

**Ad Hoc Announcement** - For immediate release

**RE: Agreement by DEPFA ACS BANK DAC to purchase its own covered bond securities from FMS Wertmanagement AöR, to cancel them, and to sell assets to FMS-WM to reduce its cover pool**

15 May 2019

Issued on behalf of DEPFA ACS BANK DAC (“**DEPFA ACS**” or the “**Issuer**”) in respect of its covered bonds (as defined below) listed on a trading venue within the scope of Regulation (EU) No. 596/2014 (the “**Market Abuse Regulation**”). The Market Abuse Regulation requires disclosure of inside information relating to the Issuer and the covered bonds.

**Background:**

Since 2016 FMS Wertmanagement AöR (“**FMS-WM**”), the parent company of DEPFA BANK plc (“**DEPFA plc**”, together with the Issuer, “**DEPFA**”), has from time to time been purchasing, through open market purchases or private transactions, covered bonds issued by DEPFA ACS (“**covered bonds**” or “**ACS**”). In November 2016 DEPFA announced the completion of a buyback by the Issuer from FMS-WM of approximately Euro 4.0bln in total nominal amount of ACS and a sale to FMS-WM of an equivalent value of public sector assets. In November 2017 DEPFA announced the completion of a buyback by the Issuer from FMS-WM of approximately Euro 2.0bln in total nominal amount of ACS and a sale to FMS-WM of an equivalent value of public sector assets. FMS-WM has informed DEPFA that it currently holds approximately Euro 1.28bln of ACS.

**Purchase of covered bonds:**

The relevant corporate bodies of FMS-WM and the boards of DEPFA have approved a transaction involving the purchase by DEPFA ACS in early June 2019 of a certain number of their covered bonds currently held by FMS-WM. The total nominal amount of the purchase of ACS (including global notes and registered notes) of DEPFA ACS (rounded in Euros) is approximately Euro 1.28bln. The total nominal amount of the purchase of registered notes of DEPFA ACS (rounded in Euros) is approximately Euro 1.2bln. The details of the purchase of the global notes for DEPFA ACS are set out in the table below:

**Issuer:** DEPFA ACS

<b>ISIN / Common Code</b>	<b>Maturity Date</b>	<b>Issuance Currency</b>	<b>Amount Purchased (issuance currency)</b>	<b>Principal Amount Outstanding (issuance currency)</b>	<b>Listing</b>
CH0026116084	31/07/2031	CHF	625,000	3,735,000	SWX Swiss
XS0217803914	25/04/2025	EUR	10,000,000	0.00	London
US249575AN19 / DE000A0LPMX0	16/03/2037	USD	10,150,000	17,240,000	Dublin
XS0259466695	06/07/2031	EUR	15,000,000	0.00	Dublin
XS0259885316	06/07/2036	EUR	15,000,000	0.00	Dublin
XS0258836914	30/06/2021	EUR	20,000,000	0.00	Luxembourg

It is the intention of DEPFA ACS to purchase these covered bonds and cancel them.

**Sale of assets:**

Immediately following the covered bond purchase described above FMS-WM will purchase from DEPFA ACS approximately Euro 1.32bln (in nominal value) of public sector assets. This is a further step in the wind down plan to help reduce the cover pool of DEPFA ACS.

**Purchase price and pricing mechanism:**

The purchase price of both the covered bonds and the public sector assets will be conducted on an arm’s length basis and assessed at fair market value.

The pricing mechanism for arriving at the purchase price of a covered bond will be the sum of the value of all remaining payments of principal and interest discounted at the relevant purchase yield. The purchase yield of a covered bond is subject to market conditions and as such will depend, inter alia, on the relevant interest rate curve, purchase spread and applicable market conventions for each covered bond which will vary depending on the specific commercial characteristics for each covered bond.

***DEPFA ACS buyback policy:***

DEPFA ACS continues to show interest in buying back its ACS on the market on a reverse enquiry basis and at prevailing market prices. Whether or not DEPFA ACS accepts such enquiries is dependent on a number of factors including legal, regulatory and commercial considerations. These considerations remain for DEPFA ACS for any future reverse enquiries of their outstanding ACS. Since January 2016 DEPFA has referred all reverse enquiries to FMS-WM's treasury department. In principle DEPFA ACS remains receptive to future reverse enquiries for their covered bonds at fair market prices however such enquires should be made to FMS-WM in the first instance. To the extent that FMS-WM holds outstanding ACS or purchases additional ACS in the market, DEPFA ACS remains interested in buying back such further covered bonds from FMS-WM at fair market prices with a view to cancelling them subject to the same legal, regulatory and commercial considerations.

***FMS-WM***

FMS-WM was founded in July 2010 as a German state owned wind down agency in order to wind up risk positions and non-strategic operations of the former Hypo Real Estate Holding AG group in a manner aimed at maximizing the value of the relevant assets. In 2014 FMS-WM acquired the whole share capital of DEPFA plc with instructions to wind down the DEPFA Group.

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