UPDATE 1-Austrian bank Hypo says capital requirement cut

Reuters
VIENNA, Jan 31 (Reuters) - Stricken Austrian bank Hypo AlpeAdria said the country's regulator for financial markets had lowered capital requirements for the bank and given it more time to come up with the 609.9 million euros ($827.6 million) needed.

The bank, which was nationalised in 2009, said on Thursday it had reduced its risks, partly by divesting assets as it tries to shrink itself back to health, resulting in it needing less of a capital buffer.

Hypo's capital ratio target was cut to 12.4 percent from 12.67 percent, equalling some 90 million euros less than it previously needed, and it was given an extra nine months, until the end of the year, to fulfil the requirement.

The Austrian government, which has injected 1.5 billion euros in emergency capital into the bank, has earmarked another 700 million for Hypo in its 2013 budget.

Hypo Alpe Adria, which was established in 1896 as a provincial mortgage institute in Carinthia, southern Austria, expanded fast into southeast Europe in the 1980s and 90s.

It is now trying to sell off its operations piece by piece and divest toxic assets. The bank does not expect to make a profit until next year at the earliest.

($1 = 0.7370 euros)

(Reporting by Peter Dinkloh, Georgina Prodhan and Angelika Gruber; Editing by David Holmes)