



DEUTSCHE
PFANDBRIEFBANK

Press release

pbb provisions in 2014 financial statements for Heta debt securities covered by a letter of indemnity issued by the Austrian federal state of Carinthia

Provision of EUR 120 million reduces preliminary 2014 pre-tax profit of EUR 174 – which was above guidance – to EUR 54 million

Munich, 6 March 2015 – Pursuant to a Management Board resolution taken on 6 March 2015, Deutsche Pfandbriefbank AG (pbb) has provisioned for its receivables portfolio against Heta Asset Resolution AG (Heta), which has a nominal amount of EUR 395 million. The Bank's decision was taken in response to recent moves by the Austrian financial markets supervisor (FMA), and the Austrian federal government. On 1 March 2015, FMA issued a notice by which FMA deferred the maturity of debt securities (including coupon payments) issued by Heta until 31 May 2016. Heta is a wind-down entity owned by the Republic of Austria.

pbb's receivables are covered by a letter of indemnity issued by the Austrian federal state of Carinthia. pbb is currently reviewing the pursuit of all legal channels in order to get all of its claims satisfied.

The provision has burdened income by EUR 120 million. Preliminary pre-tax profit for 2014 – a financial year characterised by strong new business and a marked improvement in operating profitability – would have amounted to EUR 174 million. Due to the extraordinary burden, pre-tax profit (in accordance with IFRS) for 2014 is expected to decline to approximately EUR 54 million.

Media contacts:

Walter Allwicher: +49 89 2880 -28787, walter.allwicher@pfandbriefbank.com

Oliver Gruss, +49 89 2880-28781, oliver.gruss@pfandbriefbank.com

Disclaimer

This document and the information contained herein are for information purposes only and do not constitute a prospectus or an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction, including in the United States of America ("U.S."). Any securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended, (the "Securities Act") or the laws of any state of the U.S., and may not be offered, sold or otherwise transferred in the U.S. absent registration or pursuant to an available exemption from registration under the Securities Act. Neither Deutsche Pfandbriefbank AG nor Hypo Real Estate Holding AG intends to register any securities referred to herein in the U.S.

Any offer will be made exclusively through and on the basis of a prospectus that must be published in Germany as supplemented by additional information related to the offer outside of Germany.

No money, securities, or other consideration is being solicited, and, if sent in response to the information contained herein, will not be accepted.

Deutsche Pfandbriefbank AG
Communications
Freisinger Strasse 5
85716 Unterschleissheim, Germany



DEUTSCHE
PFANDBRIEFBANK

This press release contains forward-looking statements. These statements are based on the current views, expectations and assumptions of the management of Hypo Real Estate Holding AG and of Deutsche Pfandbriefbank AG as well as information currently available to the management. Forward-looking statements shall not be construed as a promise for the materialization of future results and developments and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those described in such statements due to, among other things, changes in the general economic and competitive environment, risks associated with capital markets, currency exchange rate fluctuations, changes in international and national laws and regulations, in particular with respect to tax laws and regulations, affecting Deutsche Pfandbriefbank AG, and other factors. Neither Hypo Real Estate Holding AG nor Deutsche Pfandbriefbank AG assumes any obligations to update any forward-looking statements.