

WilmerHale Represents FMS Wertmanagement in Takeover of Portfolio Management from Hypo Real Estate Group

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On October 1, 2013, FMS Wertmanagement took over the servicing of the risk portfolio transferred to it by the Hypo Real Estate Group in 2010. The winding-up bank was set up in 2010 to take over and wind up risk positions and non-strategic operations from the HRE Group. FMS Wertmanagement is fully owned by the Federal Republic of Germany via the Financial Market Stabilization Fund (SoFFin). The nominal value of the serviced portfolio composed of loans, bonds and derivatives was 175 billion EURO at the time of the transfer from HRE and amounted to 128.5 billion EURO on October 1, 2013.

After the bad bank was established, the HRE group companies PBB Deutsche Pfandbriefbank and Depfa continued to service the commercial real estate, infrastructure, structured products and public sector risk assets on the basis of a servicing agreement with FMS Wertmanagement. The EU Commission decided in a state-aid ruling in July 2011 that the servicing of FMS Wertmanagement's portfolio by HRE group companies had to be terminated by September 30, 2013 and taken over by third parties. FMS Wertmanagement and HRE therefore set up a joint project for the transfer of the servicing to a subsidiary of FMS-Wertmanagement specifically established for this purpose. The project was successfully completed on time after a two-year term on October 1, 2013. It included numerous outsourcing and insourcing projects based on European-wide tenders, including the outsourcing of IT services to IBM and the establishment of a subsidiary to function as the servicer. Approximately 250 employees from HRE's offices in Unterschleißheim, London, Dublin and New York transferred to FMS Wertmanagement's service company.

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