant decline in the carrying amount of the participation.

The continued wind-down activity led on the asset side to a further shift from loans and investments towards cash and cash equivalents. Cash and cash equivalents (balances with banks and investments with the Republic of Austria) increased by EUR 11.6 million over the course of the year from EUR 627.3 million to EUR 638.9 million. In addition, the remaining assets are investments in shares of affiliated companies of EUR 21.7 million and receivables and other assets of EUR 14.7 million.

The liabilities side of the company of EUR 675.3 million consists of liabilities and provisions of EUR 181.7 million not subject to the participation of creditors as well as the provision for uncertain liabilities in the wind-down process of EUR 493.6 million. The latter amount is the difference by which the assets exceed the recognised liabilities or provisions as of December 31, 2022. Equity is reported at EUR 0.

The company reports earnings before taxes of EUR +108.5 million for 2022. The main earnings drivers result from the reversal of provisions, as the underlying risks did not materialize, or only to a lesser extent. In addition, operating costs have been reduced by approximately 36%.

Financial Plan 2023

In the 2023 financial plan approved by the Supervisory Board in March 2023, it is now assumed as a major change that the winddown process will be completed by 2027, i.e. three years earlier than previously planned. Until then, the remaining obstacles to liquidation – in particular pending legal proceedings, contractual obligations and remaining participations – are to be resolved or wound-down in a value-preserving manner and the company prepared for deletion from the company register. In the 2023 financial plan, a recovery rate of 90.25% is expected, which is 0.84% higher than in the 2022 financial plan (89.41%).

Liquidation Participation Payments

Within the framework of a total of five distributions, most recently in October 2021, HETA paid in full the amount outstanding on the 86,32% quota of the eligible non-subordinated liabilities set by the FMA and in this context paid out a total of almost EUR 10.8 billion to creditors. A potential recovery amount exceeding the fully settled ratio of 86.32% of the eligible non-subordinated liabilities is due as an imperfect obligation (Naturalobligation) (hereinafter "Imperfect Obligations") to the former creditors of the eligible non-subordinated liabilities (now holders of the Imperfect Obligations and hereinafter referred to as the "Holders of Imperfect Obligations"). In December 2021, HETA already granted the Holders of Imperfect Obligations a debt instrument, according to the terms of which they are to participate in advance in the economic result of the liquidation of HETA under the Austrian Stock Corporation Law (so-called "Liquidation Participation"), provided that the conditions for this have been met. According to the Liquidation Participation the liquidators of HETA must annually submit a written report to the general assembly, starting with the availability of the 2022 annual financial statements, in which they shall state whether the conditions for payment on the Imperfect Obligations are met on the basis of the 2022 annual financial statements and the financial plan and what amount can be paid. After completion of this review, the liquidators of HETA came to the conclusion that a liquidation participation payment in 2023 totaling around EUR 410 million can be made. This results in a liquidation participation ratio of 3.27%. This payment was also approved at the Annual General Assembly on 25 May 2023. The payout will be processed in the first half of June.

New appointment of the Supervisory Board/Extension of Liquidator Mandate

With the Annual General Assembly on 25 May 2023, the mandates of the Chairman of the Supervisory Board, Dr. Stefan Schmittmann, the Deputy Chairman, Dr. Matthias Schmidt and Mag. Christine Sumper-Billinger, expired. DI Bernhard Perner is stepping down from the Supervisory Board at his own request. During their tenure as members of the Supervisory Board, most recently under the chairmanship of Dr. Stefan Schmittmann, the retiring members have rendered great services to HETA. Thanks to their experience and foresight, the retiring members of the Supervisory Board have made a significant contribution to HETA's consistent and very successful pursuit and achievement of its wind-down mandate in a very challenging time. Special thanks go to Dr. Stefan Schmittmann, who, as Chairman of the Audit Committee and most recently as Chairman of the Supervisory Board, has made valuable contributions and provided important impetus with his many years of extensive entrepreneurial experience. In the future, the Supervisory Board will consist of Dr. Tinka Hofer, Dipl.-Kfm. Alexander Höving, Mr. Franz Köglmeier and Dr. Matthias Schmidt.

Furthermore, at the General Assembly on 25 May 2023, the mandate of Mr. Martin Handrich as liquidator of HETA, which expires in August of this year, was extended by three years until 31 August 2026. Thus, Mr. Martin Handrich and Mr. Stefan Rossmanith act as liquidators of HETA.

Publications

The annual financial statements 2022 and a summary presentation (incl. financial plan 2023) will be published on the homepage of HETA (www.heta-asset-resolution.com → investors → financial reports & presentations).

For further information:

HETA ASSET RESOLUTION AG i.A.

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