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## **DBRS Expects to Rate Guaranteed German Bank Debt at AAA/R-1 (high)**

DBRS has today announced that it will assign AAA ratings to debt instruments with a maturity longer than one year that are guaranteed by the German Financial Markets Stabilisation Fund (Sonderfonds Finanzmarktstabilisierung or Soffin). Debt instruments with an initial maturity of less than one year will be rated at R-1 (high).

The expected AAA/R-1 (high) ratings are based on the explicit irrevocable and unconditional nature of the guarantee scheme established by Soffin and on DBRS's view that Soffin ensures timely payment of any obligations arising under its guarantees. Soffin guarantees the due and punctual payment of all principal and interest on guaranteed debt instruments as well as any other amounts payable on guaranteed instruments in accordance with their terms and conditions. The expected ratings reflect DBRS's opinion that the guarantor will be able to honour the guarantee as determined by DBRS's internal assessment of the sovereign.

DBRS expects to assign AAA/R-1 (high) to guaranteed debt instruments after reviewing the specific legal documentation for each guaranteed debt issuance from issuers that are rated by DBRS. The expected AAA/R-1 (high) ratings will apply only to debt issuances that are explicitly guaranteed by Soffin. All other unguaranteed debt instruments issued outside the guarantee scheme will continue to be rated at the current and appropriate rating level of the respective issuing institution.

Debt guarantees from Soffin are part of the German federal government's measures to stabilise financial markets and protect depositors (see the commentary DBRS Comments on Measure to Stabilise Financial Markets in Germany issued on 14 October 2008 for more detail). Soffin was established by the German federal government under the Financial Markets Stabilisation Act and the related Ordinance.

Soffin has been authorised to guarantee up to EUR 400 billion in debt issuances from financial institutions registered in Germany and related entities. Debt eligible under the guarantee scheme must have an initial maturity of no more than 36 months, be issued by 31 December 2009, and must expire no later than 31 December 2012.

### **Related Research**

- [DBRS Comments on Measures to Stabilise Financial Markets in Germany](#)