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Race for Hypo Alpe-Adria's Balkan Banks Gets New Bidder

by Alexander Weber



Millhouse Capital, a London-based investment firm owned by German businessman Ralf Dodt, submitted a bid for the eastern European network of Austrian lender Hypo Alpe-Adria-Bank International AG.

Dodt sent the offer to the Austrian Finance Ministry late yesterday after parting with a consortium led by Bulgarian oligarch Denis Berekov, he said in a telephone interview from London today. A joint bid with Berekov failed due to insurmountable difficulties, Dodt said.

Berekov's Via Group, together with Russia's VTB Group, is in advanced talks with Hypo Alpe over its banks in the western Balkans, people with knowledge of the matter said earlier this month. Another bidder is U.S. private-equity firm Advent International Corp., which has teamed up with the European Bank for Reconstruction & Development, the people said. Expobank LLC, owned by Russian Igor Kim, was also in the running for the assets and has fallen behind, they said.

Daniela Kinz, a spokeswoman for the Austrian Finance Ministry, and Nikola Donig, a Hypo Alpe spokesman, declined to comment on Millhouse's bid. Berekov didn't immediately reply to e-mails or a phone call seeking comment.

Hypo Alpe is seeking buyers for the banking network with about 8.5 billion euros (\$11.4 billion) of total assets at the end of last year and an equity value of about 500 million euros. The banks are active in Croatia, Serbia, Slovenia, Bosnia and Herzegovina, and Montenegro. The rest of Hypo Alpe, about 18 billion euros of loans, securities and other assets, is going to be turned into a "bad bank," winding them down in the coming years under a plan agreed with the European Union.

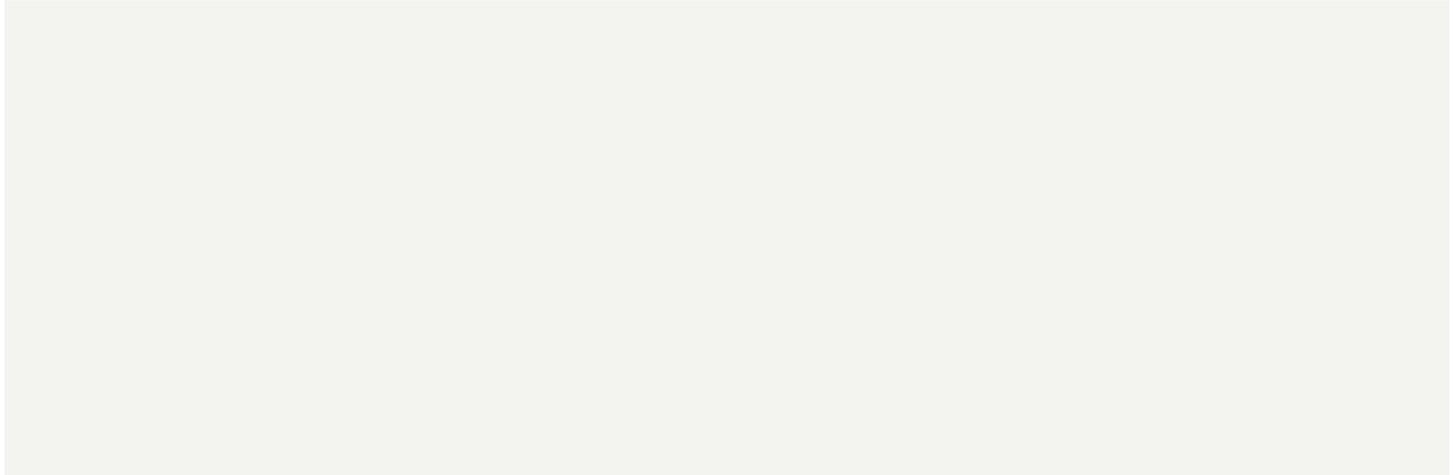
Seven potential buyers of all or parts of the banks initially expressed interest, Finance Minister Michael Spindelegger told Austrian Parliament this month.

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