

Ad Hoc Announcement - For immediate release

RE: Agreement by DEPFA Funding IV LP to repurchase and cancel Euro 500,000,000 Fixed Rate/Floating Rate Guaranteed non-voting Non-cumulative Perpetual Preferred Securities having the benefit of a subordinated guarantee of DEPFA BANK plc with ISIN: XS0291655727

26 October 2018

Issued by DEPFA BANK plc (“**DEPFA**”) in respect of the outstanding listed debt instruments of DEPFA identified below. This announcement may include a communication of inside information for purposes of the Market Abuse Regulation (Regulation (EU) No. 596/2014).

Issuer	ISIN	Stock Exchange
DEPFA BANK plc	XS0220631898	Euronext Dublin
DEPFA BANK plc	XS0216359959	Euronext Dublin
DEPFA BANK plc	XS0216359520	Euronext Dublin
DEPFA BANK plc	XS0201115697	Euronext Dublin
DEPFA BANK plc	XS0221762932	Euronext Dublin
DEPFA BANK plc	XS0227637500	Euronext Dublin
DEPFA BANK plc	XS0220901515	Euronext Dublin
DEPFA BANK plc	XS0188934524	Euronext Dublin

Background

In January 2015 FMS-Wertmanagement AöR (“**FMS-WM**”) launched a tender offer inviting holders of the Fixed Rate/Floating Rate Guaranteed non-voting Non-cumulative Perpetual Preferred Securities of DEPFA Funding IV LP (“**Funding IV**”) (the “**Preferred Securities**”) to tender those securities for purchase by FMS-WM. In the tender offer, which ended on 18 May 2015, 99.9% of the holders of the Preferred Securities were tendered to and purchased by FMS-WM. At a bondholder meeting of the Preferred Securities on 20 May 2015 a clear majority voted in favour of facilitating the purchase by DEPFA of all Preferred Securities that were not tendered to and purchased by FMS-WM. Since these events, Euro 499,250,000 (in nominal amount) of the Preferred Securities are held by FMS-WM and Euro 750,000 (in nominal amount) are held by DEPFA.

Repurchase of the Preferred Securities of Funding IV

The boards of FMS-WM and DEPFA have approved the sale to and repurchase by Funding IV of the Preferred Securities on a reverse enquiry basis and at fair value. The pricing will be conducted on an arm’s length basis and assessed at fair market value determined on 15 November 2018 with settlement expected to take place on 19 November 2018. A final price validation for the transaction will be performed by an independent third party.

Amendment to the Terms and Conditions of the Instruments for Funding IV and the Subordinated Guarantees

FMS-WM and DEPFA, as holders of all of the Preferred Securities, have consented to the terms and conditions of the Preferred Securities being amended to facilitate their repurchase and cancellation. FMS-WM and DEPFA, as holders of all of the preferred securities of DEPFA Funding II LP, DEPFA Funding III LP and Funding IV have also consented to the removal of the distribution and capital stopper undertakings provided by DEPFA as guarantor of the preferred securities issued by DEPFA Funding II LP, DEPFA Funding III LP and Funding IV.

FMS-WM and the wind down of the DEPFA group

FMS-WM is the parent company of DEPFA. FMS-WM was established in 2010 as a German state owned wind down agency in order to wind up risk positions and non-strategic operations in a manner aimed at maximizing the value of the relevant assets. FMS-WM took ownership of DEPFA in December 2014. The strategy of DEPFA is to continue to wind down its balance sheet and those of its subsidiaries in a manner designed to maintain value. Completion of the transaction identified in this announcement is a further step in the wind down plan of the DEPFA group.

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