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## **Heta Asset Resolution AG: Agreement reached with the Republic of Austria**

An agreement has been reached today between the Republic of Austria and the bondholders of Heta Asset Resolution AG (Heta) which debt was partially cancelled through a bail-in imposed by the Austrian regulator on 10 April 2016. Dexia Kommunalbank Deutschland AG, the German subsidiary of Dexia, whose nominal exposure to Heta amounts to EUR 395 million, is a party to this agreement.

The memorandum of understanding sets forth the principle of an exchange of the bonds issued by Heta against zero-coupon bonds with a maturity of circa 13.5 years, issued by the Province of Carinthia via a dedicated SPV, and which will benefit from the explicit guarantee of the Republic of Austria.

The offer is to be finalised by the end of September 2016, subject the completion of various conditions. Based on the terms of the memorandum, Dexia may be in a position to record a positive impact of approximately EUR 130 to 140 million on its financial statements.

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