Press release
Hypo Group Alpe Adria AG presents consolidated 2015 financial report

Vienna, 25th May 2016. Hypo Group Alpe Adria AG (HGAA), which operates a leading retail and SME banking network in Southeast Europe, today released its consolidated 2015 financial report. 2015 was a short fiscal year for Hypo Group Alpe Adria AG as the carve-out from HETA Asset Resolution was completed on 1 April 2015 in preparation of closing the sale, which took place in July 2015. Hypo Group Alpe Adria reported an operating loss of EUR -71.1 million not reflecting exceptional one-off effects. The operational loss is mainly due to a further contracting loan portfolio, decreasing margins and an unsustainable cost base.

Year 2015 results reflect primarily the effects of a comprehensive streamlining of the Group’s balance sheet following the completion of the bank’s EU-mandated privatization process. Cleaning-up of its portfolio, legacy issues and the State imposed conversion of CHF indexed loans in Montenegro and Croatia also impacted results negatively leading to a Group post-tax result for 2015 including one-offs of EUR -675.1 million (2014: -97.4 million).

Following the acquisition by Advent and EBRD, HGAA completed the carve-out of a defined non-performing loan (NPL) portfolio and settled the imposed CHF conversions with former parent group HETA Asset Resolution (former Hypo Alpe-Adria-Bank International AG). The contractually agreed compensation of incurred losses by HETA has enabled HGAA to maintain a healthy capital base with a core capital ratio (CET1) of 21.0% at the end of Q1 2016. Next to a strong capital ratio, HGAA also posts an additionally improved NPL ratio of 11% (2014:12.4%) and a coverage ratio of 67.2% that are better than regional averages.

"2015 was a transition year for the Group during which we built a solid foundation and made the first steps towards a sustainable development", said Ulrich Kissing, CEO of Hypo Group Alpe Adria. "We have put the biggest legacy issues behind us and are now in a strong position to focus on developing our bank with a primary focus on retail and SME clients, which are at the core of our offering.

As part of a comprehensive relaunch, HGAA shifted some central Group functions from Klagenfurt to those markets, where it serves its customers, and moved the Group’s headquarters to Vienna. These measures are part of a broader business strategy of reducing the complexity and cost basis of the Group and increasing the efficiency of the entire organization.

In 2015 and the first quarter 2016, HGAA has reinforced its management teams in both Group and subsidiaries. Along with a rebranding, due in Q3 2016, HGAA is also preparing the launch of a new and enhanced digital offering aimed at a more efficient and straightforward consumer experience. To improve its offering to retail and SME clients, the Bank is currently adjusting its product portfolio and introducing a new and improved consumer credit and SME lending process.

In 2016, the Group will continue to focus on further improving its product offering and processes, execute a rebranding and implement further cost and efficiency measures. "We are the only international bank focused entirely on South East Europe and we want to become the bank of choice for clients across all the markets we operate in", concluded Ulrich Kissing, Group CEO.

About Hypo Group Alpe Adria AG
Hypo Group Alpe Adria AG (HGAA) is an international holding that operates a banking network in Southeast Europe (SEE). The SEE banking network encompasses six banks in five countries; Slovenia, Croatia, Bosnia and Herzegovina, Serbia and Montenegro with over 230 branches and more than 1.1 million customers. In 2015 Advent International (Advent) and the European Bank for Reconstruction and Development (EBRD) acquired Hypo Group Alpe Adria AG with its Southeast Europe banking network from HETA Asset Resolution.

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