

FINSTAG RESULTS NOTIFICATION

pursuant to § 2a (4) FinStaG
concerning

HETA ASSET RESOLUTION AG
("HETA")

by

Kärntner Ausgleichszahlungs-Fonds
(the "Fund")

Reference is made to the announcement of the Fund dated 6 September 2016 regarding its offers on the basis of provisions of § 2a of the Austrian Financial Market Stability Act (*Finanzmarktstabilitätsgesetz – FinStaG*), BGBl. I Nr. 136/2008, to acquire certain debt instruments of HETA. This FinStaG Results Notification constitutes the announcement pursuant to § 2a (4) FinStaG.

The offers pertained to the non-subordinated debt instruments of HETA, listed in the table under "Class A Offers" below (the "**Class A Instruments**") and the subordinated debt instruments of HETA, which are listed in the table under "Class B Offers" below (the "**Class B Instruments**" and, together with the Class A Instruments, the "**Instruments**"). The Fund offered to purchase the Class A Instruments at the applicable purchase price plus the contingent additional purchase price and/or exchange the Class A Instruments at the applicable exchange ratio for secured zero coupon bonds (the "**Zero Coupon Bonds**") plus the contingent additional purchase price (the "**Class A Offer**"). Further, the Fund offered to purchase the Class B Instruments at the applicable purchase price plus the contingent additional purchase price and/or exchange the Class B Instruments at the applicable exchange ratio for either (a) Zero Coupon Bonds or (b) long-term zero coupon assignable loans (*Schuldscheindarlehen*) (the "**Zero Coupon Assignable Loans**"), in each case plus the contingent additional purchase price (the "**Class B Offer**" and, together with the Class A Offer, the "**Offers**").

The Fund hereby announces that:

- (a) The Offers have been accepted by holders representing an aggregate nominal amount of EUR 10,671,968,023¹. This equals to 98.71% of the aggregate outstanding nominal amount of all Instruments;
- (b) The Class A Offers have been accepted by holders representing an aggregate nominal amount of EUR 9,873,267,653¹. This equals to 99.55% of the aggregate outstanding nominal amount of the Class A Instruments;
- (c) The Class B Offers have been accepted by holders representing an aggregate nominal amount of EUR 798,700,370¹. This equals to 89.42% of the aggregate outstanding nominal amount of the Class B Instruments;
- (d) In relation to each series of Instruments the Offers have been accepted as follows:

Class A Offers

ISIN/ID	Acceptance EUR	Acceptance%	ISIN/ID	Acceptance EUR	Acceptance%	ISIN/ID	Acceptance EUR	Acceptance%
XS0289201484	450,000,000	100.00%	XS0162472517	50,000,000	100.00%	45	10,000,000	100.00%
XS0292051835	499,400,000	99.88%	XS0163390163	60,000,000	100.00%	115	40,000,000	100.00%
XS0217836179	20,000,000	100.00%	XS0163694895	25,000,000	100.00%	84	50,000,000	100.00%
XS0293593421	188,040,617	100.00%	XS0163694978	25,000,000	100.00%	92	15,000,000	100.00%
XS0217878841	80,000,000	100.00%	XS0165821074	35,000,000	100.00%	94	20,000,000	100.00%
XS0218884194	20,000,000	100.00%	XS0165190066	25,000,000	100.00%	83	50,000,000	100.00%
XS0219714564	5,000,000	100.00%	XS0165863233	50,000,000	100.00%	124	10,000,000	100.00%
XS0169594057	25,000,000	100.00%	AT0000345483	30,000,000	100.00%	131	10,000,000	100.00%
CH0028623145	560,685,408	99.39%	XS0165190066	25,000,000	100.00%	127	25,000,000	100.00%
XS0219079794	20,000,000	100.00%	XS0165060012	3,729,952	100.00%	126	25,000,000	100.00%
XS0268565586	37,299,515	100.00%	XS0164569187	20,000,000	100.00%	132	10,000,000	100.00%
XS0272401356	1,239,893,000	99.19%	XS0166422823	20,000,000	100.00%	125	50,000,000	100.00%
XS0232733492	24,900,000	99.60%	XS0166280346	50,000,000	100.00%	130	30,000,000	100.00%
XS0210195003	25,000,000	100.00%	138	25,000,000	100.00%	129	50,000,000	100.00%
XS0210264411	50,000,000	100.00%	140	30,000,000	100.00%	128	150,000,000	100.00%
XS0210372065	10,000,000	100.00%	135	100,000,000	100.00%	89	25,000,000	100.00%
XS0281875483	1,970,250,000	98.51%	139	50,000,000	100.00%	90	25,000,000	100.00%
XS0184652567	10,000,000	100.00%	134	50,000,000	100.00%	108	5,000,000	100.00%
XS0184385937	65,000,000	100.00%	67	10,000,000	100.00%	23_1	20,000,000	100.00%
AT0000A00E24	20,000,000	100.00%	91	10,000,000	100.00%	23_2	20,000,000	100.00%
XS0187818595	20,000,000	100.00%	95	15,000,000	100.00%	93	15,000,000	100.00%
XS0215451633	5,000,000	100.00%	97	15,000,000	100.00%	46	10,000,000	100.00%
XS0293592613	70,000,000	100.00%	96	10,000,000	100.00%	21_54	13,000,000	100.00%
XS0293591995	100,000,000	100.00%	98	2,500,000	100.00%	39	1,000,000	100.00%
XS0147028061	20,000,000	100.00%	99	10,000,000	100.00%	40	1,000,000	100.00%
XS0147142276	25,000,000	100.00%	102	10,000,000	100.00%	22	20,000,000	100.00%
XS0203692727	23,000,000	100.00%	61	1,000,000	100.00%	24	14,000,000	100.00%
XS0147285547	50,000,000	100.00%	60	10,000,000	100.00%	41	1,000,000	100.00%
XS0149185745	5,000,000	100.00%	103	5,000,000	100.00%	44	7,000,000	100.00%
XS0148839243	5,000,000	100.00%	63	25,000,000	100.00%	1	10,000,000	100.00%
XS0148494320	25,000,000	100.00%	107	5,000,000	100.00%	49	10,000,000	100.00%
XS0169594727	25,000,000	100.00%	109	10,000,000	100.00%	9	20,000,000	100.00%
XS0170738263	30,000,000	100.00%	111	20,000,000	100.00%	14	15,000,000	100.00%
XS0149819004	10,000,000	100.00%	101	15,000,000	100.00%	19	15,000,000	100.00%
XS02095755981	50,000,000	100.00%	62	25,000,000	100.00%	18	5,000,000	100.00%
XS0171833030	50,000,000	100.00%	82	50,000,000	100.00%	11	15,000,000	100.00%
XS0210342316	25,000,000	100.00%	86	15,000,000	100.00%	32	15,000,000	100.00%
XS0198512732	50,000,000	100.00%	87	50,000,000	100.00%	5	20,000,000	100.00%
XS0151684981	75,000,000	100.00%	110	50,000,000	100.00%	15	1,000,000	100.00%
XS0173650028	50,000,000	100.00%	114	40,000,000	100.00%	16	4,000,000	100.00%
XS0244768635	100,000,000	100.00%	100	10,000,000	100.00%	17	5,000,000	100.00%
XS0191139574	25,000,000	100.00%	59	10,000,000	100.00%	20	30,000,000	100.00%
XS0200438223	20,000,000	100.00%	69	5,000,000	100.00%	28	5,000,000	100.00%
XS0198512732	50,000,000	100.00%	116_1	50,000,000	100.00%	12	10,000,000	100.00%
XS0232319300	50,000,000	100.00%	116_2	5,000,000	100.00%	29	5,000,000	100.00%
XS0232727411	50,000,000	100.00%	118	40,000,000	100.00%	36	5,000,000	100.00%
XS0232727684	50,000,000	100.00%	122	25,000,000	100.00%	13	25,000,000	100.00%
XS0161493811	50,000,000	100.00%	123	25,000,000	100.00%	52	25,000,000	100.00%
XS0162348857	25,000,000	100.00%	119	2,000,000	100.00%	4	10,000,000	100.00%

In addition, the Class A Offers have been accepted for all claims of Pfandbriefbank (Österreich) AG, the Austrian provincial mortgage banks (österreichische Landes-Hypothekenbanken) and their guarantors against HETA in connection with certain instruments issued by Pfandbriefbank (Österreich) AG which were subject to the Class A Offers.

Class B Offers

ISIN/ID	Acceptance EUR	Acceptance%	ISIN/ID	Acceptance EUR	Acceptance%	ISIN/ID	Acceptance EUR	Acceptance%
XS0274117117	150,000,000	100.00%	121	50,000,000	100.00%	57	-	0.00%
XS0283714896	229,850,000	99.93%	120	5,000,000	100.00%	56	-	0.00%
AT0000355334	10,000,000	100.00%	144	10,000,000	100.00%	66	-	0.00%
XS0170866775	15,000,000	100.00%	33	5,000,000	100.00%	105	15,000,000	100.00%
QOQXDB9964079	20,000,000	100.00%	53	2,000,000	100.00%	141	7,000,000	100.00%
XS0205170268	25,000,000	100.00%	104	15,000,000	100.00%	143	7,000,000	100.00%
XS0184026374	15,000,000	100.00%	70	-	0.00%	142	13,000,000	100.00%
XS0154247299	15,000,000	100.00%	72	-	0.00%	79	6,000,000	100.00%
XS0139343635	15,000,000	100.00%	71	-	0.00%	80	5,000,000	100.00%
XS0142938686	15,000,000	100.00%	112	3,000,000	100.00%	81	20,000,000	100.00%
AT0000327101	4,360,370	100.00%	73	5,000,000	100.00%	34	5,000,000	100.00%
XS0165863316	10,000,000	100.00%	74	5,000,000	100.00%	30	5,000,000	100.00%
XS0097058720	-	0.00%	148	2,500,000	100.00%	145	4,000,000	100.00%
XS0121202658	14,890,000	100.00%	149	500,000	100.00%	146	20,000,000	100.00%
XS0158550292	19,600,000	98.00%	75	-	0.00%	25	5,000,000	100.00%
117-1	5,000,000	100.00%	113	5,000,000	100.00%	26	3,000,000	100.00%
117-2/133	10,000,000	100.00%	58	-	0.00%	27	2,000,000	100.00%

- (e) The Zero Coupon Bonds will be issued by the Fund in an aggregate principal amount of EUR 10,303,878,812 and the maturity date for the Zero Coupon Bonds will be 14 January 2032;
- (f) Zero Coupon Assignable Loans will be issued by the Republic of Austria in an aggregate principal amount of EUR 104,590,165 and the maturity date for the Zero Coupon Assignable Loans will be 28 September 2068.

As a result of the above referenced acceptances the transaction conditions pursuant to § 2a (4) FinStaG have been satisfied.

Further Information

In connection with the Offers, Citigroup Global Markets Limited and J.P. Morgan Securities plc are acting as offer agents (the "**Offer Agents**"). Citibank N.A., London Branch is acting as Tender Agent. In relation to the issuance of the Zero Coupon Bonds Citibank, N.A., London Branch is acting as security agent (the "**Security Agent**"), Citibank, N.A., London Branch is acting as principal paying agent (the "**Principal Paying Agent**"), Citigroup Global Markets Deutschland AG is acting as registrar (the "**Registrar**") and Citicorp Trustee Company Limited is acting as bond trustee (the "**Bond Trustee**"), and together with the Registrar, the Principal Paying Agent and the Security Agent, the "**Zero Coupon Bond Agents**").

Disclaimer

General

This announcement is for information purposes only and shall not constitute or be construed as an offer to buy, sell, issue, or subscribe for, or the solicitation of an offer to buy, sell, issue, or subscribe for any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. Copies of this announcement are not being made and may not be distributed or sent into Australia, Canada, Japan, the United States or any other jurisdiction in which such distribution would be unlawful or would require registration or other measures.

United States

The securities mentioned herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"). Subject to certain exceptions, the securities mentioned herein may not be offered or sold in the United States, except pursuant to registration or an exemption from the registration requirements under the Securities Act. No public offering of the securities will be made in the United States.

United Kingdom

*The communication of this announcement and any other documents or materials relating to the Offers is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000, as amended. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to (1) persons who have professional experience in matters relating to investments, being investment professionals as defined in Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Financial Promotion Order**"); (2) persons who fall within Article 49 of the Financial Promotion Order ("high net worth companies, unincorporated associations etc."); or (3) any other persons to whom these documents and/or materials may lawfully be communicated under the Financial Promotion Order.*

France

*The Offers are not being made, directly or indirectly, to the public in the Republic of France ("**France**"). Neither this announcement nor any other documents or materials relating to the Offers have been or shall be distributed to the public in France and only (i) providers of investment services relating to portfolio management for the account of third parties (personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers) and/or (ii) qualified investors (investisseurs qualifiés) other than individuals, in each case acting on their own account and all as defined in, and in accordance with, Articles L.411 -1, L.411-2 and D.411-1 to D.411-3 of the French Code Monétaire et Financier, are eligible to accept the Offers. This announcement and any other document or material relating to the Offers have not been and will not be submitted for clearance to nor approved by the Autorité des marchés financiers.*

Belgium

Neither this announcement nor any other documents or materials relating to the Offers have been submitted to or will be submitted for approval or recognition to the Belgian Financial Services and Markets Authority and, accordingly, the Offers may not be made in Belgium by way of a public offering, as defined in Article 3 of the Belgian Law of 1 April 2007 on public takeover bids, as amended or replaced from time to time. Accordingly, the Offers may not be advertised and the Offers will not be extended, and neither this announcement nor any other documents or materials relating to the Offers (including any memorandum, information circular, brochure or any similar documents) has been or shall be distributed or made available, directly or indirectly, to any person in Belgium other than "qualified investors" within the meaning of Article 10 of the Belgian Law of 16 June 2006 on public offerings of investment instruments and the admission of investment instruments to trading on regulated markets (as amended from time to time).

Italy

*None of the Offers, this announcement or any other documents or materials relating to the Offers has been or will be submitted to the clearance procedure of the Commissione Nazionale per le Società e la Borsa ("**CONSOB**"). The Offers are being carried out in the Republic of Italy as exempted offers pursuant to article 101-bis, paragraph 3-bis of the Legislative Decree No. 58 of 24 February 1998, as amended (the "**Italian Financial Services Act**") and article 35-bis, paragraph 4 of CONSOB Regulation No. 11971 of 14 May 1999. Holders, or beneficial owners of the Instruments, can tender some or all of their Instruments pursuant to the Offers through authorised persons (such as investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with the Italian Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007, as amended from time to time, and Legislative Decree No. 385 of 1 September 1993, as amended) and in compliance with applicable laws and regulations or with requirements imposed by CONSOB or any other Italian authority. Each intermediary must comply with the applicable laws and regulations concerning information duties vis-à-vis its clients in connection with the Instruments or the Offers.*

¹ Instruments denominated in CHF and JPY have been converted into Euro by using the exchange rates for conversion as of 27 February 2015, which are CHF 1.0636 per EUR 1 and JPY 134.05 per EUR 1. The relevant conversion date was 27 February 2015 (as set forth in the FMA resolution dated March 1, 2015).