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### Fund for the Stabilization of the Financial Market starts its operations in Germany

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# PRESSE RELEASE

Frankfurt am Main, 27 October 2008

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## **Fund for the Stabilization of the Financial Market starts its operations in Germany**

Frankfurt. The "Sonderfonds Finanzmarktstabilisierung" (SoFFin) has started its operations as of today (Monday, 27 October 2008). The Fund that is equipped with 480 billion Euros shall stabilize the financial system in Germany and shall significantly contribute, to restore the confidence among market participants. It shall help to overcome the current liquidity squeezes and to improve the own funds basis of the financial institution that are domiciled in Germany.

"The Fund is founded, we are ready to act", says Dr. Günther Merl, the spokesman of the three-man SoFFin-management committee, in Frankfurt. "Only one week following the enactment of the German Financial Market Stabilization Act we have staff available that can work on the further set-up of the Fund. The Deutsche Bundesbank has contributed extraordinary support for the commencement of the operations". Currently 21 persons that come primarily from the Deutsche Bundesbank work for the Fund. Further specialists will join in the coming weeks.

Apart from Mr. Merl, the former chairman of the executive board of Landesbank Hessen-Thüringen (Helaba), the SoFFin-management committee consists of Gerhard Stratthaus, the former minister of finance of the federal state of Baden Württemberg and Karl-Heinz Bentele, the former president of Rheinischer Sparkassen- und Giroverband.

Merl told that there have already been discussions with interested person on all measures offered by the Fund. Applications can be filed with the Fund at any time. The Fund will handle these applications as fast as possible, but it requires legal certainty in terms of administration and special knowledge.

The SoFFin can make use of three effective instruments in order to support the German financial sector: SoFFin can grant guarantees to financial sector enterprises for debt securities. The guaranteed securities have to be issued between the enactment of the statute and 31 December 2009 may have a maximum term of 36 months. For such measures funds in the aggregate amount of 400 billion Euros are available.

Moreover, the Fund may acquire participation in financial sector enterprises. The Fund may also assume risk positions (e.g. receivables, securities) from financial sector enterprises against the

transfer of debt instruments of the Federal Republic of Germany to the financial sector enterprises. For these two types of measures funds in the aggregate amount of 80 billion Euros are available.

Measures of the Fund may be made subject to conditions regarding the business policy, the remunerations systems and the use of profits of the individual financial sector enterprise. An application has to be filed for such measures and compensation has to be paid to the Fund. The active phase of the Fund ends on 31 December 2009.

SoFFin can be contacted directly via:

**Sonderfonds Finanzmarktstabilisierung (SoFFin)**

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