


Investor Presentation

June 2023

A decorative graphic on the left side of the slide, consisting of a large, stylized orange diamond shape with a white outline, and a dark blue line that starts from the bottom left, goes up and right, then down and right, then up and right, ending in a horizontal line that spans the width of the slide.



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Overview

Mandate

FMS Wertmanagement (FMS-WM) is a wind-up institution organized as a public law entity. FMS-WM is mandated with liquidating a portfolio of risk positions and non-strategic assets that it assumed from Hypo Real Estate Group (HRE Group). FMS-WM aims to maximize the value of its portfolio by managing and liquidating it in a value-preserving manner over an extended period of time.

Achievement

Since the portfolio was transferred from the HRE Group on October 1, 2010, its original nominal value of EUR 175.7 billion was reduced to EUR 49.6 billion at the end of December 2022.

Guarantee

FMS-WM is wholly owned by the Financial Market Stabilisation Fund (FMS or SoFFin), a special pool of assets of the Federal Republic. FMS-WM's obligations are backed by the full faith and credit of the Federal Republic. They benefit from a statutory guarantee of FMS and under FMS-WM's charter, FMS is obligated to cover all losses.



Risk Weight

0 % according to the CRD IV (Basel III) in both the Standardized and the IRB approach.

Issuer Profile

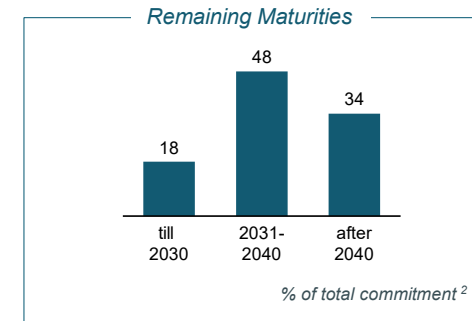
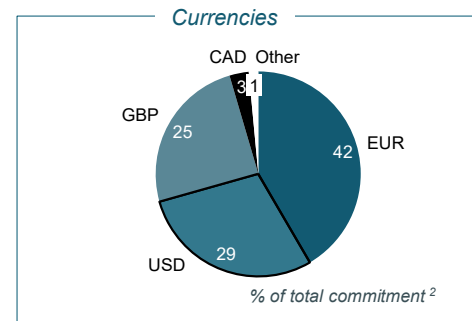
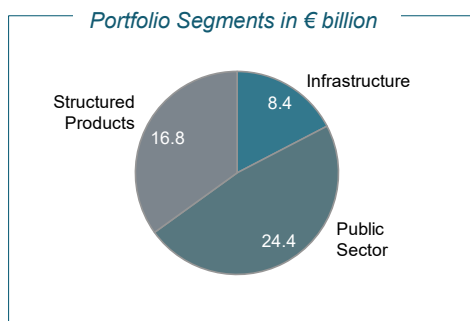
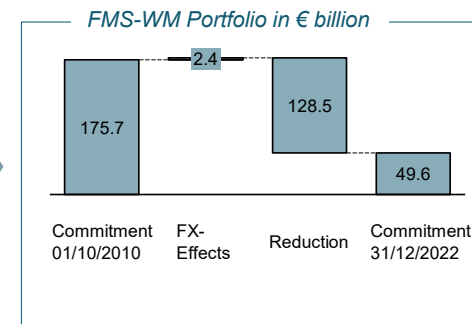
FMS-WM has an outstanding volume of EUR 10.7 billion in Capital Markets Funding and EUR 9.0 billion in Money Market Funding (as at 31/12/2022). Funding activities are aimed exclusively at institutional investors.

Structure of FMS Wertmanagement and its Wind-Up Portfolio



Unwind

- Asset Portfolio of € 175.7 billion¹**
- Segments:
- Public Sector
 - Structured Products
 - Commercial Real Estate
 - Infrastructure



¹ At the time of portfolio transfer on 01/10/2010

² As per 31/12/2022

Refinancing Activities

Strategy

- Refinancing is generated from long- and short-term funding sources. A balanced mix allows for a sustainable, cost-efficient and flexible funding structure.
- Based on the explicit guarantee as well as the loss compensation obligation by FMS (or SoFFin), FMS-WM, as a member of the “Bund Family”, is positioned as a Prime Frequent Issuer (primarily focused on money market) maintaining a stable and broadly diversified refinancing structure.
- In line with its mandate, FMS-WM established its own money and capital market refinancing programs and focuses its activities on the main currencies EUR, USD, and GBP, where original funding needs exist due to the composition of the asset portfolio.

Programs

Capital Market

Issuing Format: Benchmark transactions, public transactions and private placements (plain vanilla only)

Tenors: 1 year up to 10 years; focus on 2-5 years
 Currencies: Focus on USD & GBP
 Program: EUR 65 bn DIP

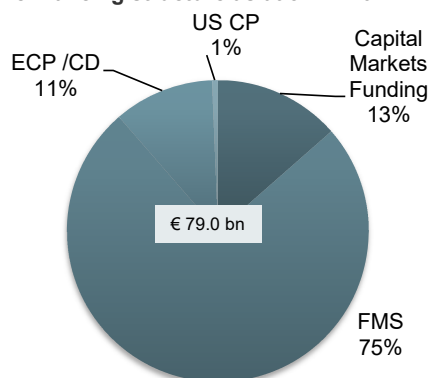
Money Market

Issuing Format: ECP-CD/ US CP/ Bilateral Repo/ Eurex Repo/
 Deposits from institutional clients

Tenors: 1-364 days
 Currencies: All currencies of the wind-up portfolio
 Programs: European Commercial Paper Program
 and US Commercial Paper Program

Achievements & Outlook

Refinancing structure as at 31/12/2022



- Since January 2019, longer-term EUR-denominated funding of FMS-WM has been carried out by funds provided by the FMS.
- By the end of 2022, most of the funding facility of EUR 60 billion through the FMS had been utilized in the amount of EUR 59.4 billion
- FMS-WM itself continues to ensure long-term funding in foreign currencies (particularly in USD and GBP) and short-term money market funding
- FMS-WM had an outstanding volume of EUR 10.7 billion in Capital Markets Funding and EUR 9.0 billion in Money Market Funding (as at 31/12/2022).
- FMS-WM placed capital market issues in USD and GBP equivalent to EUR 1.3 billion at international capital markets in 2022.



FMS-WM Refinancing Programs

European Commercial Paper (ECP/ CD)

Issuer	FMS Wertmanagement
Max. Program Size	EUR 60bn
Tenors	1 – 364 Days
Currencies	Multi Currency
Ratings	A-1+/ P-1
Dealers	Barclays, BofA, BRED Citi, ING, NatWest, Rabobank, UBS
Program Launch	January 24, 2011
Outstanding (31/12/2022)	EUR 8.5 bn

Debt Issuance Programme

Issuer	FMS Wertmanagement
Max. Program Size	EUR 65bn
Tenors	Focus on 2 – 5 years
Currencies	Focus on USD & GBP
Ratings	AAA / Aaa
Dealers	BMO, Barclays, BNP, BofA, Citi, Commerzbank, Crédit Agricole, DB, GS, HSBC, JPM, NatWest, Nomura, RBC, TDB
Program Launch	May 20, 2011
Outstanding (31/12/2022)	EUR 10.7 bn

US Commercial Paper

Issuer	FMS Wertmanagement
Max. Program Size	USD 25bn
Tenors	1 – 364 Days
Currencies	USD
Ratings	A-1+/ P-1
Dealers	Barclays, Citi, JPM, RBC
Program Launch	July 7, 2020
Outstanding (31/12/2022)	USD 0.5 bn



APPENDIX



Stabilisation Fund Act*

The liability of the Federal Republic of Germany for the Financial Market Stabilisation Fund (FMS or SoFFin) and the explicit guarantee of FMS (or SoFFin) in favour of FMS-WM are regulated by law in the Stabilisation Fund Act:

- § 5 stipulates the direct responsibility of the Federal Republic of Germany for the liabilities of the FMS (or SoFFin) (special fund of the Federal Republic).
- § 8a contains the explicit guarantee of all liabilities of FMS-WM by the FMS (or SoFFin). The explicit guarantee, having entered into effect on 1st January 2014, also covers the liabilities of FMS-WM existing prior to this date.

Stabilisation Fund Act (Stabilisierungsfondsgesetz, StFG)*

§ 5 - Separation of Assets, Liability of the Federation

The Fund shall be separated from the other assets of the Federation, its rights and liabilities. The Federation shall be directly liable for the liabilities of the Fund; the Fund shall not be liable for the other liabilities of the Federation.

§ 8a - Wind-Up Institutions under Federal Law

The Fund (FMS or SoFFin) assumes general liability for all loans, debt obligations, derivative contracts, option rights, other loans to the winding-up agency and loans of the winding-up agency to third parties (...) so long as they have been granted by, issued by, warranted by or entered into by or have been transferred onto the winding-up agency in the period during which the Fund has been the sole loss compensation obligor.

*Source: Stabilisation Fund Act (Stabilisierungsfondsgesetz - StFG) of 17 October 2008 (Federal Law Gazette I p. 1982)
(latest Update by Art. 11 G v. 22.2.2023 | 51)



Charter of FMS Wertmanagement

The duty of loss compensation of FMS (or SoFFin) is regulated in § 7 of the charter

- FMS (or SoFFin) is obliged to provide FMS-WM with liquidity in case of liquidity stress to ensure the complete settlement of FMS-WM's liabilities at any and all times.
- Furthermore, FMS (or SoFFin) is responsible for compensating all losses, regardless of time or volume constraints, suffered by FMS-WM arising from its winding up activities.

Excerpt of the Charter of FMS Wertmanagement

§ 7 Duty of loss compensation

(1) *Until the dissolution of FMS Wertmanagement pursuant to section 16, SoFFin [or FMS] shall be under an obligation to FMS Wertmanagement and FMSA,*

- 1. to promptly, however not later than the third business day following the first request of the Executive Board (if applicable, even prior to maturity of FMS Wertmanagement's liabilities), pay those amounts which the Executive Board in its due discretion deems necessary in order to ensure that FMS Wertmanagement is always in a position to meet its liabilities in full and in a timely manner, i.e., SoFFin [or FMS] shall be liable to FMS Wertmanagement and FMSA for the liabilities entered into.*
- 2. to compensate all losses (...)*

Wind-Up Portfolio Segment Details 31/12/2022

Infrastructure: € 8.4bn

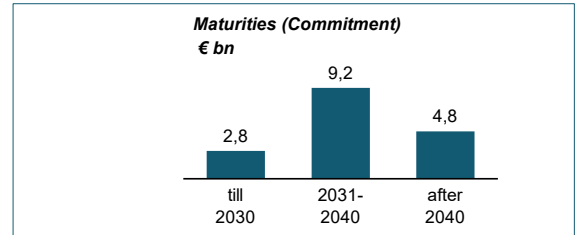
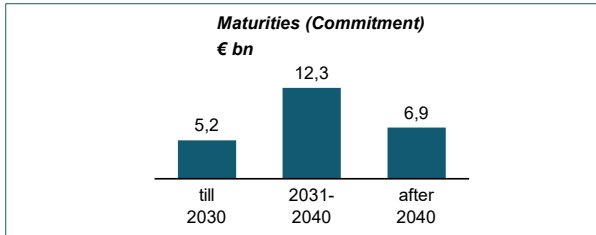
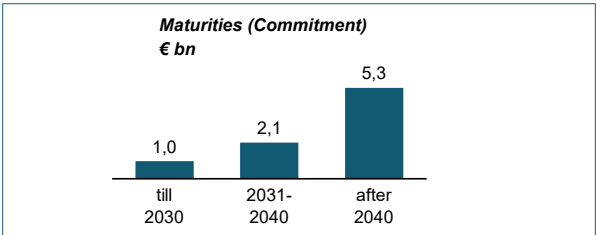
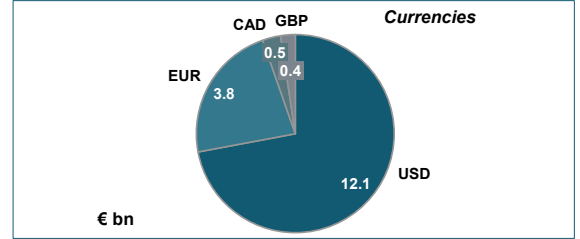
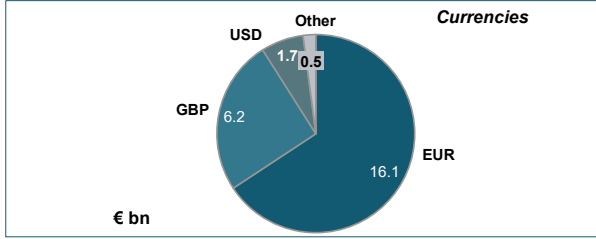
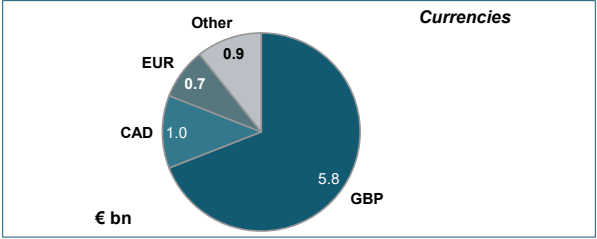
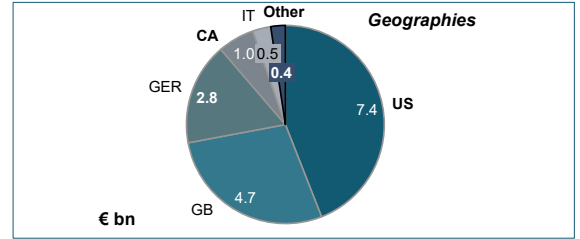
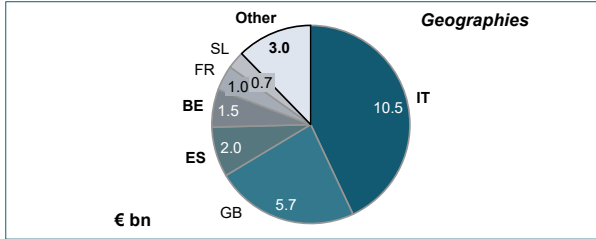
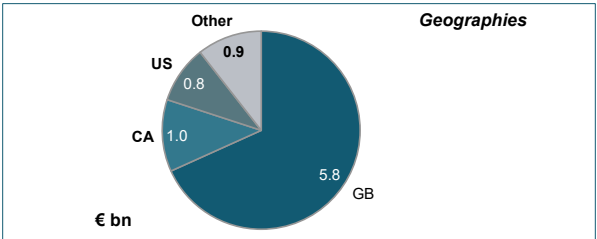
Public Sector: € 24.4bn

Structured Prod.: € 16.8bn

# Exposures	225
# Debtors	106
EAD ¹ (€ bn)	12.1

# Exposures	583
# Debtors	271
EAD (€ bn)	30.3

# Exposures	265
# Debtors	140
EAD (€ bn)	17.3



¹ EAD: Exposure at Default

Rounding differences may occur

Balance Sheet, Income Statement and Portfolio Development

Balance Sheet (€ million)	31.12.2022	31.12.2021	31.12.2020	31.12.2019	31.12.2018	31.12.2017	31.12.2016	31.12.2015	31.12.2014	31.12.2013	31.12.2012	31.12.2011	31.12.2010
Balance Sheet total	98.964	124.292	145.794	146.490	144.710	157.288	177.198	171.108	183.629	187.664	246.423	341.766	333.287
Equity	1.868	1.818	1.774	1.751	1.515	1.400	1.041	728	432	119	35	0	0
Income Statement (€ million)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net Interest Income	391	358	340	325	348	520	667	540	526	626	729	552	146
Provisions (incl. Result from financial investments)	-182	-175	-255	23	-105	-202	-140	35	32	-263	-433	-10.254	-2.971
Result from ordinary activities	77	44	25	253	114	429	391	413	373	146	37	-9.961	-3.041
Portfolio Development (€ billion)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Commitment wind-up portfolio	49,6	54,1	61,6	69,3	69,0	76,8	88,9	94,7	106,3	119,1	136,9	160,7	174,3
Portfolio reduction / increase ¹	-4,5	-7,5	-7,7	0,3	-7,8	-12,1	-5,8	-11,6	-12,8	-17,8	-23,8	-13,6	-1,4

Note: 2010 was a short fiscal year

- The decrease of total assets as of 31/12/2022 was mainly driven by the wind-up of the portfolio and the reduction of the cash collaterals².
- As of 31/12/2022 the commitment of the wind-up portfolio was decreased by € 4.5 billion to EUR 49.6³ billion.
- The net market value of all derivative positions was minus € 22.2 billion as of 31/12/2022.

¹ Incl. currency effects ² Cash collaterals are provided for negative market values of derivatives
³ After € 11.8 bn assets transferred from DEPFA in the years 2016 to 2020



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