

Bulletin:

Bank Debt Issued Under German Government Guarantee Scheme Expected To Be Rated 'AAA/A-1+'

Primary Credit Analyst:

Stefan Best, Frankfurt (49) 69-33-999-154; stefan_best@standardandpoors.com

Secondary Credit Analyst:

Alois Strasser, Frankfurt (49) 69-33-999-240; alois_strasser@standardandpoors.com

FRANKFURT (Standard & Poor's) Dec. 4, 2008--Standard & Poor's Ratings Services said today that it expects to equalize the ratings on debt issued under the Federal Republic of Germany's (AAA/Stable/A-1+) guarantee scheme with the 'AAA/A-1+' long- and short-term ratings on the sovereign. This follows our review of the guarantee scheme, which came into effect on Oct. 17, 2008. Based on our review of the form of guarantee, we are of the view it is irrevocable, unconditional, and timely, and therefore qualifies for rating substitution treatment.

The guarantees under the German Financial Market Stabilization Act are available to a wide range of domestic financial institutions that satisfy certain preconditions, including adequate capitalization. These institutions can apply for guarantees on specific obligations incurred after Oct. 17, 2008, against a fee as agreed with the European Commission. The German guarantee program allows for maturities of up to 36 months for senior unsecured debt, with the guarantee terminating on Dec. 31, 2012, at the latest. We will continue to rate existing and new unguaranteed obligations in line with the institutions' unguaranteed debt ratings.

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A number of large rated private and public-law financial institutions have successfully applied for guarantees of up to €30 billion, and we expect them to issue debt under the guarantee scheme shortly.

Additional Contact:

Financial Institutions Ratings Europe; FIG_Europe@standardandpoors.com

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