



Press release

FMS Wertmanagement and DEPFA BANK plc successfully complete hybrid bond transaction

Munich, 27 May 2015

In a joint transaction with DEPFA BANK plc in Dublin, the German federal government's winding-up institution FMS Wertmanagement successfully completed the tender offer and purchase by DEPFA BANK plc of three bonds issued in 2003, 2005 and 2007 (by DEPFA Funding II LP, DEPFA Funding III LP and DEPFA Funding IV LP) with an aggregate nominal value of EUR 1.2 billion for a total consideration of EUR 741 million.

In the tender offer, which ended on 18 May 2015, 90.5% of the DEPFA II securities, 87.9% of DEPFA III securities and 99.9% of DEPFA IV securities were tendered to FMS Wertmanagement. At bondholder meetings on 20 May 2015, a clear majority in each case voted in favour of facilitating the purchase by DEPFA BANK plc of all three bonds at the respective purchase price. This allowed DEPFA BANK plc to buy the bonds that were not tendered for purchase at their respective purchase price on 26 May 2015.

The transaction increases DEPFA BANK plc's Tier 1 capital and generates hidden reserves at FMS Wertmanagement.

"This has enabled us to secure one of the key value levers for the successful unwinding of DEPFA BANK plc at an early stage," said Dr. Christian Bluhm, Spokesman of the Executive Board of FMS Wertmanagement. "The positive economic effect of around EUR 460 million results from the difference between the price paid for the tendered and the purchased bonds and the nominal value of the bonds."

DEPFA BANK plc and its subsidiaries had been transferred from the HRE Group to FMS Wertmanagement on 19 December 2014 against payment of a purchase price of EUR 320 million.

In January 2015, DEPFA BANK plc announced in an ad hoc release that there were plans (by FMS Wertmanagement) to acquire and (by DEPFA BANK plc) to buy three hybrid bonds with an aggregate nominal value of EUR 1.2 billion. On 20 April 2015, FMS Wertmanagement submitted the precise tender offer to holders of these bonds. The terms and conditions for the subsequent purchase by DEPFA BANK plc of the bonds that were not offered for sale were confirmed at the same time (see table).

	ISIN	Outstanding Principal Amount	Purchase Price (payable to tendering holders only)	Repurchase Price (payable to holders not participating in the Offer)
DEPFA II Securities	XS0178243332	€400,000,000	€0.604509 (sixty point four five zero nine cents) per €1 (one Euro) of Liquidation Preference	€0.595 (fifty nine point five cents) per €1 (one Euro) of Liquidation Preference
DEPFA III Securities	DE000A0E5U85	€300,000,000	€0.584509 (fifty eight point four five zero nine cents) per €1 (one Euro) of Liquidation Preference	€0.575 (fifty seven point five cents) per €1 (one Euro) of Liquidation Preference
DEPFA IV Securities	XS0291655727	€500,000,000	€0.604509 (sixty point four five zero nine cents) per €1 (one Euro) of Liquidation Preference	€0.595 (fifty nine point five cents) per €1 (one Euro) of Liquidation Preference

FMS Wertmanagement was founded in 2010 with the aim of winding up the risk positions and operations that were transferred to the company from the Hypo Real Estate Group (HRE Group) effective 1 October 2010. As a financially independent entity under public law, FMS Wertmanagement defines the best possible wind-up strategies in each case and implements them based on the following maxim: seize opportunities for generating income and minimise losses. FMS Wertmanagement is supervised by the Federal Agency for Financial Market Stabilisation (FMSA). The Financial Market Stabilisation Fund SoFFin is obligated without limitation to provide additional funds under Section 8a of the German Law Establishing a Financial Market Stabilisation Fund (Gesetz zur Errichtung eines Finanzmarktstabilisierungsfonds - FMStFG) for losses incurred in winding up the portfolio.

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