

Press release



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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. März 2016 – 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.

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