

# HETA ASSET RESOLUTION

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**Company presentation**

Financial schedule for the wind-down plan according to GSA 2017

**Klagenfurt am Wörthersee, 06.07.2017**

## Disclaimer

This document also contains statements concerning forecasts, planning, future expectations and other future-oriented statements which are based on the current views and assumptions of the Management Board of HETA ASSET RESOLUTION AG (HETA), and which are associated with known and unknown risks and uncertainties. Consequently, the actual results and events may deviate significantly from the results and events contained in the future-oriented expectations and statements.

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## 1. Introduction

This information, which is provided to creditors and investors, represents an update of the financial schedule for the wind-down plan pursuant to the Federal Act on the Creation of a Wind-down Entity (GSA) that was published in August 2016. This company presentation is for the most part limited to the key financial figures in the current budget and the planning. The wind-down plan will be updated in the summer of 2017. An updated company presentation on the wind-down plan according to GSA will be published subsequently.

In connection with the information contained in this company presentation, the Management Board of HETA expressly refers creditors and investors to the corresponding disclaimer.

It is also noted that the company presentation may be updated or additions may be made at any time; any such updates and additions can be downloaded from the HETA website under “Investors/Investor Information”.

## 2. Legal framework conditions

On 25 August 2016, HETA published the first wind-down plan relating to the period from the end of May 2016 to 2020 (hereafter “2016 wind-down plan”). According to section 5 (5) GSA, the wind-down plan must be reviewed and investigated for possibly required changes by the company's managers at the end of each calendar quarter. If the circumstances that are of material importance to the wind-down plan change, then the plan must be adjusted and submitted to the Supervisory Board for approval.

In the year 2016 and the first six months of 2017, HETA was faced with a number of changes in the general environment. With the emergency administrative decision from 10 April 2016 (hereafter “Emergency Administrative Decision II”) and the administrative decision about the challenge procedure (“Vorstellungsbescheid”) from 2 May 2017 (hereafter “Vorstellungsbescheid II”) issued by the Financial Markets Authority (FMA) as the resolution authority (hereafter “FMA”), and the distribution of HETA's assets prior to the due date in order to satisfy the creditors, which was approved on 30 June 2017 (hereafter “interim distribution”), and the acceptance of the purchase offer submitted by the Kärntner Ausgleichszahlungs-Fonds (K-AF) for HETA's debt instruments, an important course was set for HETA and risk factors for future operating activities were significantly reduced. In addition, the company was able to implement a series of successful large transactions, many of which were not included in the 2016 wind-down plan, or were planned for a later date.

The “financial schedule” discussed in this company presentation forms a part of the wind-down plan, and was approved by HETA's committees on 6 July 2017. It is essentially limited to the key financial figures in the current budget and the planning. The update of the wind-down plan will be completed in the summer of 2017, and an updated company presentation on the wind-down plan will be published subsequently.

The application of the participation of creditors instrument ordered by the FMA (on the basis of Vorstellungsbescheid II) and the interim distribution have been incorporated into the financial schedule.

### **3. General wind-down assumptions**







#### **Key planning assumptions**

The following main items are taken into account in the present financial schedule for the 2017 wind-down plan:

- **Impact from Vorstellungsbescheid II**
- **Interim distribution, which was approved in June 2017**
- **Annual financial statements for 2016 for the HETA Group and HETA AG**
- **Higher expected recovery rate from the portfolio wind-down**
- **Faster portfolio wind-down (particularly Addiko settlement and HARIT disposal)**

## 4. Financial schedule for the wind-down plan

### Comparison with medium-term planning and wind-down plan GSA 2016

	Medium-term planning (published in October 2015)	Wind-down plan (GSA) (published in August 2016)	Wind-down plan (GSA) 2017 (as of July 2017)	Trend
FMA decisions (distribution rate)	N/A	YES (46.02%)	YES (64.4%)	
Interim distribution	NO	NO	YES (EUR 5.8 bn)	
“Recovery amount <sup>1)</sup> ” until 2020 (without deduction of interim distribution)	EUR 6.3 bn	EUR 7.7 bn	EUR 9.6 bn	
Remaining portfolio End of 2020	EUR 1.4 bn	EUR 1.1 bn	EUR 0 bn	
“Wind-down rate” End of 2018 (on basis: JAB 2014)	68%	78%	95%	
Costs (2016-2020)	EUR 551 mn	EUR 462 mn	EUR 447 mn	

<sup>1)</sup> “Recovery amount” reflects cash resources at the end of 2020 before the interim distribution.

## 4. Financial schedule for the wind-down plan

### Summary

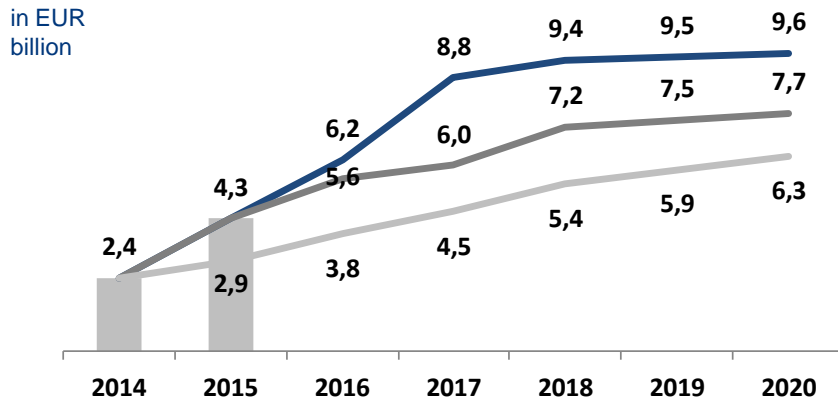
- **Changes in the balance sheet for the HETA Group:**
  - **Budget 2017:** Planned reduction in total assets by **EUR 2.9 billion** (excl. cash)
  - Wind-down of 80% of total assets (basis: year-end 2014) already expected for end of 2017, instead of end of 2018
  - It is expected that assets (excl. cash) will be wound down by **95% until 2018**, and by **100% until 2020** (basis: year-end 2014)
- **Cash-in in the course of realisation:**
  - The entire “**recovery amount**” (cash resources without deduction of interim distribution) is supposed to increase to **EUR 9.6 billion** by 2020.
  - An **interim distribution** will take place in July **2017** in the amount of **EUR 5.8 billion**, of which EUR 4.5 billion are paid out and EUR 1.3 billion are secured in special accounts.
  - The expected **amount of cash resources at the end of 2020** is **EUR 3.85 billion** (plus an additional EUR 1.3 billion for guaranteed amounts from the 2017 interim distribution).
- **Income statement for HETA AG (UGB/BWG):**
  - **Positive result from ordinary activities (EGT)** for the year 2017 in the amount of approx. **EUR 86 million has been budgeted**



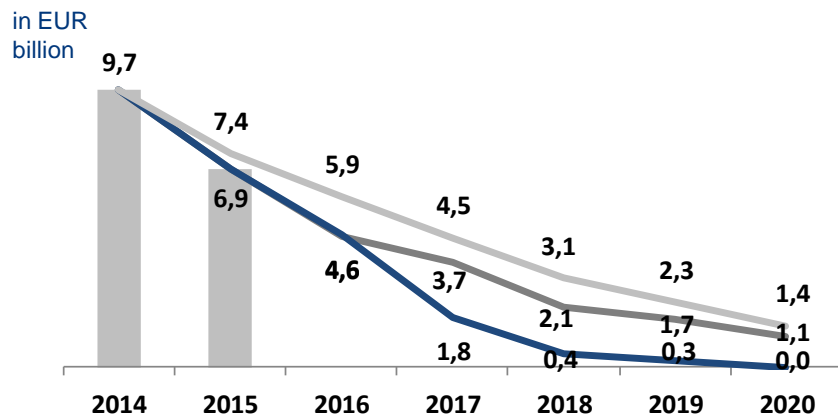
## 4. Financial schedule for the wind-down plan

### Development of assets

Cash resources Austrian National Bank (OeNB)  
(without deduction of interim distribution)



Total assets (excl. cash)



• **Budget 2017:** Cash resources (without outflows from the interim distribution) increase by EUR 2.6 billion to EUR 8.8 billion according to plan. Compared to the wind-down plan GSA 2016, this leads to a EUR 2.8 billion higher amount, which is mainly due to the earlier payment by Addiko.

• In the years 2018 and 2019, cash resources are expected to grow more slowly, as most of the portfolio would already be wound down by that time.

• Slight increase in 2020 due to the disposal of the performing portfolio

• A “recovery amount” of EUR 9.6 billion will be achieved by the end of 2020, which is approximately EUR 1.9 billion higher compared to the wind-down plan GSA 2016.

• In the year 2017, total assets decrease according to plan by EUR 2.8 billion (excl. cash) to EUR 1.8 billion.

• At the end of 2018, total assets of EUR 450 million (excl. cash) remain. At that time, 95% of total assets are already supposed to be wound down.

• The complete wind-down of total assets (excluding cash) is expected for the end of 2020.

## 4. Financial schedule for the wind-down plan

### Planned balance sheet for the HETA Group (consolidated according to IFRS)

HETA Group (IFRS) in EURm	YE 2015	YE 2016	Budget 2017	Plan 2018	Plan 2019	Plan 2020
<b>Total Assets</b>	<b>11,154</b>	<b>10,787</b>	<b>6,097</b>	<b>5,355</b>	<b>5,289</b>	<b>5,153</b>
Cash reserve (incl. collateral)	4,278	6,165	4,334	4,905	5,036	5,153
Net receivables to credit inst. and customers	4,579	3,556	1,106	297	159	0
Assets on stock	534	449	178	50	13	0
Derivatives	596	62	50	0	0	0
Financial assets (FVO)	205	225	191	0	0	0
Financial assets (AFS, at equity)	400	86	20	2	2	0
Other assets	562	244	217	101	80	0
Liabilities to credit institutions	3,400	1,533	1,546	1,543	1,541	1,541
Liabilities to customers	1,551	1,369	557	512	511	508
Liabilities evidenced by certificates	8,772	5,985	2,393	2,429	2,466	2,503
Derivatives	480	185	143	0	0	0
Provisions	463	532	339	244	213	171
Other liabilities	174	186	258	39	60	76
Subordinated capital	2,034	0	0	0	0	0
Equity	-5,721	997	861	587	498	354

## 4. Financial schedule for the wind-down plan

### Planned balance sheet for HETA AG (UGB)

Balance Sheet in EURm	YE 2015	YE 2016	Budget 2017	BP 2018	BP 2019	BP 2020
<b>ASSETS</b>						
Cash reserve, central banks (incl. collateral)	4,273	6,165	4,334	4,905	5,036	5,153
Net receivables from credit inst. and customers	4,550	3,371	936	244	105	0
Securities	383	81	18	0	0	0
Participations	85	140	130	100	75	0
Other assets	263	156	100	59	38	0
<b>Total assets</b>	<b>9,556</b>	<b>9,913</b>	<b>5,518</b>	<b>5,308</b>	<b>5,254</b>	<b>5,153</b>
<b>LIABILITIES</b>						
Liabilities to credit institutions	3,519	1,116	1,566	1,563	1,563	1,563
Liabilities to customers	1,520	938	590	437	425	383
Liabilities evidenced by certificates	8,820	3,894	1,813	1,813	1,813	1,813
Other liabilities	326	222	121	135	134	130
Accrued items	6	0	0	0	0	0
Provisions	845	3,743	1,428	1,360	1,319	1,264
<i>of which provisions for uncertain liabilities in connection with wind-down procedures</i>	<i>0</i>	<i>3,171</i>	<i>892</i>	<i>953</i>	<i>969</i>	<i>982</i>
Subordinated liabilities	1,998	0	0	0	0	0
Equity (sum)	-7,479	0	0	0	0	0
<b>Total liabilities</b>	<b>9,556</b>	<b>9,913</b>	<b>5,518</b>	<b>5,309</b>	<b>5,254</b>	<b>5,153</b>

## 4. Financial schedule for the wind-down plan

### Planned income statement for HETA AG (UGB)

Profit & Loss Account in EURm	YE 2015	YE 2016	BU 2017	BP 2018	BP 2019	BP 2020
Net interest income	-151.5	-70.2	18.3	5.3	-4.4	-3.7
Dividends	1.0	18.6	67.9	29.2	23.6	32.8
Provision income	1.8	1.1	0.7	0.7	0.5	0.4
Provision expense	-93.1	-16.7	-0.5	-0.3	-0.2	-0.1
Income/expenses from finance business	56.4	11.8	-5.0	0.0	0.0	0.0
Other operating income	28.5	71.6	3.4	1.9	1.9	1.6
<b>Operating income</b>	<b>-157.0</b>	<b>16.2</b>	<b>84.8</b>	<b>36.8</b>	<b>21.5</b>	<b>31.0</b>
Administrative expenses	126.7	-100.5	-72.7	-51.9	-40.8	-38.7
Depreciation	-3.1	-2.2	-1.8	-1.7	-1.0	-1.0
Other operating expenses	-0.0	-2.4	-0.1	-0.0	-0.0	-0.0
<b>Operating expenses</b>	<b>129.8</b>	<b>-105.1</b>	<b>-74.6</b>	<b>-53.6</b>	<b>-41.8</b>	<b>-39.6</b>
<b>Operating result</b>	<b>-286.8</b>	<b>-88.9</b>	<b>10.1</b>	<b>-16.8</b>	<b>-20.3</b>	<b>-8.7</b>
Valuation result UGB	461.8	1.419.1	75.4	26.8	-2.7	-16.1
<b>Result from ordinary activities (EGT)</b>	<b>175.0</b>	<b>1.330.2</b>	<b>85.6</b>	<b>10.0</b>	<b>-23.1</b>	<b>-24.8</b>
Extraordinary result	-655.6	6.137.9	-85.1	-9.5	23.6	25.3
Taxes	-11.0	10.8	-0.5	-0.5	-0.5	-0.5
<b>Result after taxes</b>	<b>-491.6</b>	<b>7.478.8</b>	<b>-0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## List of abbreviations

In this presentation, the following abbreviations are used for the following terms:

AFS	Available for Sale
EGT	Result from ordinary activities
EUR	Euro
FMA	Austrian Financial Market Authority
FVO	Fair Value Option
GSA	Austrian Federal Act for the Creation of a Wind-Down Unit
HARIT	HETA ASSET RESOLUTION Italia s.r.l
HETA	HETA ASSET RESOLUTION AG
Mio	Million
Bn	Billion
N/A	not applicable
OeNB	Austrian National Bank