

# FMS-WM continues buying debt instruments of the DEPFA group

Dublin, 29 July 2016

The German state owned wind down agency, FMS Wertmanagement AöR ("FMS-WM"), was instructed in May 2014 to wind down DEPFA BANK plc ("DEPFA") and its wholly owned subsidiaries (the "DEPFA group"). The transfer of the ownership of the DEPFA group to FMS-WM was completed on 19 December 2014. The transfer included the wholly owned subsidiaries, DEPFA ACS BANK in Ireland ("DEPFA ACS") and DEPFA Pfandbriefbank International S. A. in Luxembourg ("DEPFA PBI").

In January 2016, FMS-WM announced a public tender offer for the purchase of certain covered bonds of DEPFA ACS and DEPFA PBI. FMS-WM has to date purchased a total nominal amount of EUR 5.6 bn of DEPFA group covered bonds. Details of such purchases have been included in ad hoc announcements published today by the DEPFA group. Covered bonds in a nominal amount of EUR 2.6 bn were purchased in the context of the public tender offer and a further EUR 3 bn were acquired by FMS-WM under bilateral agreements with investors. In addition, in 2015 FMS-WM has – as communicated before – purchased hybrid capital debt instruments issued by DEPFA through the funding vehicles: DEPFA Funding II LP, DEPFA Funding III LP and DEPFA Funding IV LP. The remaining hybrid securities issued by these vehicles not acquired by FMS-WM were subsequently acquired by DEPFA, such that DEPFA and FMS-WM jointly hold 100 % of DEPFA's hybrid capital debt instruments with an aggregate nominal value of EUR 1.2 bn.

The purchases by FMS-WM of the various debt instruments issued by the DEPFA group aim at preparing an accelerated wind down of DEPFA. "Therefore, it is our intention to conduct further purchases of securities", Stephan Winkelmeier, Spokesman of the Executive Board of FMS-WM highlights. "This enables us to sell the securities held by us to DEPFA ACS or DEPFA PBI."

In a next step DEPFA group's liabilities could be reduced and in cooperation with FMS-WM the cover pools of DEPFA ACS and DEPFA PBI could be adjusted accordingly. "This may significantly reduce DEPFA's balance sheet in the mid-term", Fiona Flannery, DEPFA's Chief Executive Officer says. Such strategy may affect the future market liquidity of the outstanding securities issued by DEPFA ACS and DEPFA PBI. DEPFA and FMS-WM will assess further measures in compliance with legal requirements to support the accelerated wind down of the DEPFA group. This may include in particular a removal of ratings where there is no contractual requirement to maintain such ratings. FMS-WM was established in July 2010 as a state-owned wind down agency to assume risk positions and non-strategic business positions of the HRE group. The DEPFA group, based in Dublin, is a wholly owned subsidiary of FMS-WM.

If you have any questions, please do not hesitate to contact Rachel Martin, Head of Communications for DEPFA at +353 1 792 2144 or by email at [rachel.martin@depfa.com](mailto:rachel.martin@depfa.com) or Andreas Henry, Head of Communications for FMS-WM at +49 089 9547627-250 or by email at [andreas.henry@fms-wm.de](mailto:andreas.henry@fms-wm.de)