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Governmental Assistance to the Financial Sector: an Overview of the Global Responses

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Economic Stabilization Advisory Group | February 27, 2009

Governmental Assistance to the Financial Sector: an Overview of the Global Responses (v5)

Governments across the world have taken, and continue to take, a variety of extraordinary measures to protect the financial sector and prevent a recession.

The measures fall into the following categories:

- guarantees of bank liabilities;
- retail deposit guarantees;
- central bank assistance measures;
- bank recapitalization through equity investments by private investors and Governments; and
- open-market or negotiated acquisitions of illiquid or otherwise undesirable assets from weakened financial institutions.

The purpose of this publication is to provide an overview of the principal measures that have been taken in the major financial jurisdictions to support the financial system. The first version of this note was published on November 12, 2008. Since then, Governments in some jurisdictions have adopted further measures or amended measures previously adopted. The current version of the note takes into account those measures and is based on information available to us on February 27, 2009.

This publication does not cover various new regulatory restrictions on short selling. A separate Shearman & Sterling LLP publication, “Global Clampdown on Short Selling: an Overview”, deals with those measures as adopted in the major financial jurisdictions. A copy can be obtained at: http://www.shearman.com/esag_011609/.

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All additions and updates are noted in blue text.

ARGENTINA¹

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
		<p>The Central Bank of Argentina set forth new conditions to grant direct financial assistance to financial entities.</p> <p>In the event of non-compliance with these conditions, requests for financial assistance are subject to the analysis and approval of the board of directors of the Central Bank.</p> <p>To obtain direct financial assistance from the Central Bank, financial entities must have a liquidity ratio under 25%. The value of the assistance granted shall be the requested amount, the amount necessary to raise the liquidity ratio to a maximum of 35%, the amount of the decrease of funding sources in the previous month, 20% of the total projected assistance to the financial system described in the monetary program, or the amount arising from the difference between the net worth of the entity and the debt resulting from operations completed through the Central Bank program to assist financial entities (whichever of these is the lowest).</p> <p>The Central Bank assistance will be granted for 180 days, renewable for the same period, with an interest rate of 1.35 BADLAR rate (and 1.70 BADLAR rate in renewal cases).</p> <p>Financial entities must make</p>	<p>Effective November 1, 2008, the Central Bank reduced by 10% the minimum cash reserve requirement for checking account deposits in foreign currency and by 5% the minimum cash reserve requirement for demand and time deposits made upon a court order with funds arising from cases pending before the court (<i>amparos</i>).</p> <p>In addition, the following are the minimum cash reserve requirements for time deposits in foreign currency and holding of securities in foreign currency, as per the remaining terms: (i) up to 29 days: 20%; (ii) from 30 to 59 days: 15%; (iii) from 60 to 89 days: 10%; (iv) from 90 to 179 days: 5%; (v) from 180 to 365 days: 2%; (vi) more than 365 days: 0%.</p> <p>Finally, the Central Bank reduced, effective November 1, 2008, 20% of the minimum cash reserve requirement for deposits, whatever their nature, as assets of a mutual fund, in foreign currency.</p>		<p>The Argentine Government has reformed the private pension system and nationalized the pension assets managed by the country's private pension fund managers (AFJPs). As of January 1, 2009, the <i>Administradora Nacional de la Seguridad Social</i> ("ANSES") will manage the funds deposited in AFJPs.</p> <p>Argentine regulators have resolved to require the AFJPs to sell approximately 1.8 billion pesos (US\$ 545 million) in Brazilian assets in order to provide liquidity to the Argentine market.</p>

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		prepayments depending on their liquidity ratio at the time.			

¹ This section is up to date as at 23 January 2009.

AUSTRALIA

GUARANTEES OF BANK DEBT ¹	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
<p>On November 20, 2008, the Australian Government executed a Deed of Guarantee which took effect from November 28, 2008 (the "Guarantee") and which put in place the Australian Government Guarantee Scheme for Large Deposits and Wholesale Funding ("Guarantee Scheme") for eligible Authorised Deposit-Taking Institutions ("ADIs").</p> <p>Eligible ADIs will include:</p> <ul style="list-style-type: none"> ▪ Australian owned banks; ▪ Australian ADI subsidiaries of foreign banks; ▪ Australian branches of foreign ADIs; and ▪ credit unions and building societies. <p>An eligible ADI must make an application to the Reserve Bank of Australia as administrator of the Guarantee Scheme for an eligibility certificate ("Eligibility Certificate") in respect of the relevant deposits or wholesale funding liabilities. Eligibility Certificates are issued at the discretion of the Commonwealth of Australia as guarantor. Once an Eligibility Certificate has been issued in respect of a liability, it is published on the Guarantee Scheme website at http://www.guaranteescheme.gov.au.</p> <p>A copy of the Guarantee, the related rules of the Guarantee Scheme, a list of eligible institutions information relating to the application procedure</p>	<p>The Government has passed legislation to give effect to its proposal with respect to all deposits of Australian banks, building societies and credit unions and Australian subsidiaries of foreign-owned banks for a period of three years.</p> <p>The proposal takes effect through a "Financial Claims Scheme" ("FCS"). Under the FCS, the Australian Prudential Regulation Authority ("APRA") (as administrator of the FCS) must apply for the winding-up of an ADI, and a declaration must be made by the responsible Government minister in order for the FCS to apply to that ADI (an "eligible ADI").</p> <p>Under the scheme, holders of protected accounts³ with net credit balances are entitled to payment from APRA of the balance plus accrued interest (subject to certain adjustments and compliance with the provisions of the FCS). Also, APRA is assigned the relevant account holder's right to claim this amount from the ADI.</p> <p>The amount of any deposit over A\$1 million will only be covered by the FCS if a fee has been paid by the eligible ADI (in line with the fee for the Guarantee Scheme described in the</p>	<p>Australia's central bank (the Reserve Bank of Australia) periodically intervenes to support the Australian dollar.</p>	<p>No publicly announced measures at this stage.⁴</p>		<p>RMBS Purchase Scheme</p> <p>The Government has established an A\$8 billion Residential Mortgage Backed Securities ("RMBS") purchase scheme that will apply to new (rather than existing) issuances.</p> <p>A\$4 billion is available for the Government to act as a cornerstone investor for both bank and non-bank RMBS issuances.</p> <p>An additional A\$4 billion is available for non-bank issuances only. Issuances under this scheme have taken place.</p> <p>Car Dealer Floor Plan Financing</p> <p>The Australian Government has initiated the establishment of a special purposes vehicle ("SPV") financing trust to provide dealer floorplan refinancing to eligible car dealers affected by the exit from the Australian market of two major car dealer financiers.</p> <p>The SPV will raise capital by selling its securitised assets (the dealer loans and related rights) to the four major banks in Australia, with the support of a Guarantee from the Commonwealth of Australia.</p>

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<p>and information relating to the claims procedure, and a copy of an opinion given by the Australian Government solicitor on the validity and enforceability of the guarantee can be found at http://www.guaranteescheme.gov.au.</p> <p>In addition to those deposits which are the subject of an Eligibility Certificate, in order to qualify for an Eligibility Certificate, the wholesale funding liabilities must fall into one of the following categories: (i) a bank bill; (ii) a certificate of deposit or a transferable deposit; (iii) a debenture; (iv) commercial paper; (v) a bond; or (vi) a note issued, drawn or made by the eligible ADI.</p> <p>Certain other restrictions also apply to the types of wholesale funding liability that will be guaranteed, including: (i) the liability have a maximum term of 60 months; (ii) be unsecured; and (iii) must not be 'complex'. Liabilities with one or more of the following features are likely to be regarded as complex:</p> <ul style="list-style-type: none"> ▪ liabilities where the principal amount of the liability is not a fixed sum but varies by reference to, or is derived from, the value of an asset, index or commodity or is linked to the credit standing of any person; ▪ subordinated debt; ▪ liabilities that may be converted into equity; ▪ liabilities that include any cross- 	<p>previous column). The A\$1 million threshold applies per depositor per institution.</p> <p>The Government has indicated that the FCS will be administered so that it applies to all deposits held in eligible ADIs by all types of legal entities, regardless of where the depositor resides. It will also apply to deposits held in any currency. The FCS will not apply to financial products that are not deposit products, such as market-linked investment products.</p> <p>The deposit liabilities of the Australian branches of foreign ADI's held by Australian Tax Residents (as defined in the previous column) are not covered by the FCS. However, deposits held in foreign ADIs can be guaranteed under the Guarantee Scheme described in the previous column on payment of the relevant fee.</p>				<p>The refinancing offered by the SPV to eligible dealers is a transitional arrangement only for a period of 12 months after which the funding level of the SPV will run down. Funding has not yet been provided to eligible car dealers under this scheme but it is expected to be provided shortly.</p> <p>Commercial Property Support Scheme</p> <p>The Australian Government and the the four largest domestic ADIs will establish a corporation for the purposes of supporting the commercial property assets of viable Australian businesses.</p> <p>The corporation will be 50% owned by the Commonwealth of Australia and each of the four ADIs will own 12.5%. It will initially be capitalised with A\$4 billion contributed in proportion to the shareholding of the participants.</p> <p>The corporation will provide finance on fully commercial terms for commercial property where the underlying assets and income streams are commercially sound.</p> <p>The scheme will be limited to the refinancing of existing Australian commercial property syndicated loans where the withdrawal of funding by a foreign bank participant</p>

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<p>default or acceleration clause; and</p> <ul style="list-style-type: none"> liabilities that include any rights to demand prepayment of principal or permit redemption prior to their maturity date except in certain permitted circumstances. <p>The Australian Government has released guidelines on the interpretation of what is 'not complex', which can be found at http://www.guaranteescheme.gov.au.</p> <p>Additional conditions also apply to the liabilities of the Australian branches of foreign ADIs (including that liabilities must not have a maturity after December 31, 2009, and the Guarantee only extends to deposits or borrowing liabilities held by a person treated as an Australian tax resident for the purposes of Australian tax law ("Australian Tax Resident")). The additional conditions applicable to the Australian branches of foreign ADIs can also be found at http://www.guaranteescheme.gov.au.</p> <p>Fees are payable in respect of the Guarantee, the quantum of which will be set by reference to the relevant issuer's credit rating and will be the same regardless of the tenure of the debt securities.²</p> <p>The Australian Government has announced that the Guarantee Scheme will be reviewed on an on-going basis and revised if necessary.</p>					<p>threatens the refinancing of the loan.</p>

¹ The Guarantee Scheme is not restricted to "inter-bank" debt but extends to all eligible term funding subject to the restrictions set out in the relevant Guarantee Scheme rules.

- ² The current fee is 70bps for AA rated firms, 100bps for A-rated firms and 150bps for BBB and unrated firms. The fee will be levied by the Reserve Bank of Australia on the eligible ADI on a periodic basis depending on the quantum of the liability.
- ³ A "protected account" is either:
- an account where the eligible ADI is required to pay the account-holder, on demand or at an agreed time, the net credit balance of the account; or
 - another account or financial product prescribed by declaration. The Australian Treasurer has released a declaration of certain covered financial products which can be found at <http://www.treasury.gov.au>.
- ⁴ The Australian Government has indicated that its "Four Pillars" banking policy that restricts mergers between the four largest domestic ADIs will continue in force.

AUSTRIA¹

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
<p>Under the Inter-Bank Market Enhancement Act (<i>Interbankmarktstärkungsgesetz – IBSG</i>), up to €75 billion will be made available for state guarantees, sureties or similar assumptions of liability.</p> <p>To this end, a separate entity has been established as a clearing house to facilitate the refinancing of banks on the inter-bank market (Oesterreichische Clearingbank AG – “OeCAG”). OeCAG is a specialised bank owned by major Austrian credit institutions (as at February 19, 2009 the main shareholders are Raiffeisen Zentralbank Österreich Aktiengesellschaft (27.04%), Erste Group Bank AG (19.03%), Unicredit Bank Austria AG (18.51%), Hypo-Banken-Holding Gesellschaft.m.b.H. (12.66%), Österreichische Volksbanken-Aktiengesellschaft (11.77%) and BAWAG P.S.K. (5.32%), 3-Banken Beteiligung Gesellschaft m.b.H.(4.45%)).</p> <p>OeCAG shall collect deposits from banks or insurance companies or raise funds on the inter-bank market and on-lend such funds to banks and insurance companies in line with market conditions. Recipient banks will have to pay interest, taking into account an adequate fee for state guarantees. To ensure the efficient organisation and market-oriented execution of fund raising and</p>	<p>The Austrian deposit guarantee scheme does not provide for funding arrangements such as capital held directly in deposit guarantee scheme accounts (ex ante funds). By contrast, the Austrian scheme provides for financing based on ex post contributions from member banks forming part of the protection scheme of their respective trade organization (<i>Fachverband</i>).</p> <p>If any protection scheme is unable to pay out the guaranteed deposits or claims in full, the protection schemes of the other trade associations will be obliged to make proportionate contributions to cover the shortfall. In cases where the protection schemes as a whole are unable to pay out guaranteed deposits (claims) in full, the protection scheme originally concerned must issue notes or, according to the proposed stability measures, take out a loan to meet the remaining payment obligations. The Federal Minister of Finance may assume liability for such issue or loan.</p> <p>The Austrian depositors’ protection scheme has been amended with effect from October 1, 2008. Bank deposits of natural persons will be protected in their entirety until</p>		<p>The Financial Market Stabilization Act (<i>Finanzmarktstabilitätsgesetz – FinStaG</i>) provides for up to €15 billion (or an additional amount not utilized under the IBSG) for recapitalization measures. Potential beneficiaries of the measures will be credit institutions holding a license pursuant to the Austrian Banking Act (<i>Bankwesengesetz – BWG</i>), including branches of foreign banks, and Austrian insurance companies.</p> <p>Once the aims of the recapitalization measures have been achieved, the State will dispose of its equity stakes to private investors.</p> <p>There are, in principle, three types of stabilisation measures under the FinStaG: guarantees, recapitalisations and assumptions of liability. The following measures may be taken by the Federal Minister of Finance:</p> <ul style="list-style-type: none"> (i) issue of guarantees for liabilities of banks or insurance companies; (ii) assumption of liability vis-à-vis banks or insurance companies; (iii) granting of loans to banks or insurance companies or the provision of own funds 		<p>Minimum capital requirements</p> <p>Under the amended BWG, the FMA has to require a higher minimum capital if an adequate limitation of the risks arising from banking transactions and banking operations of a credit institution or group of credit institutions does not exist and proper recording and limitation of those risks cannot be expected in the short term. Such higher minimum capital requirements will be imposed by the FMA immediately in cases where it is expected that other measures will not be sufficient to ensure the proper recording and limitation of risks as well as compliance with legal regulations within due time.</p> <p>State Ownership</p> <p>The first and so far only Austrian bank taken over by the Austrian state is the public sector lender Kommunalkredit Austria AG previously owned by Volksbank AG (50,78%) and the Franco-Belgian group Dexia (49%). The shares held by Dexia and Volksbank AG were transferred to the Austrian state for a total consideration of € 2. The Austrian state now holds 99.78% of Kommunalkredit Austria AG. The Austrian Association of Municipalities (<i>Gemeindebund</i>) remains a</p>

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<p>lending, OeCAG together with Oesterreichische Kontrollbank (OeKB) has established a web-based clearing and auction platform. Planned auctions have already been conducted over the clearing platform. Results and further information are available on the OeCAG website (http://www.clearingbank.at/de/Seiten/default.aspx).</p> <p>In addition, the Federal Minister of Finance will be entitled to (i) guarantee liabilities of OeCAG and (ii) assume liability for losses incurred by OeCAG in connection with such arrangements for a limited period of time. The IBSG does not specify any maximum period of time for such state guarantees given under (i). The Austrian state has issued guarantees of up to € 4 billion for OeCAG, which covers all losses occurring on or before December 31, 2010 and resulting from transactions entered into on or before October 31, 2009.</p> <p>OeCAG will also be entitled to issue notes. Any issue may be guaranteed by the Austrian state.</p> <p>The beneficiaries of these services are credit institutions holding a license pursuant to the Austrian Banking Act (<i>Bankwesengesetz – BWG</i>) (including branches of foreign banks) and Austrian insurance companies. Credit institutions and insurance companies rendering services in</p>	<p>December 31, 2009 (the protection scheme's cover obligation was previously limited to an amount of €20,000 per depositor and bank). Following the Commission's proposal, the coverage level for bank deposits of natural persons may be guaranteed up to a maximum amount of €100,000 from January 1, 2010.</p> <p>For claims of small companies (mainly partnerships and small corporations which meet the criteria of Section 221 (1) Austrian Companies Act (<i>Unternehmensgesetzbuch – UGB</i>) the protection scheme's cover obligation has been increased to the maximum amount of €50,000 per depositor and bank. The claims of all other creditors will continue to be limited to the maximum amount of €20,000 per depositor and bank (subject to further exemptions, e.g. for "big" companies, claims are not guaranteed at all). For legal entities the scheme's cover obligation remains limited to 90 % of the guaranteed deposit, so that an amount of up to € 45,000 is paid out to small companies and small partnerships, and an amount of up to € 18,000 to other legal entities (subject to further exemptions).</p> <p>The deposit guarantee only applies to deposits in EEA currencies (e.g. not to deposits</p>		<p>(<i>Eigenmittel</i>) to the entity;</p> <p>(iv) acquisition of shares (whether in a capital increase or from existing shareholders) or convertible bonds; and</p> <p>(v) transfer of assets of the company by way of a merger pursuant to § 235 of the Stock Corporation Act (<i>Aktiengesetz – "AktG"</i>). All such measures should earn a return in line with market conditions.</p> <p>If there is a risk that the bank or insurance company cannot fulfill their obligations vis-à-vis their creditors and the above mentioned measures are not sufficient or are not available in due time, the Federal Minister of Finance shall, in consultation with the Federal Chancellor, be authorized to expropriate the owners of the bank against payment of an adequate compensation where required to protect the national economy from severe disruption. A state entity (<i>Finanzmarkteteiligung Aktiengesellschaft des Bundes – FiMBAG</i>) was set up to carry out such recapitalization measures. The FiMBAG is indirectly owned by the Republic of Austria.</p> <p>Such recapitalization measures may be provided by the state in the form of participation capital (<i>Partizipationskapital</i>). From a regulatory perspective participation capital is treated as</p>		<p>shareholder with 0.22% of the shares.</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
<p>Austria by using the EEA single passport regime will not benefit from the IBSG.</p> <p>The Federal Minister of Finance is empowered to guarantee notes (according to § 1 para 1 no 10 BWG) issued by banks with a maturity of up to three years, under certain circumstances the duration can be extended up to 5 years. According to § 1 para 1 no 10 BWG banks authorized to perform banking activities may issue securities in order to invest the proceeds in banking activities. This provision does not apply to Austrian insurance companies.</p> <p>Under this scheme the Republic of Austria provides specific guarantees for (i) single bond issues, (ii) bond issues under a debt issuance programme, (iii) bond issues under a medium term note programme and (iv) issuance of notes under commercial paper programmes.</p> <p>The guarantees issued by the Republic of Austria are unconditional and irrevocable. Sample forms of these guarantees can be downloaded from the website of the Federal Ministry of Finance. As at February 21, 2009, notes issued by Erste Bank, Kommunalkredit Austria AG, Raiffeisen Zentralbank Österreich AG and Österreichische Volksbank have been guaranteed under this scheme.</p> <p>Obligations guaranteed by the</p>	<p>in US\$).</p>		<p>Tier 1 capital. The most prominent deal is Erste Group Bank's intended €2.7 billion capital injection in the form of participation capital. But also other Austrian Banks such as Volksbank (up to a maximum nominal amount of € 1 billion), Raiffeisen Zentralbank Österreich AG (amounting to approx. € 1.75 billion) and Hypo Group Alpe Adria (in the amount of up to € 1.5 billion) announced to make use of the state money. However, none of those deals has closed yet. Participation capital is treated as core Tier 1 capital for regulatory purposes. Its structure is, in principle, similar to preference shares without voting rights attached.</p> <p>The Commission communication on the recapitalisation of financial institutions in the current financial crisis issued on December 5, 2008 (C(2008) 8259 final) sets out a certain entry level price for recapitalisations measures. Following this, it has to be distinguished between fundamentally sound banks and distressed banks. In case of fundamentally sound banks an average required rate of return of 9.3% on ordinary shares (e.g. participation capital) relating to Euro area banks is required. A minimum average rate of 8% may apply if (i) the participation capital is repaid at 110% of its face value and (ii) where the</p>		

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<p>Republic of Austria qualify for zero risk weighting for capital adequacy purposes pursuant to §§146ff Solvability Regulation (<i>Solvabilitätsverordnung</i>). This applies for obligations denominated in euros only.</p> <p>The amount of single facilities issued under this scheme is not restricted, but the total issuing volume covered under this scheme may not exceed €75 billion, excluding payments on coupons and expenses. The Republic of Austria guarantees fresh notes issued until June 30, 2009 – an extension of this period is subject to prior approval of the European Commission.</p> <p>§ 2 para 5 FinStaG will also apply to such measures (providing for possible conditions attached to stability measures).</p> <p>No claims of banks or insurance companies against the State may be assigned or pledged to third parties and shall be subject of an attachment (<i>Pfändung</i>). Moreover, the IBSG does not confer a right on banks or insurance companies to claim any such stabilization measures from the state.</p> <p>The scheme is scheduled to expire by December 31, 2009. However, state guarantees issued under the IBSG before this date will not be affected.</p>			<p>State capital injections are on equal terms with significant participation (30% or more) of private investors (only one third of the private investors may be existing shareholders).</p> <p>In such case, the distribution of dividends to existing shareholders (<i>Altaktionäre</i>) is limited to 17.5% of distributable profits as long as the State capital injection lasts. This limitation will not apply if the conditions at (i) and (ii) above are met (redemption above face value and significant participation of private investors).</p> <p>Recapitalization measure for distressed banks require an average rate of return of 10% with no payment of dividends.</p> <p>The stability measures confer additional rights on the Austrian Financial Market Authority (<i>Finanzmarktaufsicht – FMA</i>), which will be authorized to lay down rules pursuant to which banks will be required to take on additional funds that are suitable for the current risk situation and that go beyond the statutory minimum requirements.</p> <p>According to a regulation issued by the Federal Minister of Finance on October 30, 2008 the assumption of liability for notes issued by banks pursuant to the IBSG and stability measures pursuant to the</p>		

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
			<p>FinStaG can be linked to corresponding, appropriate conditions. These conditions may relate to:</p> <ul style="list-style-type: none"> ▪ the sustainability (Nachhaltigkeit) of the business model of the benefiting company; ▪ the allocation of funds provided to the benefiting company, with a particular view on the lending needs of small- and medium-sized companies and the provision of mortgage loans to private households; ▪ the remuneration of directors, employees and third parties retained for carrying out their tasks; ▪ minimum capital requirements of the benefiting company; ▪ the distribution of dividends; ▪ the preservation of jobs at the company benefiting from the stability measures; ▪ the avoidance of distortion of competition; ▪ the calculation and amount of interest/(guarantee) fees payable by the company receiving such funds; ▪ the scope of information to be provided by the benefiting company; and 		

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
			<ul style="list-style-type: none"> ▪ the content of the declaration to be published by the directors and the supervisory board of the benefiting company (such declaration must also contain an undertaking to comply with such conditions). 		

¹ On December 10, 2008 the European Commission approved the Austrian stability measures aimed at stabilizing the financial markets. According to the Commission guidelines on the recapitalization of financial institutions in the current financial crisis, the general principles applicable to the overall design of recapitalization measures are the objective of recapitalization, soundness of the beneficiary bank, remuneration, exit incentives (e.g. restrictive dividend policy), in particular with a view to the replacement of State capital by private investors. The Commission found the Austrian scheme to be in line with the recently up-dated guidance on state aid, in particular on pricing. The Commission therefore concluded that the package was an adequate means to restore a serious disturbance of the Austrian economy and as such compatible with Article 87(3)(b) of the EC Treaty.

BELGIUM

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS OR INSTITUTIONS	OTHER MEASURES
<p>The Belgian Government has offered to guarantee the wholesale funding of Belgian credit institutions. This is subject to a satisfactory assessment of the Belgian credit institution's solvency and payment of remuneration. The guarantee applies to any form of wholesale funding as long as the transaction is entered into or rolled over between October 8, 2008 and October 31, 2009 and its maturity is not beyond October 31, 2011.</p> <p>The Government has also announced plans to guarantee all new bank loans of "systemic" Belgian banks, i.e., inter-bank deposits, bonds and institutional investments. Banks will have to pay a fee for the guarantee.</p>	<p>The Belgian Government has announced that it will guarantee bank deposits of up to €100,000 – an increase of €80,000. This measure is applicable for one year, but may be renewed. On November 14, 2008, the Belgian Government implemented the legal background for the increase of the deposit guarantee.</p>			<p>Rescue of Fortis:</p> <p>Increase of capital in the Fortis Bank by the Belgian State in the amount of €4.7 billion on September 29, 2008, which brought the shareholding of the Belgian State to 49% of the capital.</p> <p>The Belgian State bought the remaining 50% + one share of Fortis Bank from Fortis Holding for a total consideration of €4.7 billion in cash.¹ A portfolio of structured products with fair value of €10.4 billion was transferred by Fortis Bank to a separately-managed entity jointly owned by the Fortis Group (66%), the Belgian State (24%) and BNP Paribas (10%).</p> <p>The Belgian Government reached an agreement with BNP Paribas on the subsequent transfer of 75% of Fortis Bank SA/NV in exchange for new shares to be issued by BNP Paribas² for a value of €8.25 billion; the Belgian State will continue to own the remaining 25% of the company.</p> <p>BNP Paribas will acquire 100% of Fortis Insurance Belgium for a total consideration of €5.73 billion in cash, subject to final closing adjustment. The Government of the Netherlands acquired Fortis Bank Nederland</p>	<p>On October 27, 2008, the Belgian Government announced that it will invest €3.5 billion into KBC Groep in the form of Tier 1 capital securities.</p> <p>The agreement reached on October 27, 2008 and confirmed on December 5, 2008 was signed off and closed on December 19, 2008.</p> <p>On January 22, 2009, KBC reached an agreement with the Flemish Regional Government for a non-dilutive core capital injection of €2.0 billion (subject to approval of the qualification as core capital by the Belgian financial sector regulator CBFA). The capital support will enable KBC to maintain its tier-1 ratio for banking activities at approximately 10.5% (of which 8% is core tier-1). The terms and conditions will be similar to those of the core capital issue subscribed by the Belgian State in December 2008. In addition, an agreement was reached for a stand-by (non-dilutive) core capital facility in the amount of €1.5 billion. If needed, KBC may draw on this facility to maintain capital at adequate levels in the future.</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS OR INSTITUTIONS	OTHER MEASURES
				<p>(Holding) N.V., including Fortis's interest in ABN AMRO and other operations, for a total consideration of €16.8 billion.</p> <p>Dexia S.A.:</p> <p>The Belgian, French and Luxembourg Governments and other investors invested a total of €6.4 billion in Dexia,³ a specialist in lending to local governments in Europe. Dexia announced on October 20, 2008 that it would seek regulatory approval to create a balance sheet for its holding company and merge its three national balance sheets into one, indicating that it is intent on avoiding a break-up along national lines.</p> <p>Following the authorization of the European Commission, the Belgian, French and Luxembourg Governments signed, on November 19, 2008, an agreement settling the modalities of the temporary guarantee plan granted by the three States on October 9, 2008.</p>	

¹ More than 2,000 minority shareholders of Fortis Holding have challenged, before the Belgian courts, the validity of the decision of the board of directors of Fortis Holding to sell the shares in Fortis Bank to the Belgian State. The main objective of their legal action was to suspend the sale to the Belgian State. On November 18, 2008, the Commercial Tribunal of Brussels rejected such legal action insofar as it challenged the validity of the board of directors' decision, but appointed an expert panel to assess if the sale price is 'adequate'. Some shareholders have appealed this decision and the Court of Appeal of Brussels decided on December 12, 2008, to suspend the transfer of Fortis Bank and Fortis Insurance Belgium to BNP until a general meeting of shareholders votes on these transfers, on February 12, 2009 at the latest. As a result of this decision, until February 12, 2009, Fortis Bank will remain in the hands of the Belgian State - which cannot transfer the 50% plus one share to anyone, and Fortis Insurance Belgium will remain in Fortis Holding. The transfer of the portfolio of structured assets is also suspended. Notwithstanding, BNP must maintain its inter-bank relationship with Fortis Bank. An expert panel, appointed by the Court of Appeal, will assess whether the sale price is adequate considering market conditions. The Belgian Government is currently considering, based on its counsels' advice, which step to take next. The expert panel has started its work and a first draft report is expected on January 30, 2009. Following the decision of the Court of Appeal, an extraordinary shareholders meeting has been convened by the board of directors of Fortis SA to be held on February 11, 2009 in Brussels. The shareholders will vote on (i) the appointment of new directors, (ii) the sale of Fortis Bank Nederland and Fortis Verzekeringen Nederland to the State of

the Netherlands, (iii) the sale of 50%+1 share of Fortis Bank SA to the Belgian State, followed by the subsequent sale by the Belgian State to BNP Paribas of these shares, and the incorporation of a newco with the structured products of Fortis Bank and (iv) the sale of Fortis Insurance Belgium NV by Fortis Holding NV to BNP Paribas. [At the general shareholders' meeting of Fortis held on February 11, 2009, the shareholders voted against the sale to BNP Paribas and the sale to the Government of The Netherlands. Consequently, negotiation have been restarted and are currently still going on.](#)

- ² On October 13, 2008, the Belgian State declared that a special fund will be established to which the Belgian State will allocate a part of the possible increase in value and of the profits from its participation in BNP Paribas between the issuance of these new shares and the general assembly date of the BNP Paribas group which will decide on the 2013 dividend distribution. Natural persons that were Fortis shareholders on July 1, 2008 will have the possibility to receive shares in such fund subject to specific conditions and procedures.
- ³ Of the €6.4 billion, the Belgian Federal Government, the 3 Regions and the 3 institutional shareholders (namely Gemeentelijke Holding NV, Arcofin CV and Ethias) have agreed together to jointly invest €3 billion each for the following amounts: (i) the Belgian Federal Government invests €1 billion, (ii) the 3 Regions invest €1 billion, and (iii) the current institutional shareholders invest €1 billion, each in the following amounts: Gemeentelijke Holding NV for €500 million, Arcofin CV for €350 million and Ethias for €150 million. The Flemish Government declared on November 19, 2008 that it is ready to support Gemeentelijke Holding NV by granting a guarantee of up to €200 million.

BRAZIL

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
	<p>No changes have been made to the deposit guarantees rules. In the event of a financial institutions' bankruptcy or insolvency, the Brazilian financial system currently relies on the Credit Guarantee Fund (<i>Fundo Garantidor de Crédito</i>), maintained by financial institutions, to guarantee each and all deposits in their bank accounts, with a maximum cap of R\$ 60,000.00 per bank account.¹</p>	<p>On September 24, 2008, the Brazilian Central Bank ("BCB") announced that the compulsory reserve deposit rates relating to leasing transactions would be kept in a 15% rate, even though a BCB rule provided for the increase to a 20% rate in September 2008.⁷ BCB estimates that such measure will keep R\$ 8 billion in the economy. Furthermore, on the same date, the BCB increased the reserve exemption limit (baseline) from R\$ 100 million to R\$ 300 million⁸, which if surpassed, causes the banks to deposit in the BCB an "extra compulsory reserve" portion over the savings, spot and term time deposits. BCB estimates that such a measure would inject R\$ 5.2 billion into the economy.</p> <p>On October 8, 2008, the BCB reduced the compulsory reserve deposit rates. The additional rates on spot and time deposits were reduced from 10% to 5% (which should inject 13.2 billion into the economy). Additionally, the reserve exemption limit was raised from R\$ 300 million to R\$ 700 million⁹ (with an estimated impact of R\$ 6.3 billion into the economy).</p> <p>On October 13, 2008, the BCB announced the plans for the integral release of the reserve payments over time deposits,</p>		<p>On October 2, 2008, the Brazilian Central Bank (the "BCB") started to stimulate the acquisition of credit portfolios of small financial institutions by authorizing the deduction of 40% of the compulsory reserve deposits to be made by the acquiring institutions.</p> <p>On October 6, 2008, the Brazilian Government enacted Provisional Measure No. 442 (<i>Medida Provisória 442</i>)², which authorizes the BCB to buy credit portfolios of financial institutions that are facing difficulties and reduced the collateral for such an acquisition.</p> <p>On October 16, 2008, the BCB extended the rules for the compulsory reserve deposits. Besides selling their credit portfolios and their interests in investment funds, smaller banks will be able to sell other assets such as (i) fixed income securities, advances and other credits from individuals and non-financial and legal entities; and (ii) inter-finance deposit with warranties for the assets described in the previous item or credit operations.³</p> <p>On October 22, 2008, the Brazilian Government enacted Provisional Measure No. 443 (<i>Medida Provisória 443</i>)⁴, which permits Banco do Brasil S.A. and the Brazilian Federal</p>	<p>Foreign Exchange Market:</p> <p>The BCB has intervened in the foreign exchange market (<i>Mercado de Câmbio</i>), with US\$ 7.2 billion (spot transactions), US\$ 5.8 billion (financing export transactions), US\$ 29.4 billion (swap transactions) and US\$ 5.5 billion (sale of US\$ with repo obligation).</p> <p>Brazilian Sovereign Wealth Fund:</p> <p>On December 24, 2008, under Law No. 11,887/18, the Brazilian Sovereign Wealth Fund ("FSB") was formally created. This fund will inject resources from the Brazilian Federal Government budget into investments mainly involving Brazilian companies doing business abroad.</p> <p>Export Financing:</p> <p>On October 30, 2008, the National Monetary Council (the "CMN") announced the increase, from R\$ 3 billion to R\$ 4 billion, of the resources destined to the <i>Revitaliza Program</i>, that grants credit to Brazilian exporters. Besides increasing the amount of available funds, the CMN approved the end of the limit that restricted the access to the credit for companies with annual billing of over US\$ 300 million. Furthermore, the CMN approved the agreement between the BCB</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
		<p>inter-finance deposits and over the additional liabilities of call and time deposits, totalling R\$ 100 billion.¹⁰</p> <p>On October 14, 2008, the BCB established the reduction from 45% to 42% of the compulsory reserve deposit to be made by the financial institutions to the BCB over the spot deposits without compensation (injecting R\$ 3.6 billion into the economy).¹¹</p> <p>On October 27, 2008, the BCB allowed the deduction of the reserve payment over call deposits for banks that voluntarily advance instalments of the ordinary contribution to the FGC (<i>Fundo Garantidor de Crédito</i>).¹²</p> <p>On November 13, 2008, the BCB announced a modification in the payment method of the additional enforceability of the reserves over call, time and savings deposits.¹³ This payment, that was performed in cash and compensated by the SELIC tax, shall be performed in public bonds from December 1. The rates for the additional enforceability continue to be 5% for call and time deposits and 10% for savings deposits, which totalizes a total amount of R\$ 40 billion. Such measure, according to the BCB, aims the recomposition of the volumes of the reserves paid in bonds that prevailed before the reserve</p>		<p>Savings Bank (Caixa Econômica Federal) to acquire interests in private banks and construction companies. Furthermore, the government reduced to zero the Financial Transactions Tax (IOF) rate on foreign investments in the stock market and on foreign financing.</p> <p>On October 31, 2008, the BCB modified the on-lending method for the compulsory reserve deposits regarding term deposits from 100% in bonds to 30% in bonds and 70% in cash. This measure aims at stimulating acquisitions of credit portfolios and other assets from small- and medium-sized financial institutions by large institutions.⁵</p>	<p>and the U.S. Federal Reserve, that establishes an US\$ for Reais (R\$) swap line of US\$ 30 billion, valid until April 30, 2009.</p> <p>Sale of US dollars for the financing of ACC (Advances on Foreign Exchange Agreements – <i>Adiantamento sobre Contrato de Câmbio</i>) and broadening of the PROEX (Export Financing Program).</p> <p>R\$ 10 billion was granted by National Economical and Social Development Bank (<i>Banco Nacional de Desenvolvimento Economico e Social-“BNDES”</i>) as working capital, pre-shipment of exports and bridge loans.</p> <p>On January 29, 2009, the BCB approved Instruction No. 3675²⁶, which postponed to January 31, 2010, the term for the shipping of goods or for rendering of services related to “opened” foreign exchange agreements regarding export transactions (previously, the time for closing this type of exchange agreement was 360 days as of its execution, however, with this measure, exporters who were reaching the 360-days deadline obtained a considerable additional term) BCB expects to indirectly provide exporters with more credit due to such measure.</p> <p>Agriculture Financing:</p> <p>On October 14, 2008, the CMN</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
		<p>modifications were announced on October 30.¹⁴</p> <p>On November 25, 2008, the BCB announced new changes to rules regarding the compulsory deposits (private and public banks that invest funds in BNDES' inter-bank certificate of deposits ("CDI") will be able to deduct such amount from the compulsory deposits), with an estimate of an additional R\$ 6.2 billion to the BNDES.¹⁵</p> <p>On December 18, 2008, the CMN amended the by-laws of the FGC¹⁶, allowing the FGC to invest a maximum of 50% of its net worth in the acquisition of credit portfolios of small and medium-sized banks. Before this measure, such acquisitions by FGC were limited to 20% of its net worth.</p> <p>In order to stimulate the acquisition of small-sized banks' credit portfolios by larger financial institutions on December 26, 2008, the CMN enacted Resolution No. 3,673/08, establishing that the new accounting rules for the registration of financial assets by banks will only be valid as of January 1, 2010 (previously such rules were to be valid as of January 1, 2009). The CMN understands that the current accounting rules are simpler and therefore stimulate the acquisition of risky credit portfolios of small banks by</p>			<p>increased from 25% to 30% the rate of mandatory application of resources in the agriculture and animal husbandry sectors, the so-called rural eligibilities (<i>elegibilidades rurais</i>). Therefore, banks shall have an additional credit of R\$ 4.5 billion to finance these sectors.</p> <p>Additionally, the following measures were taken: acceleration of Banco do Brasil S.A. disbursements; additional resources from several funds, totalling R\$ 5 billion; increase of the directed credit with reserves, totalling R\$ 5.5 billion; increase of the rural savings from 65% to 70%, totalling R\$ 2.5 billion; permission for the indirect financing of producers by means of purchasing agro industries and trading CPRs (Rural Product Bonds); and grant a minimum price for the acquisition of products (stock formation – AGE), entitlement to producers (difference among market and minimum prices) and credits for commercialization for the next crop.</p> <p>On November 26, 2008, the National Monetary Council created special credit facilities for the agriculture and animal husbandry sectors, for the payment of up to 40% of the instalments of BNDES' loans due in 2008. (Amount of credit facility: R\$ 500 million).¹⁶</p> <p>Investments and Production</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
		<p>larger institutions.</p> <p>On December 30, 2008 (in an extraordinary meeting), the CMN decided to make changes in the calculation of the financial institutions' Reference Networth (Patrimônio de Referência) relating to leasing transactions. With this measure, CMN expects an estimated impact of R\$ 40 billion into the economy.</p> <p>On January 21, 2009, the BCB Monetary Policy Committee ("COPOM") reduced the SELIC basic interest rate from 13.75% to 12.75% per year. COPOM expects to stimulate the economy by such reduction of the interest rate.</p>			<p>Financing:</p> <p>Aiming at the financing of investments and production, the following measures were taken: the maintenance of the BNDES goal of R\$ 90 billion in credit; keeping the long-term interest rate ("TJLP") at 6.25%; and granting the Merchant Marine Fund an additional R\$ 10 billion.</p> <p>On January 22, 2009, the Federal Government was authorized, by means of Provisional Measure No. 453²⁵, to grant additional funds in an amount of up to R\$ 100 billion to the BNDES, for its lending activities. It is an attempt to ensure cheaper credit to companies, enabling them to keep their investment plans (i.e. having Petrobras keep its investment plans of R\$ 20 billion for the next few years).</p> <p>Civil Construction Financing:</p> <p>A Working Capital Line of R\$ 3 billion, of the Brazilian Federal Savings Bank has been adopted.</p> <p>On November 7, 2008, the Brazilian Government enacted Provisional Measure No. 445,⁶ which authorizes the Brazilian Federal Savings Bank to use part of its dividends resulting from its profits in years 2008 to 2010 in a fund destined to assist the construction industry in</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
					<p>Brazil.</p> <p>Auto Industry:</p> <p>Two measures have been taken: R\$ 4 billion was granted by Banco do Brasil S.A. to banks "linked to car manufacturers" plus resources from private banks (reserve) and credit lines have been directed to the motorcycle industry.</p> <p>In addition to the abovementioned measures, the Brazilian Government enacted Decree No. 6,696 on December 17, 2008¹⁹, establishing the reduction of PI rates (excise tax) levied on cars and trucks. The new rates will be valid until March 31, 2009.</p> <p>Naval Industry:</p> <p>On December 19, 2008, the Brazilian Government enacted Decree No. 6,70420, which suspended the levy of IPI (excise tax) on the acquisition, made by Brazilian naval shipyards, of materials and equipments, with the purpose of building, maintaining, modernizing, converting or repairing of ships.</p> <p>Small- and Medium-Sized Companies:</p> <p>A R\$ 5 billion credit line for small- and medium-sized companies was opened by Banco to Brasil S.A. to be used</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
					<p>as working capital.</p> <p>On January 28, 2009, the Brazilian Stock Exchange Commission ("CVM") enacted, Instruction No. 477/09,²⁷ which changed the rules of incorporation and management of Mutual Investment Funds in Emerging Companies ("FMIEE"), which invest in small-sized companies with great potential for development. Such Instruction intends to modernize the current rules regarding the FMIEEs and, thus, to stimulate the investments in emerging companies.</p> <p>On February 12, 2009, the State of São Paulo Government announced its plans to "unburden" the private sector, specially benefiting micro and small companies. Among such measures, the easier access to credit from state entities (without guarantees requirements) and the reduction of financing interest rate are pointed out. Additionally, the State of São Paulo Government postponed until December 31, 2009 the reduction of ICMS tax for some sectors (such as food, cosmetics, etc.).</p> <p>Postponement of Tax Payment Dates and Acceleration of the Tax Credits Devolution:</p> <p>The payment dates of the following taxes were postponed:</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
					<p>IPI (tax on manufactured products) payment date postponed from the 15th to 25th; PIS/COFINS (social contributions) payment date postponed from the 20th to day 25th; and Withholding Income Tax payment date postponed from the 10th to the 20th. Furthermore, there was an acceleration of the tax credits devolution.</p> <p>Changes to Income Tax:</p> <p>The Brazilian Government created, by means of Provisional Measure No. 451/200821, two intermediate rates of the Income Tax paid by Individuals ("IRPF"). In addition to the current rates of 15% and 27.5%, the Government created rates of 7.5% and 22.5% aiming at reducing the amount of tax paid by several workers.</p> <p>By means of an answer to Public Consultation ("Solução de Divergência") No. 1/2009²², issued by the Brazilian Federal Revenue Service, IRPF will not be levied on vacation periods (as long as these periods do not exceed 10 days) "assigned" by employees to their employers in the course of one working year. This provides employees with a new tax exemption.</p> <p>Changes to Tax on Financial Transactions:</p> <p>On December 12, 2008, Decree No. 6.691/08 provided for the</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
					<p>reduction from 3% to 1.5% per annum of rate of the Tax on Financial Transactions ("IOF") levied on loans and financings granted to individuals.¹⁷</p> <p>Minimum Wage</p> <p>The Federal Government increased the minimum wage from R\$ 415.00 to R\$ 465.00. Such adjustment came into force on February 1, 2009.</p> <p>Infra-Structure</p> <p>The Federal Government and private companies announced investments of approximately R\$ 4.6 billion in the Santos port, in order to expand its loading capacity (government expects to create more than 5,000 jobs).</p>

¹ For *Resolução CMN No. 3251/2004*, see <https://www3.bcb.gov.br/normativo/detalharNormativo.do?N=104212266&method=detalharNormativo>.

For *Resolução CMN No. 3400/2006*, see <https://www3.bcb.gov.br/normativo/detalharNormativo.do?N=106276675&method=detalharNormativo>.

² For *Provisional Measure No. 442*, see: http://www.planalto.gov.br/ccivil_03/_Ato2007-2010/2008/Mpv/442.htm - to be voted in the Senate. Also see *Resolução Bacen No. 3622* <https://www3.bcb.gov.br/normativo/detalharNormativo.do?N=108098613&method=detalharNormativo>.

³ *Circular Bacen No. 3414*. See <https://www3.bcb.gov.br/normativo/detalharNormativo.do?N=108100557&method=detalharNormativo>.

⁴ For *Provisional Measure No. 443*, see: http://www.planalto.gov.br/ccivil_03/_Ato2007-2010/2008/Mpv/443.htm.

⁵ *Circular Bacen No. 3417/2008*. See <https://www3.bcb.gov.br/normativo/detalharNormativo.do?N=108105748&method=detalharNormativo>.

⁶ For *Provisional Measure No. 445*, see https://www.planalto.gov.br/ccivil_03/_Ato2007-2010/2008/Mpv/445.htm.

⁷ The BCB had increased the percentage of the compulsory reserve deposits relating to leasing operations, starting at 5% in May, 2008 up to 25% in January 2009 (estimated). After the crisis, the BCB kept the compulsory reserve deposits relating to leasing transactions on a 15% rate, with expectation for future increases only in January, 2009.

⁸ *Circular Bacen No. 3405/2008*. See <https://www3.bcb.gov.br/normativo/detalharNormativo.do?N=108093173&method=detalharNormativo>.

⁹ *Circular Bacen No. 3408/2008*. See <https://www3.bcb.gov.br/normativo/detalharNormativo.do?N=108098141&method=detalharNormativo>.

¹⁰ *Circular Bacen No. 3412/2008*. See <https://www3.bcb.gov.br/normativo/detalharNormativo.do?N=108099445&method=detalharNormativo>.

¹¹ *Circular Bacen No. 3413/2008*. See <https://www3.bcb.gov.br/normativo/detalharNormativo.do?N=108099939&method=detalharNormativo>.

- ¹² Circular Bacen No. 3416/2008. See <https://www3.bcb.gov.br/normativo/detalharNormativo.do?N=108104119&method=detalharNormativo>.
- ¹³ Circular Bacen No. 3419/2008. See <https://www3.bcb.gov.br/normativo/detalharNormativo.do?N=108110963&method=detalharNormativo>.
- ¹⁴ Circular Bacen No. 3417/2008. See <https://www3.bcb.gov.br/normativo/detalharNormativo.do?N=108105748&method=detalharNormativo>.
- ¹⁵ Circular Bacen No. 3421/2008. See <https://www3.bcb.gov.br/normativo/detalharNormativo.do?N=108114236&method=detalharNormativo>.
- ¹⁶ For Resolução CMN No. 3639/2008, see <https://www3.bcb.gov.br/normativo/detalharNormativo.do?N=108114725&method=detalharNormativo>.
- ¹⁷ For Decree No. 6.691/08, see http://www.planalto.gov.br/ccivil_03/_Ato2007-2010/2008/Decreto/D6691.htm.
- ¹⁸ For FGC's by-laws' amendment see: <https://www3.bcb.gov.br/normativo/detalharNormativo.do?N=108121811&method=detalharNormativo>.
- ¹⁹ For Resolution 3,673 see: <https://www3.bcb.gov.br/normativo/detalharNormativo.do?N=108124415&method=detalharNormativo>.
- ²⁰ For Law No. 11,887 see: http://www.planalto.gov.br/ccivil_03/_Ato2007-2010/2008/Lei/L11887.htm.
- ²¹ For Decree No. 6.696 see: http://www.planalto.gov.br/ccivil_03/_Ato2007-2010/2008/Decreto/D6696.htm.
- ²² For Decree No. 6,704 see: http://www.planalto.gov.br/ccivil_03/_Ato2007-2010/2008/Decreto/D6704.htm.
- ²³ For Provisional Measure No. 451, see: https://www.planalto.gov.br/ccivil_03/_Ato2007-2010/2008/Mpv/451.htm - to be voted in the Senate.
- ²⁴ For "Solução de Divergência" No. 1/2009 see: http://www2.oabsp.org.br/asp/clipping_jur/ClippingJurDetalhe.asp?id_noticias=1982.
- ²⁶ For Instruction No. 3675, see <https://www3.bcb.gov.br/normativo/detalharNormativo.do?N=109007562&method=detalharNormativo>.
- ²⁷ For Instruction No. 477/09, see <http://www.cvm.gov.br/>.

BULGARIA

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
	<p>By means of an amendment to the guarantee of the Bank Deposits Act, effective as of November 17, 2008, the protection given to savings by the Fund for guaranteeing Bank Deposits was increased from BGN 40,000 to BGN 100,000 (approximately €50,000).</p>	<p>As of December 1, 2008, the Central Bank decreased the minimum amount of required bank reserves to 10%.</p> <p>Starting January 1, 2009, the Central Bank will decrease the minimum amount of required bank reserves for funds attracted from abroad to 5%.</p> <p>Starting January 1, 2009, the Central bank will waive the obligation for required minimum bank reserves for funds attracted from the Government or from municipalities.</p>			<p>On November 4, 2008, the Bulgarian Government¹ decided to increase the capital of the Bulgarian Development Bank (a State-controlled bank aimed at supporting the SME and local banks) by BGN 100,000,000. The capital is to be used mainly for lending credits to the banks.</p> <p>A new Act on the State Fund for Guaranteeing the Stability of the State Pension System was enacted and entered into force as of November 17, 2008. The Fund is aimed at achieving and guaranteeing stability of the State pension system through accumulating, investing and transferring of additional financial means to the budget of the State pension system. The Minister of Finance as well as other members of the Government have been granted leading roles in the management of the new Fund. Representatives of the national employers' and employees' organizations will also participate in the management of the Fund.</p>

¹ The Bulgarian Prime Minister gave a brief oral presentation of the Anti-crisis Government Measures Programme. However, there is no official announcement, published structured document, or any consistent legislative changes initiated, other than those specified above. There have been some discussions on certain aspects of this programme, none of which have been promulgated as enforced statutes.

CANADA

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
<p>The Canadian Lenders Assurance Facility announced on October 23, 2008, that it will insure certain categories of senior unsecured wholesale debt with a term to maturity of at least three months. Institutions eligible to participate in the facility include (i) deposit-taking financial institutions incorporated, amalgamated or continued under the federal Bank Act or Trust and Loan Companies Act, (ii) associations and central cooperative societies regulated under the federal Cooperative Credit Associations Act, and (iii) on the approval of the Minister of Finance, provincially regulated central cooperative credit societies. This insurance will cover principal and interest payments on eligible debt instruments for up to three years from the date of issue.</p> <p>The facility will charge premiums that are intended to approximate commercial terms. The facility will charge a base annualized premium of 110 basis points (the previously announced premium of 135 basis points was reduced in an effort to make the program more competitive with similar foreign programs), with surcharges depending on the credit rating of the issuing institution and an additional surcharge for debt that is not denominated in Canadian</p>	<p>The Canada Deposit Insurance Corporation ("CDIC"), a federal Crown corporation, insures deposits at member institutions, which include most Canadian chartered banks, as well as various other deposit-taking institutions. The CDIC protects funds in savings and checking accounts, and term deposits with a term of less than five years, for as much as C\$100,000 (US\$ 91,470).</p> <p>The 2009 Federal Budget tabled on January 27, 2009 proposed to provide the CDIC with greater flexibility to enhance its ability to safeguard financial stability in Canada including the following:</p> <ul style="list-style-type: none"> ▪ allowing the CDIC to establish a bridge institution to preserve critical functions and help support financial stability in the event a CDIC member is no longer viable; ▪ increasing the CDIC's borrowing limit from C\$6 billion to C\$15 billion to reflect the growth of insured deposits; and ▪ granting the Minister of Finance the power to direct the CDIC to take specific action to prevent adverse effects on financial stability. 	<p>In coordination with other major central banks, Canada's central bank, the Bank of Canada, lowered its key lending rate by 0.5% on October 8, 2008, 0.25% on October 21, 2008 and 0.75% on December 9, 2008. This was followed by a further 0.5% rate cut on January 20, 2009, leaving the rate at 1.00%.</p> <p>The Bank of Canada has increased the amount of liquidity it makes available to financial institutions, has expanded the scope of institutions eligible to participate in its liquidity facilities and has expanded the types of collateral it accepts</p>	<p>The 2009 Federal Budget proposed a framework for the Canadian Government to inject capital directly into federally regulated financial institutions. Proposed amendments to the federal Financial Administration Act authorize such capital injections.</p>	<p>On October 10, 2008, the Ministry of Finance announced a program to provide additional liquidity to Canadian financial institutions through the purchase of up to \$25 billion of mortgage-backed securities. On November 12, 2008, the Ministry of Finance announced that the purchase program would be increased from C\$25 billion to C\$75 billion. The size of the program was further increased to C\$125 billion as part of the 2009 Federal Budget.</p> <p>Since the underlying mortgages already carry guarantees backed by the Canadian Government, there is no incremental risk to the federal Government in the purchase of these securities.</p> <p>The purchases are being undertaken through a series of competitive auctions. Approximately C\$50 billion of mortgage-backed securities have been purchased to date.</p>	<p>On November 11, 2008, changes were announced to the regulatory capital requirements for banks and other federally-regulated, deposit-taking institutions. Debt covered by the Canadian Lenders Assurance Facility and similar foreign programs can now be assigned the same risk weighting for regulatory capital purposes as the debt of the sovereign guarantor during the term of the guarantee even if that term is less than the term to maturity of the debt. Also, an additional 10% percent of Tier 1 capital may be composed of qualifying preferred shares (the former maximum of 30% has been increased to 40%).</p> <p>The Canadian Government partnered with the governments of Ontario, Alberta and Quebec to provide a senior funding facility to support the January 21, 2009 closing of the C\$32 billion restructuring of non-bank sponsored asset-backed commercial paper. Media reports indicate that the size of the senior funding facility was in the range of C\$3.5 - C\$4.5 billion.</p> <p>The 2009 Federal Budget contained a number of other measures designed to improve access to financing, strengthen Canada's financial system and stimulate the economy including</p>

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<p>dollars (on November 13, 2008, the Canadian Government announced a temporary waiver of the surcharge). The Canadian Government has extended the period for issuing guaranteed instruments from April 30, 2009 as originally announced to December 31, 2009. There is a limit on the amount of insurance available to each institution, based on the amount of wholesale debt of the institution maturing in the next six months, and on the amount of deposits held by the institution.</p> <p>The Ministry of Finance has indicated that the facility was introduced in order to ensure that Canadian institutions are not disadvantaged in global capital markets relative to banks in other jurisdictions that have access to a government guarantee.</p>					<p>the following:</p> <ul style="list-style-type: none"> ▪ committing C\$13 billion in additional financing by increasing the capacities of certain financial Crown corporations including Export Development Canada and the Business Development Bank of Canada; ▪ creating the C\$12 billion Canadian Secured Credit Facility to support financing of equipment and vehicles by businesses and consumers; ▪ establishing the Canadian Life Insurers Assurance Facility to guarantee wholesale term borrowings by life insurers by way of a model similar to the Canadian Lenders Assurance Facility; ▪ providing approximately C\$8 billion to stimulate housing construction and C\$12 billion in new infrastructure funding over a period of two years; and ▪ tax cuts totalling C\$20 billion over the next six years.

DENMARK

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<p>Bank Aid Package I:</p> <p>The Bank Aid Package I is designed to guarantee creditors and depositors in distressed banks. The package is regulated through the Financial Stability Act which requires banks to be members of the DPB in order to participate in the newly established guarantee scheme.</p> <p>Det Private Beredskab:</p> <p>DPB (Det Private Beredskab) is a private banking association whose purpose is to help wind down distressed banks, savings banks and co-operative banks, as an alternative to bankruptcy. The association is non-profit.</p> <p>According to Danish law, an association becomes a legal entity after the founding general assembly has been held. The legal relationship between its members is defined in the articles of the association.</p> <p>The top authority of the DPB is the board of representatives which decides if the DPB is to participate in the winding down of a distressed bank. This is normally done with a marginal majority. The board of representatives is the same as that of the Danish Banker's Association (Finansrådet). The DPB is generally managed by the executive committee. The general assembly is held</p>	<p>Almost all Danish banks are participating, including Danske, Nordea, Jyske and Sydbank (the four largest banks by market capitalisation in Denmark). Foreign branches of Danish banks may be covered if local banks are subject to a similar scheme.</p> <p>Denmark has guaranteed all bank deposits of members of the DPB, so that all claims by "depositors and other ordinary creditors" are covered.</p> <p>Some niche banks have chosen not to participate in the DPB and the guarantee scheme. These are:</p> <ul style="list-style-type: none"> ▪ DnB Nord Bank A/S ▪ Dansk Autoriseret Markedsplads A/S ▪ Ekspresbank A/S ▪ Lægernes Pensionsbank A/S ▪ Leasing Fyn og Factoring Bankaktieselskab <p>In addition, some small savings banks and many small co-operative banks have equally chosen not to participate.</p> <p>With the exception of Swedish Handelsbanken and Icelandic Straumur-Burdaras Investment Bank, all other foreign banks with branches in Denmark have</p>	<p>On October 24, 2008, the Danish Central Bank unexpectedly raised the benchmark lending rate by half a percentage point to an eight-year high of 5.50%, showing that policymakers will defend the Krone even as the economy risks entering a recession.</p> <p>The Danish Central Bank is issuing up to DKK 60 billion in Danish treasury bonds with a 4.5% coupon aimed at a balanced, low-risk investment for Danish pension funds.</p> <p>On November 7, 2008, the Danish Central Bank followed the ECB and cut the benchmark lending rate by 50 basis points.</p> <p>On December 5, 2008, the Danish Central Bank followed the ECB and cut the benchmark lending rate by 75 basis points, bringing the current rate down to 4.25%.</p> <p>On December 19, 2008 the Danish Central Bank cut the benchmark lending rate by 50 basis points due to strengthening of the Krone.</p> <p>On January 15, 2009 the Danish Central Bank followed the ECB and cut the benchmark lending rate by 50 basis points plus an additional 25 basis points, thereby bringing the rate to the current 3.00%.</p>	<p>Bank Aid Package I:</p> <p>The Danish Government will set up a new liquidation company that will benefit from a State guarantee which will take on defaulted obligations of a participating bank.</p> <p>The purpose of the liquidation company is to ensure the covering of all claims by "depositors and other ordinary creditors" where the distressed bank is a member of the DPB. It will then found a subsidiary whose task will be to wind down the company by transferring its assets and liabilities to a buyer. If the DPB receives funds in the form of liquidation proceeds, etc. when winding down a bank, it must repay the DPB members proportionately to their respective contribution commitment.</p> <p>Members of the DPB will contribute DKK 7.5 billion (c.€1 billion) per annum, payable monthly as a fee for the guarantee.</p> <p>Additionally, DPB will initially provide DKK 10 billion to the liquidation company and is also subject to a further DKK 10 billion to meet losses, providing for a maximum of DKK 35 billion loss to the DPB over the two-year term.</p> <p>Any losses in excess of the</p>	<p>The social pension fund (Den Sociale Pensionsfond) has been given a mandate to purchase up to DKK 22 billion one-year property mortgage bonds at the December 2008 auction.</p> <p>The rationale was that the state-guaranteed mortgage bonds for social housing were expiring, and as the State bears the interest rate risk on social housing, the Social Pension Fund might as well take part in the auction.</p> <p>This had an immediate effect and the interest rate of the one-year property mortgage bond fell. Many private homeowners enjoyed a spin-off benefit from this measure.</p> <p>Roskilde Bank:</p> <p>When a bankruptcy of the Roskilde Bank was threatening, the Danish Central Bank and the DPB decided to take over the bank. Only the healthy parts of the bank's activities were acquired, in order to be sold in pieces later on.</p> <p>Nordea Bank, Spar Nord Bank and Arbejdernes Landsbank, respectively acquired nine, seven and five branches.</p> <p>The remaining part of the original bank has been declared bankrupt.</p>	<p>On December 6, 2008 the president of the Danish Central Bank, Nils Bernstein, spoke at the annual meeting of the Danish Bankers' Association on the topic of economic initiatives in the banking sector.</p> <p>In the short term, there are talks about a new financial aid package to banks since even banks that are fundamentally healthy are struggling to obtain liquidity. Mr. Bernstein claimed that if such a package is not agreed upon, banks will be forced to reduce activities and thereby reduce their balances in order to fulfil the solvency demand. The reason for this rationale, he explained, is that since 2007, Danish banks have increased their debt ratio from 7 to 9. In order to bring the debt ratio back to 7, banks would have to reduce loans by 25%. Many countries have carried out such recapitalization measures and have increased the core capital from 9% to 11%. The Danish Central Bank therefore believes that a temporary provision of core capital to Danish banks will be necessary. Mr. Bernstein recommends that such a scheme be implemented over the next year, but with careful reflection as to its terms and conditions.</p> <p>Mr. Bernstein also addressed the correlation between the</p>

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<p>annually.</p> <p>In order to be eligible for participation in the guarantee scheme, banks must have a banking license and be a member of the DPB.</p> <p>Members of the DPB are liable for their contribution, which is fixed by reference to each bank's core capital. If existing members are to withdraw from the DPB, they are still liable until the end of a five-year notice period. The liability can be collected by the executive committee if the board of representatives has decided to take over a distressed company. Such liabilities are earmarked to help distressed banks. Members cannot be liable for more than their contribution commitment.</p> <p>Up until October 13, 2008, current DPB members could elect not to be part of the scheme and other banks, including Danish branches of foreign banks, could join the DPB and thus the guarantee scheme. There is a five-year notice if an existing member wishes to withdraw from the DPB.</p> <p>The guarantee will cover creditors of the participating banks including holders of senior unsecured debt. Legislation, which has now been passed, has confirmed that both subordinated debt (Tier 1 and</p>	<p>opted not to participate.</p>	<p>Over a 3 month time period the Danish Central Bank has lowered the benchmark lending rate from 5.50% to 3.30%, which indicates a will to stimulate the growth and to follow the lead of the ECB.</p> <p>The strengthening of the Krone gave the Danish Central Bank room for this interest rate cut but an interest rate differential of 1.00% continues to exist between Denmark and the EURO-countries, mainly due to the Danish fixed exchange rate policy in order to protect the Krone.</p>	<p>funds provided by DPB will be met by the State.</p> <p>Bank Aid Package II:</p> <p>The purpose of the package is to ensure that financial institutions have access to enough liquidity. Such measures are needed in order to cope with the financial markets. The package is regulated by the Act of State Capital Injection to Credit Institutions.</p> <p>The Danish act regarding financial institutions requires compliance with the stated solvency demand, with which some financial institutions were having difficulties with complying.</p> <p>This recent aid package gives the Danish State authority to inject DKK 100 billion (c.€ 13 billion) in troubled financial institutions; DKK 75 billion (c.€ 10 billion) to the banking sector and DKK 25 billion (c.€ 3 billion) to the mortgage credit sector. Those figures are based upon the participation of all financial institutions that are in need of capital.</p> <p>The capital is provided as hybrid core capital, which is defined as a loan provided by the State. The State requires an average interest rate on return of 10%. The individual interest rate is calculated individually with the rating of the financial institution</p>	<p>Bank Trelleborg:</p> <p>Sydbank took over Bank Trelleborg. This takeover is subject to a multi-party lawsuit launched by a group of stockholders that demanded a higher share price.</p> <p>Ringkjoebing Bank/Bonusbanken:</p> <p>Vestjysk Bank took over Bonusbanken, which had lost all of its equity capital. The same day, Vestjysk Bank merged with Ringkjoebing Bank, with the former being the continuing company.</p> <p>Forstædernes Bank:</p> <p>Nykredit Realkredit took over Forstædernes Bank.</p> <p>Spar Mors:</p> <p>Morsø Bank took over the Saving Bank, Spar Mors.</p> <p>Lokalbanken:</p> <p>Handelsbanken took over Lokalbanken.</p> <p>EBH Bank:</p> <p>The DPB took over EBH Bank since it was no longer capable of fulfilling the solvency demands set by the Danish FSA. Assets and liabilities of the distressed bank were transferred to the DPB, who will wind down the</p>	<p>already existing guarantee scheme and the potential of a new financial aid package. Such an aid package would lower the risk of the State and the DPB and will limit the damage for which the State and the DPB are liable.</p> <p>The suggestion has been the inspiration for new legislation, commonly known as Bank Aid Package II. Please see the column "recapitalization measures" for more information.</p>

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<p>Tier 2) and covered bonds are excluded from the guarantee scheme.</p> <p>Banks participating in the guarantee scheme may not for the duration of scheme (until December 31, 2010 with a possibility of prolongation):</p> <ul style="list-style-type: none"> a. pay dividends; b. set up new share buy-back programs; c. establish new share option programs or extend or renew existing share option programs; or d. give notice to wave the scheme. <p>Furthermore, participating banks must sign a statement authorising the scheme to sell banking activities to a buyer designated by the scheme.</p> <p>For this reason, some Danish branches of foreign banks have elected not to participate.</p>			<p>as a factor.</p> <p>Financial institutions that apply for capital injections must have a core capital percentage of 12% afterwards. This obligation is to ensure a healthy financial sturdiness in order to withstand losses in the years to come and to maintain a reasonable loan portfolio.</p>	<p>bank and its activities.</p> <p>Fionia Bank:</p> <p>Fionia Bank and the State have entered into a framework agreement regarding the transfer of the banking activities in their present form to the company "Financial Stability A/S". This company will be founded and owned by Fionia Bank but controlled by the State. The shareholders will remain in Fionia Bank.</p> <p>The Managing Director of Fionia Bank explained that the operation is not part of liquidation, but a strengthening of the bank's activities.</p> <p>Fionia Bank realized that the solvency requirement would be too great if the bank continued in its original form. By transferring the banking activities and receiving a capital injection of DKK 1 billion (c.€ 130 million), the new bank is able to continue its operations.</p>	

ESTONIA

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	The Government more than doubled its bank deposit guarantee to €50,000 (US\$ 68,000) in line with other European Union member states and introduced an investment pay-out guarantee up to 90% of the investment to be paid out, but not more than €20,000 per investor in one investment company.				

FINLAND

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<p>On December 12, 2008, the Finnish Parliament approved the Government's proposal to provide guarantees for credit instruments issued by banks or bank holding companies. According to the proposal, guarantees can only be granted to viable banks that meet all solvency requirements. The guarantees would be subject to market rates and may be drawn up to a total maximum of €50 billion. This temporary authority to grant government guarantees will remain in force until the end of 2009.</p> <p>The Government will assess by April 30, 2009 whether a need for further guarantees exists.</p> <p>The guarantees and market-based payments collected on these instruments will be governed by the Act on State Lending and State Guarantees (449/1988). The guarantees will be granted without financial collateral.</p> <p>The conditions for guarantees will include restrictions on banks' top management pay systems.</p>	<p>As of October 8, 2008, the deposit guarantee limit was increased from €25,000 to €50,000. The higher limit shall be valid at least until the end of 2009. The Finnish Deposit Guarantee Fund protects customers' deposits in deposit banks that have a license in Finland. Deposits in branch offices of foreign banks acting in Finland are under the deposit guarantee of the home state of the relevant bank.</p> <p>Branch offices of foreign banks acting in Finland may apply for an additional deposit guarantee from the Finnish Deposit Guarantee Fund in order to cover a possible difference in the Finnish and foreign guarantee limit. However, in this case the maximum aggregate guarantee is the earlier limit €25,000.</p>		<p>The Government has set forth several amendments to the 2009 budget and has proposed that altogether €20 million will be allocated to equity-like financial instruments, in order to ensure that loans to Municipality Finance Plc (the only public sector owned credit institution in Finland) remain available for state-subsidized housing production.</p> <p>On February 19, 2009, the Government submitted a proposal to Parliament for state capital investment in deposit taking banks. The state will offer banks interest bearing subordinated loans, which can be considered as banks' core capital (Tier 1 capital). The subordinated loan will bear interest at a rate equalling the interest-rate of the five-year Finnish Government bond plus 6 percentage points.</p> <p>Banks that take out a subordinated loan commit themselves to paying interest before distributing dividends.</p> <p>In addition, the conditions on subordinated loans include restrictions applying to banks' top management pay systems.</p>		<p>On October 20, 2008 financial supervisors in Finland and Iceland endorsed an arrangement to fund the deposits in the Finnish branch of Kaupthing Bank h.f.</p> <p>Nordea Bank Finland plc, OP-Pohjola Group and Sampo Bank plc granted a fixed-term commitment to finance the deposits of all Finnish Kaupthing Bank depositors (about 10,000 customers) to the full extent including interest. This was a market-based solution adopted by the private sector, whereby the said banks will bear the commercial risk and credit risk involved in the settlement. The decision did not alter the deposit protection principles in force in Finland. On October 24, 2008, the Finnish Parliament granted a state guarantee for the banks participating in the arrangement. This guarantee covers claims for deposits to a maximum of €115 million.</p> <p>The operations of Kaupthing Bank hf., Finnish Branch, terminated with effect from January 30, 2009. The Branch has repaid the above-mentioned loan.</p> <p>Finland will contribute to a rescue package for Iceland together with Sweden, Denmark and Norway in aggregate \$2.5 billion. The amount of the Finnish contribution is</p>

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					<p>approximately \$ 450 million.</p> <p>In Finland, Glitnir Bank Ltd is no longer part of the Icelandic Glitnir Bank h.f. group. The ownership of Glitnir plc transferred to the management of Glitnir Bank Ltd on October 14, 2008. Thereafter the bank decided on changing its name to FIM Bank Ltd and is now acting under a Finnish license.</p> <p>The IMF Executive Board has approved a financial package for Latvia on December 23, 2008. The Nordic countries are prepared to lend €1.8 billion for Latvia, contingent on the successful implementation of the reform package. The amount of the Finnish contribution is approximately € 324 million.</p> <p>Various Financial Supporting Measures:</p> <p>On November 18, 2008, the Government proposed a corporate finance supporting package, including various measures to improve financing options especially for small- and medium-sized enterprises ("SME"). The proposal will increase financial resources for export companies by introducing a new refinancing model, where Finnish Export Credit Ltd in cooperation with domestic or international banks would grant long-term credit to Finnish exporters. The arrangement will</p>

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					<p>be temporary, valid until the end of 2010 and worth €1.2 billion. In addition, the maximum liability for export securities granted by the State will be raised from €7.9 billion to €10 billion and the maximum amount of interest equalization agreements and offers will be increased from €5 to €6 billion. The tasks of the State's specialized financing company, Finnvera plc, will be increased by granting it a right to gather assets for export finance where the maximum amount of unpaid debts contracted by Finnvera would be increased from €1.2 billion to €3.1 billion. Finnvera's powers to grant new loans and guarantees will be increased to 600 million as the amount of unpaid debts will be €3.2 billion. The amendments to the acts regarding these safeguarding measures were passed on December 30, 2008.</p> <p>In addition, the Government will boost the authority of the Finnish Funding Agency for Technology Innovation for the environmental and energy sectors by €15 million to help implement demonstration projects. To promote the commercial paper market, the Ministry of Finance has decided to grant the State Pension Fund the right to a limited use of the assets in its possession to acquire commercial papers of significant and financially solid Finnish companies.</p>

FRANCE

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<p>On October 16, 2008, a new law was enacted aiming at “restoring confidence in the financial banking system and ensuring adequate financing of the French economy”.</p> <p>Under this new law, a new government-backed entity (initially <i>Société de Refinancement des Activités des Etablissements de Crédit</i> and renamed <i>Société de Financement de l’Economie Française</i> or “SFEF” on November 6, 2008) has been created. The French State owns 34% of its share capital, and the remaining 66% is owned by financial institutions.</p> <p>The <i>SFEF</i> will issue debt securities guaranteed by the French State and then lend funds to financial institutions. Any financial institution operating in France may borrow funds through the <i>SFEF</i>, provided it furnishes sufficient and adequate collateral and signs an agreement with the French State (regarding <i>inter alia</i> commitment to use the funds made available to finance individuals, companies and local public entities and regarding good corporate governance practices).</p> <p>This system does not provide a guarantee of inter-bank debts <i>per se</i> but allows the <i>SFEF</i> to</p>	<p>Article L. 312-4 of the French Financial and Monetary Code and regulation n° 99-05 of the Banking Commission (<i>Commission Bancaire</i>) provides that deposits are guaranteed by a “deposit guarantee fund” up to €70,000 per depositor, per financial institution.</p> <p>If necessary, the French Government is willing to extend the existing deposit guarantee fund.</p>		<p>The Ministry of Finance will use an <i>ad hoc</i> investment vehicle, the <i>Société de prises de participations de l’Etat</i> (the “<i>SPPE</i>”) for recapitalization purposes.</p> <p>The French State will guarantee securities issued by the <i>SPPE</i>. The <i>SPPE</i> will then subscribe to securities issued by financial institutions to strengthen their capital ratios.</p> <p>According to the French Ministry of Finance, €40 billion out of the €360 billion made available as guarantees under the new law should benefit the <i>SPPE</i>.</p> <p>On October 20, 2008, the French Government announced that France’s six largest banks (BNP Paribas, Société Générale, Crédit Agricole, Crédit Mutuel, Caisses d’Epargne, and Banques Populaires) would get a total of €10.5 billion from the <i>SPPE</i> in exchange for issuing deeply subordinated debt securities without voting rights. On December 8, 2008, the European Commission gave the green light for the French capitalization measures. On or around December 11, 2008, the subscription of the abovementioned debt securities was launched.</p> <p>On January 29, 2009, the European Commission gave the</p>		<p>Commercial Paper & CDs: As of October 15, 2008, trading in short-term commercial paper and certificates of deposit maturing in one year or less has been authorized on Euronext Paris. Banks whose commercial paper is listed on a regulated market are thus eligible for short-term refinancing operations.</p> <p>Fair valuation financial instruments: On October 15, 2008, the National Accounting Board (<i>Conseil National de la Comptabilité</i>), the French Financial Market Authority (<i>Autorité des Marchés Financiers</i>), the Banking Commission (<i>Commission Bancaire</i>) and the Insurance and Mutual Funds Supervisory Authority (<i>Autorité de Contrôle des Assurances et des Mutuelles</i>) issued a joint recommendation on the fair valuation of certain financial instruments due to financial market turbulence.</p> <p>Credit Mediation: In order to benefit from <i>SFEF</i> loans, the participating banks have committed themselves to respecting an annual growth objective of their outstanding loans situated between 3 and 4%, depending on the bank networks, until the end of</p>

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<p>inject liquidity into the inter-bank debt market and financial institutions to refinance themselves.</p> <p>Moreover, on an exceptional basis and in particular in emergency cases, the French State may directly guarantee securities issued by financial institutions, provided that the French State is assured sufficient collateral.</p> <p>The State guarantee will be made available at commercial rates for debt securities issued by the <i>SFEF</i> or, in emergency cases, by financial institutions in distress, before December 31, 2009, and with maturities of up to five years.</p> <p>All the guarantees made available by the new law (including the recapitalization measures and the Dexia Group guarantee program) shall not exceed €360 billion. According to the French Ministry of Finance, €320 billion will benefit the <i>SFEF</i> and Dexia.</p> <p>On October 23, 2008 and on October 30, 2008, the French Government guaranteed the securities issued or those to be issued by the <i>SFEF</i> for a maximum amount of €5 billion and €25 billion, respectively. On November 12, 2008, the <i>SFEF</i> announced the completion of the first tranche of its issuance program for €5 billion (coupon of</p>			<p>green light for a second tranche of French capitalization measures. This second tranche will amount to €11 billion worth of preference shares or hybrid securities.</p>		<p>December 2009.</p> <p>The French state will ensure these undertakings are kept and will make public, on a monthly basis, the amount of outstanding loans of the participating banks. Beyond the global follow-up of the commitment undertaken by the banks, the French state shall oversee that the measures that are adopted are then properly implemented in the field, in particular at the level of the corporations.</p> <p>The French President has appointed a “credit mediator” with the minister of economy, industry and employment.</p> <p>A corporation that is facing a financing or cash problem and that cannot find a solution may refer the matter to the mediator. The mediator has already received 1,200 corporation requests, 600 of which are already under investigation with a possibility of mediation.</p> <p>Regional commissions for the financing of the economy (<i>commissions départementales de financement de l'économie</i>) have been set up by the prefects (<i>préfets</i>) and ensure the follow-up of the financing of the economy in the field, with the local economic organisations.</p>

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<p>3.5%, redeemable in 2011) and on December 2, 2008, the issuance of its second tranche for €6 billion (coupon of 3.11%, redeemable in 2010).</p> <p>The SFEF is planning to raise €25 billion worth of securities during the first quarter of 2009 and the same amount during the second quarter. In 2009, €70 billion worth of securities could be issued, including securities denominated in foreign currencies (Source: AGEFI, December 2, 2008).</p> <p>On January 14, 2009, the French Government granted its guarantee in relation with US dollar-denominated securities to be issued by the SFEF before April 30, 2009, in an amount of US\$ 10 billion.</p> <p>On January 22, 2009, the SFEF issued US-dollar denominated securities in an amount of US\$ 6 billion.</p> <p>On February 3, 2009, the SFEF raised €6 billion with an interest rate of 2.305% (i.e., 9 points above the average swap rate) and, on February 18, 2009, it raised €5.5 billion with an interest rate of 2.082% (i.e., 45 points above the average swap rate).</p> <p>A total of €33.1 billion has been raised by the SFEF since its incorporation.</p>					

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
On February 6, 2009, the French State issued a first demand guarantee to the SFEF for the issuance of up to €30 billion and \$20 billion worth of debt securities.					

GERMANY

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	ASSISTANCE TO INDIVIDUAL INSTITUTIONS	OTHER MEASURES
<p>General:</p> <p>On October 18, 2008, the German Financial Market Stabilization Act (Finanzmarktstabilisierungsgesetz) (the "Stabilization Act") came into force.¹ The Stabilization Act authorized a €500 billion financial rescue package and created a public Financial Market Stabilization Fund (<i>Finanzmarktstabilisierungsfonds</i>) ("SoFFin")², which is administrated by the Financial Market Stabilization Agency (<i>Finanzmarktstabilisierungsanstalt</i>, the "Agency").</p> <p>Stabilization Measures:</p> <p>Via SoFFin, three main types of measures may be granted on an application by a German financial sector company (including banks and insurers):</p> <ul style="list-style-type: none"> ▪ recapitalization of companies in the financial sector; ▪ guarantees of debt instruments and liabilities, each with a maturity of up to 36 months, to provide companies in the financial sector access to liquidity and facilitate the refinancing in the capital markets; and ▪ the purchase by the SoFFin of selected assets.³ 	<p>On October 5, 2008, the German Government announced that it will ensure the repayment of bank deposits with German banks. Such guarantee is understood to be a "political guarantee" in addition to the statutory and industry deposit insurance schemes. There will be no additional legislation to support such "political guarantee".</p> <p>Proposed New Legislation:</p> <p>On February 18, 2009, the Federal Government agreed on draft legislation regarding amendments to the German Deposit Protection and Investor Compensation Act (<i>Einlagensicherungs- und Anlegerentschädigungsgesetz</i>).</p> <p>With the new legislation, among others, the proposed amendments to the EU Directive on Deposit-guarantee Schemes (94/19/EC) shall be transposed into German law. Under the new legislation, the existing statutory minimum cover for deposits of €20,000 shall successively be increased. From June 30, 2009, deposits shall be covered up to an amount of €50,000, and from December 31, 2010 up to an amount of €100,000. The existing deductible of the depositor of 10% shall be</p>	<p>See "Other Measures".</p>	<p>Under the Stabilization Act, an amount of up to €70 billion (which can be increased by another €10 billion) is available to recapitalize banks where necessary in the form of equity, UT2 instruments or silent participations (similar to preferred shares). In return for recapitalization, the SoFFin will take an equity or quasi-equity stake in the relevant bank, and further conditions may be imposed.</p> <p>The Stabilization Act also revises various aspects of the corporate and takeover law to facilitate and accelerate the recapitalization of financial sector companies.</p> <p>Access to the recapitalization measures is subject to certain conditions to be fulfilled by the financial sector company applying for the recapitalization measures, including sound business policies, undertakings with respect to the supply of loans to small- and medium-sized enterprises, adequate compensation caps for the members of the management board (an individual compensation of more than €500,000 is deemed to be inadequate), and restrictions on the payment of dividends.</p> <p>The German recapitalization</p>	<p>Aareal Bank:</p> <p>SoFFin will strengthen the capital basis of Aareal Bank AG with a silent participation (Tier I instrument) in Aareal Bank of €525 million. The instrument has a coupon of 9% p.a. In addition, SoFFin will guarantee debt instruments in a volume of up to €4 billion.</p> <p>BayernLB:</p> <p>On November 28, 2008, BayernLB announced it's application for guarantees up to €15 billion from SoFFin. Additionally, the owners of BayernLB (the Free State of Bavaria and the Association of Bavarian Saving Banks) sought recapitalization measures in an aggregate amount of €10 billion, which will be borne by the owners (€7 billion) and the SoFFin (€3 billion). In addition, an ABS investment portfolio will be covered with €6 billion, of which €4.8 billion will be guaranteed by the Free State of Bavaria. On December 8, 2008, the European Commission approved the recapitalization measures. On January 15, 2008, Bayern LB issued a government-guaranteed bond with a volume of €5 billion. The bond has a maturity of 3 years and a coupon of 2.75% p.a.</p> <p>Commerzbank:</p> <p>On November 3, 2008, Commerzbank announced that it had entered into an</p>	<p>SoFFin may purchase selected assets from financial sector companies. Access to such measures is subject to certain conditions to be fulfilled by the financial sector company. So far we understand that due to valuation issues and certain unclear legal aspects such possibility has not been used in practice.</p> <p>There are ongoing discussions about various "bad bank" solutions to purchase toxic assets and to help banks and other financial sector companies to clean up their balance sheets from toxic assets.</p> <p>Nationalization of Financial Sector Companies:</p> <p>On February 18, 2009, the German Government presented as part of the Supplementary Financial Markets Stabilization Act the draft Rescue Takeover Act (<i>Rettingsübernahmegesetz</i>). The Rescue Takeover Act shall give the Federal Government the right to expropriate shareholders of financial sector companies and owners of regulatory capital instruments in such companies. Among others, the Government may nationalize shares and own funds instruments (<i>Bestandteile der Eigenmittel</i>) in financial</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	ASSISTANCE TO INDIVIDUAL INSTITUTIONS	OTHER MEASURES
<p>Guarantees:</p> <p>The SoFFin may guarantee debt instruments and liabilities, each with a maturity of up to 36 months, issued by financial sector companies after October 17, 2008 and before December 31, 2009.</p> <p>Guarantees shall expire no later than December 31, 2012. An aggregate amount of €400 billion is available for such guarantees.</p> <p>Guarantees shall generally be issued in the form of guarantees on first demand (<i>Garantie auf erstes Anfordern</i>) and shall generally only be granted if the concerned financial sector company is equipped with adequate funds (<i>angemessene Eigenmittelausstattung</i>). According to SoFFin, a core capital ratio of 8% is considered adequate.</p> <p>SoFFin shall receive adequate consideration for the granting of guarantees, which will generally consist of a certain percentage of the maximum guarantee amount reflecting the default risk plus a margin.⁴</p> <p>The scheme does not provide German banks with a blanket guarantee, but rather permits SoFFin to issue guarantees on a case-by-case basis.</p>	<p>repealed.</p>		<p>scheme was approved by the European Commission on October 27, 2008, as modified by a communication from the Commission on December 5, 2008. With respect to the consideration, the European Commission established an indicative corridor for interest rates of 7% on preferred shares with features similar to those of subordinated debt and an average rate of return of 9.3% on ordinary shares for the recapitalization of fundamentally sound banks.</p> <p>Proposed New Legislation:</p> <p>On February 18, 2009, the German Government adopted the proposed bill of the Supplementary Financial Markets Stabilization Act (<i>Finanzmarktstabilisierungs-ergänzungsgesetz</i>). The Supplementary Financial Markets Stabilization Act will amend, among others, the Stabilization Act, and further modifies German corporate and takeover law to facilitate recapitalization measures.</p>	<p>agreement with SoFFin according to which SoFFin will provide Commerzbank with capital in the form of silent participation instruments (Tier 1 eligible) of €8.2 billion (increasing Commerzbank's core capital ratio (Tier 1) to 11.2%) and guarantees for the issuance of debt instruments of up to €15 billion. On December 13, 2008, the European Commission confirmed that the terms of the Commerzbank recapitalization are in line with the Commission's requirements for an adequate compensation.</p> <p>Commerzbank has agreed to pay to SoFFin a coupon of 9% p.a. on the silent participation, plus a step-up in years in which Commerzbank pays a dividend. The silent participation is expected to qualify as Tier 1 capital. For the guarantee Commerzbank has to pay a commitment fee of 0.1% p.a. on the undrawn facilities. A fee of 0.5% p.a. will be charged on guaranteed interest-bearing debt securities issued with a maturity of up to 12 months. Maturities over one year will be subject to a fee of approximately 0.95% p.a.</p> <p>On January 8, 2009, Commerzbank announced that SoFFin intends to provide additional equity totalling €10 billion. By means of a capital increase, Commerzbank will issue approx. 295 million ordinary shares to SoFFin at a price of €6 per share. After closing of the transaction, SoFFin will hold 25% plus one share in Commerzbank. In addition, SoFFin will provide additional</p>	<p>sector companies and its subsidiaries, and receivables or financial instruments owned by financial sector companies and its subsidiaries. An expropriation shall only be permissible as ultima ratio measure to preserve the stability of financial markets and against payment of an adequate compensation as further defined in the Rescue Takeover Act. The right to initiate expropriation measures shall expire on June 30, 2009.</p> <p>Economic Stimulus Package II:</p> <p>On February 20, 2009, a number of various economic stimulus measures known as Economic Stimulus Package II (<i>Konjunkturpaket II</i>) have been adopted by the German Parliament. Part of such package is a loan and guarantee program in an aggregate volume of €100 billion mainly targeted to companies outside of the financial sector. The program supplements a prior program known as Economic Stimulus Package I consisting of 15 different elements and a volume of €32 billion.</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	ASSISTANCE TO INDIVIDUAL INSTITUTIONS	OTHER MEASURES
<p>Proposed New Legislation:</p> <p>On February 18, 2009, the German Government presented the proposed bill of a Supplementary Financial Markets Stabilization Act (<i>Finanzmarktstabilisierungs-ergänzungsgesetz</i>) amending, among others, the Stabilization Act and making several adjustments, clarifications and simplifications to the current framework of assistance measures.</p> <p>Among others, with respect to guarantees of bank debt, the maximum term of guarantees provided by SoFFin shall be extended from 36 months to 60 months.</p>				<p>capital to Commerzbank in the form of a second silent participation of €8.2 billion. The terms of the silent participation will be similar to those offered in December 2008.</p> <p>On January 9, 2008, Commerzbank placed the first government-guaranteed bond in Germany. The benchmark bond has a volume of €5 billion. The bond has a maturity of 3 years and a coupon of 2.75% p.a.</p> <p>Hypo Real Estate:</p> <p>For information on the special emergency liquidity support package, see "Other Measures".</p> <p>On October 29, 2008, Hypo Real Estate announced that it plans to submit an application to SoFFin for additional comprehensive support, including potential recapitalization measures. Such announcement was repeated on December 9, 2008.</p> <p>On November 21, 2008, SoFFin granted to Hypo Real Estate Group a framework guarantee in an amount of €20 billion to cover the issuance of debt securities maturing by January 15, 2009. On December 9, 2008, this guarantee framework was increased by €10 billion to an aggregate amount of up to €30 billion. On January 12, 2009, SoFFin extended its framework guarantee in the total amount of €30 billion until April 15, 2008. The pro-rata commitment fee remains unchanged,</p>	

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	ASSISTANCE TO INDIVIDUAL INSTITUTIONS	OTHER MEASURES
				<p>and the fee for guarantees drawn will be 0.5% p.a. On January 20, 2009, SoFFin extended its framework guarantee to Hypo Real Estate by an additional €12 billion to the aggregate guarantee amount of €42 billion. Hypo Real Estate can use the additional guarantees to cover the issuance of debt securities maturing by June 12, 2009. The Group will pay to SoFFin a pro-rata commitment fee of 0.1% of the undrawn portion of the framework guarantee. The fee for guarantees drawn will be 0.5% p.a.</p> <p>HSH Nordbank:</p> <p>On November 21, 2008, HSH Nordbank and SoFFin entered into an agreement according to which SoFFin will provide HSH Nordbank with liquidity guarantees of up to €30 billion. On January 12, 2009, the bank placed a government-guaranteed bond with a volume of €3 billion. The bond has a maturity of 3 years and a coupon of 2.75% p.a.</p> <p>According to press articles, the SoFFin rejected to provide HSH Nordbank with additional assistance measures. According to such press articles, HSH Nordbank has not fulfilled SoFFin's requirement for assistance measures including a core capital ratio of 7% and did not provide a satisfactory business plan for its future strategy. On February 24, 2009, the City of Hamburg and the Government of Schleswig-Holstein agreed to provide HSH Nordbank with €3 billion of fresh capital and guarantees amounting to</p>	

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	ASSISTANCE TO INDIVIDUAL INSTITUTIONS	OTHER MEASURES
				<p>up to €10 billion.</p> <p>Hypo Real Estate:</p> <p>For information on the special emergency liquidity support package, see "Other Measures".</p> <p>On October 29, 2008, Hypo Real Estate announced that it plans to submit an application to SoFFin for additional comprehensive support, including potential recapitalization measures. Such announcement was repeated on December 9, 2008.</p> <p>On November 21, 2008, SoFFin granted to Hypo Real Estate Group a framework guarantee in an amount of €20 billion to cover the issuance of debt securities maturing by January 15, 2009. On December 9, 2008, this guarantee framework was increased by €10 billion to an aggregate amount of up to €30 billion. On January 12, 2009, SoFFin extended its framework guarantee in the total amount of €30 billion until April 15, 2008. The pro-rata commitment fee remains unchanged, and the fee for guarantees drawn will be 0.5% p.a. On January 20, 2009, SoFFin extended its framework guarantee to Hypo Real Estate by an additional €12 billion to the aggregate guarantee amount of €42 billion. Hypo Real Estate can use the additional guarantees to cover the issuance of debt securities maturing by June 12, 2009. The Group will pay to SoFFin a pro-rata commitment fee of 0.1% of the undrawn portion of the framework guarantee. The fee for</p>	

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				<p>guarantees drawn will be 0.5% p.a.</p> <p>On February 11, 2009, SoFFin extended its framework guarantee to Hypo Real Estate Group by an additional amount of €10 billion until June 12, 2008.</p> <p>IKB Deutsche Industriebank AG:</p> <p>On December 22, 2008, SoFFin authorized guarantees to IKB in an amount of up to €5 billion to guarantee the repayment of bonds to be issued by IKB. On January 19, 2009, the bank placed a government-guaranteed bond with a volume of €2 billion. The bond has a maturity of 3 years and a coupon of 2.875% p.a.</p> <p>LBBW:</p> <p>LBBW is looking into a guarantee framework of between €15 20 billion to be provided by SoFFin or the owners as a funding reserve.</p> <p>Nord/LB:</p> <p>On February 10, Nord/LB issued a bond in a volume of €2 billion and a term of five years, which is guaranteed by the federal state of Lower Saxony. The bond has a spread of 70 basis points above midswaps and is subject to a nominal interest rate of 3.50 percent.</p> <p>Sicherungseinrichtungsgesellschaft deutscher Banken:</p> <p>SoFFin guaranteed a bond in the volume of €6.7 billion issued by the</p>	

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	ASSISTANCE TO INDIVIDUAL INSTITUTIONS	OTHER MEASURES
				<p>Sicherungseinrichtungsgesellschaft deutscher Banken mbH (protection company of German banks, "SdB"). The SdB was set-up by German private banks to provide the German deposit insurance and investors protection schemes with a loan to compensate customers of the German banking subsidiary of insolvent Lehman Brothers.</p> <p>VW-Bank:</p> <p>According to press articles, VW Bank GmbH, the banking subsidiary of German car maker Volkswagen AG, will receive guarantees by SoFFin of up to €2 billion. VW Bank GmbH is the first banking subsidiary of car producers in Germany to receive SoFFin support.</p> <p>WestLB:</p> <p>WestLB has applied for guarantees in an aggregate amount of between €10 billion and €20 billion to cover the issuance of debt instruments.</p> <p>Other Institutions:</p> <p>According to SoFFin, approximately 20 banks and one smaller insurer have applied to SoFFin for assistance measures. Several financial institutions have confirmed that they are investigating whether to apply for assistance measures from SoFFin.</p>	

- ¹ On October 17, 2008, the Stabilization Act was published in the Federal Law Gazette (*Bundesgesetzblatt*) (BGBl. I, p. 1981). The main purpose of the Stabilization Act is to restore and sustain confidence and liquidity in the German financial market. The details and terms of conditions of such stabilization measures are set out in the Regulation regarding the Implementation of the Financial Markets Stabilization Fund Act (*Finanzmarktstabilisierungsfonds-Verordnung*, "Stabilization Fund Regulation"), which was released by the Federal Government under the Stabilization Act on October 20, 2008, and which came into force as of the same date.
- ² The SoFFin is set up as a special fund (*Sondervermögen*) of the German Federal State without its own legal personality (*nicht rechtsfähig*). The German Federal State is directly liable for the liabilities of the SoFFin. The Ministry of Finance will be given a broad spectrum of powers to determine the eligibility of institutions (who should be deemed to be integral to the financial system) to participate in the scheme.
- ³ In addition, there are ongoing discussions as to whether the German Government should set up a "Bad Bank" in order to purchase toxic assets from banks and other financial institutions.
- ⁴ The German authorities have given a commitment to the European Commission that they will require a provision premium of 0.5%, plus, in all cases of debt instruments and other liabilities with a term of more than one year, a risk premium corresponding to the individual financial institution's credit default swap spread, being not less than the median of the financial institution's five-year credit default swap spread between January 1, 2007 and August 31, 2008 and which is not less than the amount specified in the recommendations of the European Central Bank of October 20, 2008, i.e. 0.5% plus the credit default swap spread.

GREECE³

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
<p>Issuance Guarantee:</p> <p>The Enhancement Liquidity Law (No 3723/2008) provides that, in return for appropriate fees and collateral (as specified by the central Bank of Greece and the Ministry of Finance)¹, the Greek Government will guarantee up to a maximum of €15 billion for loans that are concluded until December 31, 2009 (with a maturity of three months to three years). The banks must meet the capital adequacy ratios set by the Bank of Greece in order to benefit from this program.</p> <p>The Greek Government will have the right to participate in the board of directors of each of participating banks, through a representative who may be appointed as an additional member to the Board. This member shall have veto rights as regards decisions (either of the Board or the General Assembly) for the distribution of profits, the wages or the granting of any kind of benefits to members of the board, the managing director or senior executives and their deputies, either upon instruction of the Minister of Finance or in case he considers that such decision endangers the rights of depositors or materially affects the solvency and the operation of the bank.</p>	<p>Law 3714/7.11.2008 "For the protection of borrowers", provides that the Greek Government will increase the protection given to savings from €20,000 to €100,000.</p> <p>The extended guarantee is set to expire on December 12, 2011.</p>	<p>Securities Lending Facility:</p> <p>The Enhancement Liquidity Law provides that Greek State Bonds of up to €8 billion and three years of maturity may be issued until December 31, 2009 and lent to banks in return for appropriate fees and collateral (to be specified by the central Bank of Greece and the Ministry of Finance).¹</p> <p>The banks must meet the capital adequacy ratios set by the Bank of Greece in order to benefit from this program.</p> <p>Pursuant to a relevant agreement to be concluded between the Greek State and each bank, the Bonds must be returned to the Greek Government upon their expiration and cancelled.</p> <p>The banks that participate in this scheme must use the funds from the disposal of the Bonds to provide competitive housing and SME loans.</p>	<p>Preference Shares:</p> <p>The Enhancement Liquidity Law provides that the Greek Government will underwrite up to €5 billion of preference shares, the specific terms of which are determined by a decision of the Ministry of Finance.¹</p> <p>Eligible banks are banks licensed by the Bank of Greece, including cooperative banks, regardless of whether they are listed or not.</p> <p>The general assemblies of the participating banks must resolve (irrevocably) the share capital increase by February 1, 2009, by the issuance of preference shares. The price of issuance of the shares (of each bank), must be the nominal value of the common shares of the last issuance of each bank. The Greek Government will subscribe for the new shares by December 31, 2009.</p> <p>The preference shares must be redeemed by the banks, at the issuance price, within no later than five years (but no sooner than July 1, 2009) following the approval of the Bank of Greece.</p> <p>In case the banks cannot redeem the preference shares, due to their inability to meet the</p>		<p>Small and very Small Business:</p> <p>Greek banks participate in the program proposed by the Credit Guarantee Fund for Small and Very Small Enterprises (the "Fund")² for enhancing the liquidity of small enterprises, by the issuance of loans for working capital, 80% of which is guaranteed by the Fund, with an interest rate of Euribor+2,1, subsidized by the Fund as well, under the following terms:</p> <p>(a) the loan should not exceed €350,000 and should have a three-year duration;</p> <p>(b) the loans cannot exceed 30% of the average turnover of the company for the last three years;</p> <p>(c) the eligible companies must have profits before amortizations for the last three years; and</p> <p>(d) the banks will not require any guarantees for the remaining unsecured 20% of the capital.</p> <p>The above program is also applicable to already issued loans under the condition that the banks waive off all other securities given by the companies.</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
<p>In any case the aforementioned benefits must not exceed the total of the wages of the Governor of the Bank of Greece. Additional benefits, such as bonuses, are cancelled throughout the duration of the program and, for the same period, the distribution of dividends must not exceed 35% of the net profits of the bank, which is the minimum set by law.</p> <p>The above guarantees may also be used to finance enterprises vital to the development of the country.</p>			<p>capital adequacy ratios set by the Bank of Greece, the shares may be converted to common or other category of shares, by virtue of a decision of the Ministry of Finance following the opinion of the Governor of the Bank of Greece.</p> <p>The preference shares are vested with a voting right to the general assembly of the holders of preferred shares cannot be transferred further by the Greek State to any third party and cannot be listed in organized markets.</p> <p>The preference shares carry a 10% fixed rate of interest on the subscription capital and have all characteristics as to be included in the equity of each bank.</p> <p>The Greek Government, as a holder of preferred shares, will have the right to participate in the board of directors of each of the participating banks through a representative who may be appointed as an additional member to the Board. This member shall have veto rights as regards decisions (either of the Board or the General Assembly) for the distribution of profits, wages or the granting of any kind of benefits to members of the board, the managing director or senior executives and their deputies, either upon instruction of the Minister of Finance or in case he considers</p>		

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
			<p>that such decision endangers the rights of depositors or materially affects the solvency and the operation of the bank</p> <p>In any case, the aforementioned benefits must not exceed the total of the wages of the Governor of the Bank of Greece. Additional benefits such as bonuses are cancelled throughout the duration of the program, whereas for the same period, the distribution of dividends must not exceed 35% of the net profits of the bank, which is the minimum set by law.</p> <p>Further, upon liquidation of a bank, the Greek State, as a holder of preference shares, has priority over the liquidation proceeds against all other shareholders.</p>		

¹ [The Ministry of Finance, taking into consideration \(a\) the provisions of the Enhancement Liquidity law, \(b\) the relevant reports of the Governor of the Bank of Greece, and \(c\) the European Commission's communication paper No 2008/C 270/02 "The application of State aid rules to measures taken in relation to financial institutions in the context of the current global financial crisis", has issued the Ministerial Decision No 54201/B 2884 with the following provisions:](#)

A. **Preference Shares:** The €5 billion state aid by way of participation in capital increase and the subscription of preference shares shall be allocated to the eligible credit institutions after taking into consideration the following criteria:

- (i) the capital adequacy requirements for each credit institution (namely, Tier 1 must be between 8% and 10%) (such criterion weights 0,5 of the overall criteria);
- (ii) the market share of each credit institution and its role to the financial stability (such criterion weights 0,4 of the overall criteria); and
- (iii) the attribution of each credit institution to the housing and SME loans (such criterion weights 0,1 of the overall criteria).

The value for the subscription of preferred shares shall be the nominal value of the common shares of the credit institution as at the most recent issuance of shares of such credit institution and shall be covered by Greek State Bonds and shall bear Euribor interest rate. Such shares may be repurchased at their initial issuance value either by exchange with Greek State Bonds or their cash equivalent. Where the State's subscription is covered by Greek State Bonds a bilateral agreement will be executed between the credit institution and the Greek State.

B. **Issuance Guarantee:** The guarantee of up to a maximum of €15 billion for bank credit will be given to credit institutions that will submit their petition until December 31, 2008 and each petition shall be restricted to the proportion of the guarantee to which each credit institution is entitled. The aforementioned guarantee does not cover interbank deposits. Such guarantee will be granted either with or without collateral as determined in the Ministerial Decision. Such collateral is blocked throughout the guarantee and is monitored for each credit institution separately by the Bank of Greece.

The annual fees for the guarantee, pursuant to the standards set by the European Central Bank shall be of 50 base units (if no collateral is given) or 25 base units (if collateral is given).

The €15 billion guarantee shall be allocated to the eligible credit institutions after taking into consideration the following criteria:

- (i) the liquidity status of the credit institution and in particular the risk that its capital adequacy may be compromised; (such criterion weights 0,5 of the overall criteria);
- (ii) the market share of each credit institution and its role to the financial stability (such criterion weights 0,3 of the overall criteria);
- (iii) the size and duration of the credit institution's liabilities on December 31, 2009 (such criterion weights 0,1 of the overall criteria); and
- (iv) the attribution of each credit institution to the housing and SME loans (such criterion weights 0,1 of the overall criteria).

C. **Securities Lending Facility:** the Bonds are of no interest rate, are listed in the Athens Exchange and are issued in lots of €1,000,000 each. They are issued at their nominal value and transferred in return for collateral to the credit institutions by virtue of a bilateral agreement executed between the credit institution and the Greek State. The credit institutions must pay the same fees as for the Issuance Guarantee Scheme. Apart from the provisions of the Enhancement Liquidity Law, the credit institutions must use the funds as collateral to refinancing or fixed facilities from the European Central Bank and/or as collateral for interbank financing for liquidity reasons. The Bonds shall be allocated between the financial institution under the following criteria:

- (i) the liquidity status of the credit institution and in particular the risk that its capital adequacy may be compromised; (such criterion weights 0,5 of the overall criteria);
- (ii) the activity of the credit institution in money markets and its ability to reallocate stability (such criterion weights 0,3 of the overall criteria);
- (iii) the size and duration of the credit institution's liabilities until December 31, 2009 (such criterion weights 0,1 of the overall criteria); and
- (iv) the attribution of each credit institution to the housing and SME loans (such criterion weights 0,1 of the overall criteria).

The credit institutions that will participate in either of the above schemes shall report quarterly to the Bank of Greece on the use of the funds. In its turn, the Bank of Greece reports accordingly the Supervisory Board that is constituted with the same Enhancement Liquidity Law for the purpose of monitoring the overall use of the State aid by the credit institutions. The Issuance Guarantee funds and the Securities Lending Facility funds may be re-allocated pursuant to a relevant decision of the Ministry of Finance and following the recommendations of the Governor of the Bank of Greece, depending on the level of the needs and the absorptency of each program, but shall not in any case exceed the maximum of € 23 billion.

D. Collateral provided by the participating Banks in the Issuance Guarantee Scheme and the Securities Lending Facility to the Bank of Greece:

- (i) all collateral accepted by the Central European Bank (as described in the Currency Policy Council Act 54/2004), as in force;
 - (ii) foreign currency Greek State Bonds;
 - (iii) up-to-date loans to companies, not operating in the financing sector, already assessed by the Bank of Greece eligible External Credit Assessment Institutions;
 - (iv) up-to-date loans to companies guaranteed by the Greek State or by a legal entity that it is of acceptable credit standing pursuant to the provisions under (iii) above;
 - (v) up-to-date loans to maritime companies that satisfy the criteria set in an Act of the Governor of the Bank of Greece (No. 2589/20.8.2007); and
 - (vi) up-to-date housing loans to individuals granted with securities (A class mortgage or prenotation of mortgage) or B class mortgage or prenotation of mortgage provided that the A class prenotation is in favor of the same credit institution.
- 2 Credit Guarantee Fund for Small and Very Small Enterprises (TEMPME) is a société anonyme, licensed by the Bank of Greece as a financial institution and aims to support small and very small enterprises by providing guarantees and counter-guarantees and undertaking part of their financial and commercial risk.
 - 3 According to recent press articles, the Greek State may implement a further State Aid package of around €15-20 billion to support the liquidity of Greek credit institutions' subsidiaries operating in abroad and particularly in Southeast Europe.
 - 4 The Ministry of Finance promotes measures for the protection of the enhancement liquidity scheme by virtue of an amendment to the Enhancement Liquidity Law to be submitted to the Greek Parliament. According to statements made to the press by the Minister of Finance, the credit institutions participating in the scheme will not be allowed to distribute dividends in cash for the financial year 2008. They will be able, if they so wish, to pay dividends in shares. Furthermore, they will not be allowed to acquire their own shares.
 - 5 According to recent press releases the Ministry of Finance intends to re-examine the implementation criterion under (c) regarding the program for Small and Very Small Enterprises, due to the unwillingness of the credit institutions to grant loans to SMEs under the guarantee of the Fund.

HONG KONG¹

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
	<p>On October 14, 2008, following a run on the Bank of East Asia, the first bank run in more than a decade, the Hong Kong Monetary Authority ("HKMA") announced it will use the Exchange Fund² to guarantee the repayment of all customer deposits held with all Authorised Institutions³ in Hong Kong following the principles of the existing Deposit Protection Scheme, but including Restricted-Licence Banks and Deposit-Taking Companies as well as Licensed Banks.⁴</p> <p>The guarantee applies to both Hong Kong-dollar and foreign-currency deposits with Authorised Institutions in Hong Kong, including those held with Hong Kong branches of overseas institutions, until the end of 2010. It will cover the amount of deposits in excess of that protected under the Deposit Protection Scheme.⁵</p>	<p>Hong Kong joined the growing number of countries easing their monetary policy, when on October 9, October 30 and December 17, 2008, the HKMA cut its base rate ("Base Rate"), which now stands at 0.5%.</p> <p>On December 8, 2008, the Hong Kong Government announced that it would provide up to HK\$100 billion in loan guarantees for small and medium enterprises ("SMEs").</p> <p>The maximum loan amount for each enterprise will be HK\$6 million, with HK\$3 million being revolving credit. The loan can be used for a wide range of purposes⁶ and all firms, except listed companies, can apply for such guarantee. The loan guarantee period is up to a maximum of five years from the first drawdown date of the loan.</p>	<p>On October 14, 2008, the financial secretary pledged that HKMA would establish a Contingent Bank Capital Facility for the purpose of making available additional capital to locally incorporated licensed banks, should this become necessary. This measure will remain in force until the end of 2010.</p>		<p>On September 30, 2008, the HKMA announced five temporary measures for providing liquidity assistance to licensed banks in Hong Kong. With effect from October 2, 2008 until the end of March 2009, the HKMA will provide liquidity assistance, on request from licensed banks through the following five measures:</p> <p>(1) the eligible securities, for access by individual licensed banks to liquidity assistance through the Discount Window,⁷ will be expanded to include US dollar assets of credit quality acceptable to the HKMA.</p> <p>(2) the duration of liquidity assistance provided to individual licensed banks through the Discount Window will be extended, at the request of individual licensed banks and on a case-by-case basis, from overnight money only to maturities of up to three months.</p> <p>(3) the 50% threshold for the use of Exchange Fund paper as collateral for borrowing through the Discount Window at the Base Rate will be raised to 100%. In other words, the 5% premium over the Base Rate for the use of Exchange Fund paper beyond the 50% threshold, as collateral for borrowing through the Discount Window, will be</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
					<p>waived.</p> <p>(4) the HKMA will, in response to requests from individual licensed banks and when it considers necessary, conduct foreign exchange swaps (between the US dollar and HK dollar) of various durations with licensed banks.</p> <p>(5) the HKMA will, in response to requests from individual licensed banks and when it considers necessary, lend term money of up to one month to individual licensed banks against collateral of credit quality acceptable to the HKMA.</p> <p>On November 6, 2008, the HKMA announced two refinements to the fifth of the five measures introduced on September 30, 2008. The two refinements are as follows:</p> <p>(1) the maximum tenor of the collateralised term lending will be extended from one month to three months.</p> <p>(2) while the interest rate for the collateralised term lending continues to be determined with reference to market interest rates, the HKMA will take into account the fact that such lending is secured by collateral in determining the applicable interest rate.</p>

- ¹ [Hong Kong, according to the latest press release by HKMA on February 9, 2009, had approximately US\\$ 181.7 billion in foreign reserves as of the end of January 2009.](#)
- ² A fund established in 1935 by the Exchange Fund Ordinance (Cap 66) (originally enacted as the Currency Ordinance) as a reserve to back the issue of Hong Kong's banknotes.
- ³ An institution authorized under the Banking Ordinance (Cap 155) to carry on the business of taking deposits.
- ⁴ The guarantee covers all protected deposits as defined in the Deposit Protection Scheme Ordinance (Cap 581), were the Ordinance to apply to all authorized institutions.
- ⁵ Previously, Hong Kong depositors had stood to receive compensation limited to HK\$100,000 (US\$ 12,800).
- ⁶ The guarantee can be used by SMEs to secure loans for the purpose of acquiring business installations and equipment (e.g., machinery, tools, computer software and hardware, office equipment, transport facilities, furniture, fixtures, etc.) or to meet the working capital needs of general business uses, or a combination of both.
- ⁶ The facility through which banks can borrow Hong Kong dollar funds overnight from the HKMA through repurchase agreements using eligible securities as collateral.

HUNGARY

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
<p>Bank Bailout Package:</p> <p>On December 15, 2008, the Hungarian Parliament approved a 600 billion forint (€2 billion) bank bailout package, which was promulgated on December 22, 2008, as Act CIV of 2008 on the strengthening of the stability of financial intermediaries. The bailout package enables the Government (i) to provide debt guarantees to Hungarian banks up to the aggregate amount of HUF 1,500 billion (€5 billion); and (ii) to recapitalize troubled banks – with or without their consent – up to a total of HUF 600 billion (€2 billion). The bailout package is financed from the IMF loan drawn, or to be drawn, between 2008 and 2010.</p> <p>Debt Guarantee Scheme:</p> <p>The debt guarantee scheme is available to banks licensed in Hungary which meet prudent capital requirements. It is available to guarantee obligations arising from loans or debt securities which are denominated in euros, Swiss francs, or forints, and only if repayment is to be made by the bank in the currency in which the obligation is denominated. Banks that wish to have recourse to the scheme must issue preference shares entitling the Government to veto decisions on dividend</p>	<p>Deposit Guarantee:</p> <p>On October 15, 2008, a legislative change was enacted to increase the limit of insured deposits by the National Deposit Insurance Fund (OBA) from 6 to 13 million forints (€45,000) per financial institution, and the 10% own-risk component was removed (statutory guarantee). The funds constituting the OBA are collected from the banks.</p> <p>In addition, on October 15, 2008, an unlimited governmental guarantee was declared in respect of bank deposits in excess of what is insured by the OBA (governmental guarantee).</p>	<p>Interest Rate:</p> <p>On October 22, 2008, the Central Bank of Hungary increased its base rate from 8.5% to 11.5% to defend the Hungarian forint against speculation. The Central Bank subsequently cut its growth and inflation forecasts for 2009 and 2010, and on November 24, 2008, it decreased its base rate from 11.5% to 11.0%. On December 8, 2008, the Central Bank further decreased its base rate from 11.0% to 10.5%, on December 23, 2008, to 10.0%, and on January 19, 2008, to 9.5%.</p> <p>Central Bank Measures:</p> <p>HUF liquidity measures: The Central Bank has introduced the following HUF liquidity measures:</p> <p>(i) public debt securities auctions: the Central Bank agreed with primary dealers that market makers will provide continuous quotes for certain public debt securities and increase their holdings of public debt securities by an agreed amount, and the Central Bank will conduct auctions for the purchase of these securities;</p> <p>(ii) variable interest rate loan tenders: the Central Bank is assisting primary dealers and</p>	<p>Bank Bailout Package:</p> <p>On December 15, 2008, the Hungarian Parliament approved a 600 billion forint (€2.2 billion) bank bailout package, which was promulgated on December 22, 2008, as Act CIV of 2008 on the strengthening of the stability of financial intermediaries. The bailout package enables the Government (i) to provide debt guarantees to Hungarian banks up to the aggregate amount of HUF 1,500 billion (€5.4 billion), and (ii) to recapitalize troubled banks – with or without their consent – up to a total of HUF 600 billion (€2 billion). The bailout package is financed from the IMF loan drawn, or to be drawn, between 2008 and 2010.</p> <p>Recapitalization Scheme:</p> <p>Upon the request of an eligible bank, the Government may acquire non-voting dividend preference shares or voting preference shares entitling it to veto, among other things, matters relating to dividend distribution. In this voluntary recapitalization scheme the bank and the Government must enter into an agreement setting out the value of the shares and the rights and obligations of the Government in respect of the bank's operation. The bank will have a call option to acquire the shares from the Government,</p>		<p>IMF/World Bank/ECB Loan:</p> <p>Hungary has obtained financial support from the IMF, the EU and the World Bank in the amount of €20 billion after Hungarian assets were battered as foreign-currency borrowing by local companies and consumers, along with slower growth, a wider budget deficit and higher government debt than elsewhere in east Europe, raised concern that the country may have difficulties in securing funding.</p> <p>The IMF will provide a 17-month, SDR 10.5 billion (€12.3 billion) Stand-By Arrangement under its exceptional access policy, the EU will provide €6.5 billion to facilitate fiscal consolidation, and the World Bank will provide €1 billion.</p> <p>Hungary has also secured a €5 billion loan from the ECB.</p> <p>EIB Loan:</p> <p>In addition, on the basis of a facility signed on January 26, 2009, the European Investment Bank (EIB) is lending €440 million to part finance Hungary's national contribution to the implementation of priority projects in the areas of research and innovation identified under the Hungarian</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
distribution, and must undertake limitations on management compensation.		<p>banks in financing purchases of public debt securities by introducing a six-month loan tender at variable interest rates;</p> <p>(iii) two-week loan tenders at fixed interest rates;</p> <p>(iv) Central Bank deposit rate cut: the Central Bank has decreased the interest rate on overnight Central Bank loans and deposits to + / - 50 basis points around the relevant asset's interest rate;</p> <p>(v) the Central Bank has widened the scope of acceptable collateral for Central Bank financing (municipal bonds and certain mortgage securities have become acceptable security), and reduced the minimum rating criteria from A to BBB;</p> <p>(vi) easing of reserve requirements of banks relating to certain types of liabilities from 5% to 2%.</p> <p>FX liquidity measures: The Central Bank has introduced the following FX liquidity measures:</p> <p>(i) two-way overnight FX swap tenders with the Central Bank playing the role of intermediary by matching excess forint and euro funds offered by the banks;</p> <p>(ii) an overnight FX swap facility for domestic banks, facilitated by an agreement between the</p>	<p>and the Government will have a put option to sell the shares to the bank.</p> <p>In case of a forced recapitalization, the Government may acquire the right to exercise all shareholders' rights in respect of the general meeting of the bank, including decisions on recapitalization, if (i) the bank needs access to the special liquidity loan of the Central Bank of Hungary for more than 20 days in excess of a specific amount, (ii) if the bank fails to satisfy prudent capital requirements, (iii) if the Government is forced to make a payment to the bank's creditors under the debt guarantee scheme, or (iv) if the insolvency of the bank would seriously harm the system of financial intermediaries in Hungary. The Government must declare the satisfaction of these circumstances in a government decree. Existing shareholders of the bank will have a right to sell their shares to the Government within 120 days after the entry into effect of the government decree, at a price to be determined on the basis of the shareholder's stake in the bank and the value of the bank's equity as per the interim balance sheet of the bank to be prepared as of the date preceding the entry into effect of the government decree.</p> <p>Despite threats from rating</p>		<p>National Strategic Reference Framework for the period 2007-2013.</p> <p>Fiscal measures:</p> <p>Measures have been taken to ensure a more prudent fiscal policy. The Government has submitted to parliament a revised 2009 budget aiming at a 2009 deficit of 2.6% of GDP, and on November 17, 2008, legislation was passed to limit government spending in 2009 to 2008 levels, and permitting an increase in spending in 2010 to 50% of GDP growth.</p> <p>To help achieve deficit targets and stimulate growth, the Government has proposed new tax legislation which would become effective from the middle of 2009. Most notably, the package includes an increase of VAT from 20% to 23% to increase Government revenues and a decrease of taxes levied on employee compensation by approx. 6% to stimulate growth and facilitate job retention. Pension payments to the elderly would decrease (discontinuation of 13th month's pension), and the terms of eligibility to several social payments would be revised.</p> <p>Stimulus measures:</p> <p>The Government has announced a 1,400 billion forint</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
		<p>Central Bank and the ECB;</p> <p>(iii) EUR/CHF swaps on the basis of a cooperation agreement between the Central Bank and the Swiss National Bank, signed on January 28, 2009 (local banks need CHF to finance their large CHF loan portfolios);</p> <p>(iv) six-month EUR/HUF FX swap: a euro liquidity FX swap tender funded with €5 billion has been introduced for banks which undertake to keep their lending to corporates in 2009 at 2008 year-end levels and which agree not to withdraw funds from Hungary.</p> <p>Verbal intervention: On February 23, 2009, the Central Bank, simultaneously with the Czech, Polish and Romanian central banks, announced that they will undertake whatever measures are required to prevent fluctuations in the value of their national currencies if fluctuations could lead to market disturbances. All four currencies strengthened somewhat after the announcements, but more importantly the step indicates that the central banks have recognized the need for coordinated action in the region to protect national currencies outside the eurozone.</p>	<p>agencies to downgrade west European banks with Hungarian subsidiaries, and the associated risk of such banks abandoning their Hungarian operations, neither the voluntary nor the forced recapitalization scheme has been used until now as the more detailed legislation on the implementation of the bailout program has not yet been promulgated.</p>		<p>(€4.6 billion) two-year economic stimulus package to promote growth and provide funding for small- and medium-sized businesses, as well as a HUF 1,800 billion (€6 billion) investment stimulus package aimed primarily at the support of the construction industry.</p> <p>HUF 1,400 billion (€4.6 billion) economic stimulus package: The HUF 1,400 billion stimulus package will not involve new spending, instead it will regroup existing funds in the budget. The biggest part of the package, 680 billion forints (€2.2 billion), will be spent on providing lending guarantees primarily to SMEs, while another 260 billion forints (€0.9 billion) will be used to provide liquidity for lending through commercial banks. The Government also plans to provide 300 billion forints (€1 billion) in interest rate subsidies for corporate lending, and another 140 billion forints (€0.5 billion) for direct loans to micro firms and SMEs.</p> <p>Concrete measures that have so far been introduced as part of the 1,400 billion forint stimulus package include:</p> <p>(i) an increase of 450 billion forints in the amount of government guarantees offered by Garantiqa Hitelgarancia Zrt., a company jointly owned by the Government, commercial</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
					<p>banks and business associations, to SMEs to facilitate their borrowing;</p> <p>(ii) 50 billion forints from the funds of the EU and the Hungarian Development Bank will be made available to SMEs through commercial banks to facilitate the access of SMEs to these funds, and 140 billion forints will be made available in a similar fashion for the purpose of the current asset financing of SMEs.</p> <p>In addition, in the case of EU tenders, the amount of automatic advance payments will be increased up to 40% of the total amount of the support, which will be transferred to applicants within 15 days after the signature of the financing contract. HUF 100 billion (€330 million) is expected to be made available to applicants by March 2009.</p> <p>HUF 1,800 billion (€6 billion) investment stimulus package: The HUF 1,800 billion investment stimulus package is aimed at providing the construction industry with orders in the coming 18 months. The money is being made available from EU development funds. The package contains 636 investments (schools, medical facilities, railroads, public roads, etc.) planned for completion, which are identified</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
					<p>in a database run by the National Development Agency.</p> <p>Workplace Retention Measures:</p> <p>The Social and Labour Ministry has introduced several measures to facilitate workplace retention programs at troubled employers. These measures consist primarily of making funds available in the aggregate amount of HUF 107.4 billion (€358 million) to employers which announced mass redundancies or which otherwise are struggling to keep their employees. The funds can be used generally to supplement employee compensation where reduced working hours would bring about pay reductions, to support part-time working arrangements and training, and to support the relocation of terminated employees. The availability of a portion of the funds (HUF 20 billion or €65 million) is still pending Government approval.</p>

ICELAND

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
	<p>The Government of Iceland has repeatedly (in press releases and Ministerial statements) declared that all bank deposits in domestic commercial banks, savings banks and their branches in Iceland are fully guaranteed. The statement, which does not have the force of law, only extends to domestic deposits and not to deposits with Icelandic banks held overseas.¹</p> <p>On October 6, 2008, the Act on Authority for Treasury Disbursements due to Unusual Financial Market Circumstances, etc. was passed with immediate force by the Icelandic Parliament. According to the Act, all deposits shall take priority over all general and unprioritized claims against the financial undertaking.</p> <p>The Icelandic Financial Supervisory Authority (the "FSA") has decided to transfer a part of Landsbanki, Glitnir and Kaupthing operations to new banks that have been formed and are fully owned by the Icelandic State. The decision means, <i>inter alia</i>, that the new entities take over all of the "old" entities' deposits in Iceland. Furthermore, the decision states that the new entities will take over the obligations of the branches of the "old" entities in Iceland due to deposits from financial undertakings, the</p>	<p>On October 10, 2008, the Board of Governors of the Central Bank of Iceland decided on temporary modifications in currency outflow.⁵</p> <p>On October 15, 2008, the Board of Governors of the Central Bank of Iceland decided to lower the policy interest rate by 3.5% to 12%.</p> <p>On October 28, 2008, as a condition of the loan from the IMF, Iceland's central bank raised interest rates by a massive 6% to 18%.</p> <p>Iceland's central bank also said it had applied to the United States Federal Reserve and the ECB for extra funding. Iceland has already said it needs another \$4 billion in loans on top of the \$2 billion it is seeking from the IMF, which it is securing from some Nordic and other central banks.</p> <p>On November 28, 2008, the Central Bank of Iceland guidelines, issued in early October 2008 on temporary modifications in currency outflow, were revoked. The revocation of these guidelines means that there are no longer restrictions on current account related transactions.</p> <p>However, the economy programme of the Stand-By</p>		<p>Glitnir: On October 14, 2008, the FSA decided to transfer a part of Glitnir's operations to a new bank that has been formed and is fully owned by the Icelandic State, the New Glitnir. The decision means, <i>inter alia</i>, that the New Glitnir takes over all of Glitnir's deposits in Iceland, and also the bulk of the bank's assets that relate to its Icelandic operations, such as loans and other claims. An independent evaluation of the value of assets and liabilities, together with a final settlement, will be made within 90 days of the transfer date. The new bank's equity will, according to information on the FSA's webpage, be ISK 110 billion, and the size of the balance sheet will be around ISK 1,200 billion.</p> <p>Landsbanki: On October 9, 2008, the FSA decided to transfer a part of Landsbanki's operations to a new bank that has been formed and is fully owned by the Icelandic State, the New Landsbanki. The decision means, <i>inter alia</i>, that the New Landsbanki takes over all of Landsbanki's deposits in Iceland, and also the bulk of the bank's assets that relate to its Icelandic operations, such as loans and other claims. An independent evaluation of the value of assets and liabilities, together with a final settlement,</p>	<p>On October 24, 2008, the Icelandic Government reached an agreement <i>ad referendum</i> with a mission from the IMF on an economic stabilization program that could be supported by a stand-by arrangement with the fund. It is stated that the economic program will be supported by an SDR 1.4 billion (US\$ 2 billion) loan under a two-year Stand-By-Arrangement. Iceland would be able to draw SDR 560 million (US\$ 830 million) immediately after the Board approval. It is also expected that an agreement with the IMF will encourage lending from other sources.</p> <p>A Letter of Intent was sent to the IMF on November 3, 2008, signed by the Minister of Finance and the Chairman of the Board of Governors of the Central Bank.⁶</p> <p>On November 19, 2008, the Executive Board of the IMF approved Iceland's request for a two-year stand-by arrangement. Iceland will receive US\$ 2.1 billion from the IMF. Additional loans of up to US\$ 3 billion have been secured from Denmark, Finland, Norway, Sweden, Russia and Poland. The Faroe Islands have announced that they would lend Iceland US\$ 50 million. The funds made available through</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
	<p>Icelandic Central Bank and other customers.</p> <p>Icesave²: It was reported on October 22, 2008 that the UK and Iceland are hoping to agree on a loan of up to £3 billion to cover British depositors in Icesave, the online banking unit of Landsbanki, the collapsed Icelandic bank.³</p> <p>It was reported on October 11, 2008 that the Dutch and Icelandic Governments have agreed on a solution regarding the Dutch depositors of Landsbanki Icesave savings accounts.</p> <p>The agreement states that the Icelandic Government will compensate each Dutch depositor up to a maximum of €20,887. The Dutch Government will provide a loan to Iceland to enable this restitution and the Dutch Central Bank is to settle the depositors' claims.</p> <p>On November 16, 2008, the Government of Iceland agreed to cover deposits of insured depositors in the so-called Icesave accounts in accordance with EEA law. They also entail that the EU, under the French Presidency, will continue to participate in finding arrangements that will allow Iceland to restore its financial system and economy. Furthermore, it was agreed to</p>	<p>Arrangement from the Executive Board of the International Monetary Fund entails continuing restrictions on the movement of capital between Iceland and other countries and the subsequent lifting of those restrictions as soon as a sufficient stability has returned to the foreign exchange market.</p> <p>The Parliament has passed a legislative bill from the Minister to adopt rules restricting the cross-border movement of capital. This authorization has been utilized by the Central Bank.⁸</p> <p>The aim of the Rules is to maintain restrictions on capital outflows that could have a negative impact on the reconstruction of the foreign exchange market. The Rules stipulate that those who acquire foreign currency must submit it to a domestic financial institution; however, such foreign currency may be deposited to a foreign currency account in such an institution. Restrictions are placed on the movement of capital by parties intending to exchange Icelandic krónur for foreign currency.</p> <p>Furthermore, the Rules prohibit trading between domestic and foreign parties in domestic securities and other króna-denominated financial instruments. Foreign parties are prohibited from purchasing</p>		<p>will be made within 30 days from the transfer date. The new bank's equity will, according to information on the FSA's webpage, be ISK 200 billion, and the size of the balance sheet will be around ISK 2,300 billion.</p> <p>Kaupthing: On October 21, 2008, the FSA decided to transfer a part of Kaupthing's operations to a new bank that has been formed and is fully owned by the Icelandic State, the New Kaupthing. The decision means, <i>inter alia</i>, that the New Kaupthing takes over all of Kaupthing's deposits in Iceland, and also the bulk of the bank's assets that relate to its Icelandic operations, such as loans and other claims. An independent evaluation of the value of assets and liabilities, together with a final settlement, will be made within the next 90 days from the transfer date. The new bank's equity will, according to information on the FSA's webpage, be ISK 75 billion, and the size of the balance sheet will be around ISK 700 billion.</p> <p>Kaupthing's U.K. subsidiary, Kaupthing, Singer & Friedlander Ltd., has been placed in administration.</p> <p>Certain other subsidiaries of the Icelandic banks have either been sold or placed in administration by local</p>	<p>the IMF will be used to support the currency, the Icelandic króna, which will be floated as soon as possible. It is to be expected that the currency market will stabilize soon and that international money transfers will subsequently return to normal.⁷</p> <p>The Act on Financial Undertakings No. 161/2002 was amended on November 14, 2008.</p> <p>According to Act No. 129/2008 amending Act on Financial Undertakings, No. 161/2002 with subsequent amendments, a lawyer or an authorized public auditor who has been engaged by a financial undertaking to act as an assistant in reorganizing its financial affairs will not be liable for compensation damages as a result of decisions or actions taken in his capacity as assistant, unless such decisions or actions represent violations committed by intent or gross negligence.</p> <p>Another amendment was made on Article 98 stipulating that judicial proceedings will not be filed against a financial undertaking while it is in a moratorium, unless such proceedings are specifically authorized by law or if it is a criminal procedure and sanctions that can be levied on a financial undertaking are petitioned. However, this</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
	<p>facilitate financial assistance to Iceland, including agreeing on a stabilization package from the IMF.⁴</p>	<p>króna-denominated securities through the intermediation of domestic parties, unless they already own króna-denominated assets that can be used for this purpose. Furthermore, foreign parties are prohibited from issuing securities in Iceland. Domestic parties are also prohibited from investing in foreign securities. Foreign borrowings, provision of guarantees to foreign parties, and derivatives transactions unrelated to trading of goods and services are restricted or prohibited, as are loans granted by domestic parties to foreign parties.</p> <p>The restrictions now adopted on the basis of the newly-passed legislation include foreign exchange transactions related to the movement of capital between Iceland and other countries. These restrictions are a necessary part of the measures intended to restore stability in the foreign exchange market. They will be lifted as soon as circumstances allow.</p> <p>Amended Rules on Foreign Exchange:</p> <p>The Central Bank of Iceland has issued new Rules on Foreign Exchange with the approval of the Minister of Business Affairs. The primary changes from the previous Rules pertain to exemptions granted to specified groups because of critical</p>		<p>authorities.</p> <p>Kaupthing Bank hf. and Glitnir Bank hf. were placed into moratorium proceedings as of November 24, 2008.</p> <p>Landsbanki Íslands hf. was placed into moratorium proceedings as of December 5, 2008.</p>	<p>provision is disputed.</p> <p>The Parliament has passed a legislative bill from the Minister to adopt rules restricting the cross-border movement of capital. This authorization has been utilized by the Central Bank.</p> <p>The Government of Iceland has decided to examine any and all possibilities of Iceland seeking redress before the European Court of Human Rights for the application by UK authorities of the Anti-Terrorism, Crime and Security Act 2001 against Landsbanki last year.</p> <p>Furthermore, the Government has declared a strong support for legal proceedings by Kaupthing Bank's Resolution Committee against actions taken by the UK Financial Services Authority (FSA) on October 8, 2008, on which date the FSA took control of the operations of Singer & Friedlander, resulting in the insolvency of the parent company. The Resolution Committee has decided to bring a suit, on the Bank's behalf, against the UK authorities and enjoys the full support of the Government of Iceland. This support is provided in accordance with an Act of the Icelandic Parliament Althingi, adopted on December 20, 2008⁹, authorizing the Minister of Commerce to provide financial support for such</p>

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		<p>interests at stake It is also considered unlikely that these groups' transactions will cause serious and significant volatility in exchange rate and monetary affairs. The State and the municipalities are granted exemptions, as are companies in which the State and the municipalities own a majority holding and which operate in accordance with special legislation. Companies that are parties to investment agreements with the Icelandic Government and those that have been granted permits to search for oil by the Minister of Industry are exempt. Furthermore, resolution committees appointed on the basis of the Act on Financial Undertakings are exempt.</p> <p>Companies that have over 80% of their revenues and expenses abroad may apply to the Central Bank for an exemption from specified articles of the Rules pertaining to securities trading abroad, borrowing and lending, guarantees and derivatives trading, and the obligation to submit foreign currency. The Central Bank will publish a list of the companies granted such exemptions on its website.</p> <p>In addition, commercial banks, savings banks, and credit institutions have been granted extended authorisation to engage in foreign exchange</p>			<p>litigation.</p> <p>The Government of Iceland will also support possible legal action taken by the Resolution Committee of Landsbanki against UK authorities; such action, however, is not entirely subject to the same time constraints as is the suit to be brought by the Resolution Committee of Kaupthing Bank.</p>

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		<p>transactions.</p> <p>Other minor changes involve the clarification of the lack of limits on direct investment; however, it is emphasised that the movement of capital from Iceland in connection with the sale of direct investments is prohibited.</p> <p>The Rules are to be reviewed no later than March 1, 2009. It should be noted that the legislation on which the Rules are based is temporary and will expire at the end of November 2010.</p>			

¹ It should be noted that a significant volume of banking business by Iceland's banks is conducted overseas.

² Icesave, the online British arm of Landsbanki, announced that its customers can no longer withdraw or deposit money. More than 300,000 British customers had around £4 billion deposited in Icesave accounts and now face the prospect of making a claim under the U.K. Government deposit guarantee scheme. Depositors with more than £50,000 and non-retail depositors are not protected by this scheme.

³ The decisions of the Icelandic Financial Supervisory Authority, due to unusual circumstances, are posted on the following website (in English translation): <http://www.fme.is/?PageID=867>.

⁴ A press release from the Prime Minister's Office of the Agreed Guidelines Reached on Deposit Guarantees is posted on the following website (in English translation): <http://eng.forsaetisraduneyti.is/news-and-articles/nr/3229>.

⁵ The temporary modifications in currency outflow can be found on the following website: <http://sedlabanki.is/lisalib/getfile.aspx?itemid=6493>.

⁶ The Letter of Intent in English is posted on the following website: <http://www.forsaetisraduneyti.is/media/Skyrslur/LOI.pdf>.

⁷ A press release from the Prime Minister's Office is posted on the following website (in English translation): <http://eng.forsaetisraduneyti.is/news-and-articles/nr/3272>.

⁸ Rules on foreign exchange, No. 1082, November 28, 2008, are posted on the following website (in English translation): <http://sedlabanki.is/lisalib/getfile.aspx?itemid=6631>.

⁹ <http://www.iceland.org/info/news/features/nr/6450>.

INDIA

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	<p>Deposits in Indian banks are already insured up to a maximum of Rs.100,000 per depositor.</p>	<p>The Reserve Bank of India ("RBI") has come up with various assistance measures in order to infuse liquidity into the system, some of which are:</p> <p>Banks:</p> <p>(i) On November 1, 2008, it was decided to provide refinance facilities to all banks from RBI up to 1% of each bank's net demand and time liabilities as on October 24, 2008 at the repo rate up to a maximum period of 90 days. However, as per a clarification issued by the Reserve Bank of India, on December 1, 2008, this facility can be rolled over and will continue up to June 30, 2009.</p> <p>(ii) Further, banks have also been allowed to borrow up to 1.5% in cash from the RBI to on-lend it to Non-Banking Financial Companies and Mutual Funds to meet their funding requirements.</p> <p>Consequently, on November 3, 2008, a 14-day window of Rs. 600 billion has been opened to enable such funding by banks.</p> <p>Whilst this was initially envisaged as an ad-hoc facility, on November 15, 2008, this special term repo facility was extended till end-March 2009. Banks have been permitted to avail of this facility either on incremental or on rollover basis</p>			<p>Cash Reserve Ratio ("CRR"):</p> <p>CRR is the minimum average daily balance that a bank is required to maintain with the RBI. In October 2008, the CRR of 9% was reduced by 250 basis points to 6.5%. On November 1, 2008, it was again reduced to 6% retrospectively with effect from October 25, 2008 and to 5.5% with effect from November 8, 2008.</p> <p>On January 2, 2009, there was a further reduction in the CRR from 5.5% to 5% with effect from January 17, 2009.</p> <p>Repo Rate:</p> <p>Repo rate is the rate at which the banks borrow money from the RBI. On October 20, 2008, the repo rate was reduced by 100 basis points from 9% to 8%. On November 1, 2008, it was decided to reduce the repo rate further by 50 basis points to 7.5% effective November 3, 2008. In order to further reduce the marginal cost of funds to the banks, this repo rate has been further reduced by 100 basis points, from 7.5% to 6.5%, with effect from December 8, 2008.</p> <p>On January 2, 2009, the repo rate was reduced by 100 basis points from 6.5% to 5.5% with immediate effect.</p>

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		<p>within their entitlement of up to 1.5% of each bank's net demand and time liabilities.</p> <p>Under the extended arrangement, the RBI has also commenced a special fixed rate term repo for at 7.5% per annum against eligible securities, on a periodic basis.</p> <p>Foreign Institutional Investors ("FIIs"):</p> <p>(i) On October 6, 2008, restrictions on the issue of Offshore Derivative Instruments by FIIs were removed.</p> <p>(ii) On October 16, 2008, limits for FII investments in corporate bonds were enhanced substantially to a cumulative level of US\$ 6 billion. Through a Press Release dated January 2, 2009, the Government of India ("GOI") has increased the FII investment limit in rupee denominated corporate bonds from US\$ 6 billion to US\$15 billion.</p> <p>(iii) On October 23, 2008, restrictions requiring FIIs to purchase shares of stock exchanges and security market infrastructure companies only from the secondary market have been lifted, and FIIs are now allowed to buy them even before they are listed.</p> <p>Non Banking Financial Companies ("NBFCs"):</p>			<p>Reverse Repo Rate:</p> <p>The reverse repo is the rate at which RBI borrows money from banks. With effect from December 8, 2008, the reverse repo rate has been reduced by 100 basis points, from 6% to 5%. On January 2, 2009, the reverse repo rate was reduced by 100 basis points from 5% to 4% with immediate effect.</p> <p>Statutory Liquidity Ratio ("SLR"):</p> <p>SLR is the amount of liquid assets in the form of cash, gold or approved securities that a bank is required to maintain in its reserves. On November 1, 2008, the RBI reduced the SLR rates by 100 basis points to 24% with effect from November 8, 2008. As a result, the banks have an option of selling Rs. 400 billion of government securities which until now formed part of their statutory investments.</p> <p>External Commercial Borrowings ("ECBs"):</p> <p>(i) ECBs permitted up to US\$ 500 million per borrower per financial year for rupee expenditure and/or foreign currency expenditure for permissible end-uses under the automatic route.</p> <p>(ii) Indian corporates were subject to certain restrictions on</p>

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		<p>The Government of India has opened up various fund raising options for NBFCs.</p> <p>(i) On October 29, 2008, systematically important non-deposit taking NBFCs (i.e., non-deposit taking Non-Banking Financial Companies having an asset size of Rs.1 billion or more) were allowed to augment their capital funds by issue of Perpetual Debt Instruments ("PDI") in the form of bonds and debentures with a minimum investment of Rs. 500,000 per issue by an investor.</p> <p>(ii) On November 1, 2008, systematically important non-deposit taking NBFCs were further allowed to raise short-term foreign currency borrowings under the approval route up to 50% of the net owned funds or US\$ 10 million, whichever is higher.</p> <p>(iii) On February 18, 2009, the Government of India approved a scheme for providing liquidity support to eligible non-deposit taking systemically important NBFCs through a special purpose vehicle for meeting temporary liquidity mismatches in the operations. Such NBFCs are required to meet certain specific criteria to be eligible for such liquidity support. This includes: (i) having a capital to risk asset ratio of 12% by March 31, 2009; (ii) a net profit in the preceding two years; and (iii) the</p>			<p>rate of interest, other fees and expenses in foreign currency (referred to as "all-in-cost"). Prior to January 2, 2009, the all-in-cost ceilings (over six months LIBOR) for ECBs both under the automatic and the approval route) were as follows: (i) for loans with an average maturity period of 3-5 years- 300 basis points and (ii) for loans with an average maturity period of 5 years or more- 500 basis points. This requirement of all-in-cost ceilings on ECBs has now been dispensed with until June 30, 2009. Consequently, borrowers are now allowed to approach the RBI under the approval route for permission to avail ECBs where the all-in-costs ceilings are in excess of those provided in this paragraph. This relaxation of all-in-cost ceiling will be reviewed in June 2009.</p> <p>(iii) The requirement of minimum average maturity period of seven years for ECBs in excess of US\$ 100 million for rupee expenditure for borrowers in infrastructure sector has been dispensed with.</p> <p>(iv) Borrowers have been permitted to park their ECB proceeds with Indian Banks pending their utilization for permissible end-uses under the automatic route.</p> <p>(v) Corporates engaged in the 'development of integrated townships' which were not</p>

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		<p>net non-performing assets as on the last balance sheet date should not be more than 5%.</p> <p>Financial Institutions:</p> <p>The RBI provided an advance of Rs. 25,000 crore to financial institutions under the Agricultural Debt Waiver and Debt Relief Scheme pending release of money by the Government.</p> <p>Housing Finance Companies ("HFCs"):</p> <p>(i) On November 15, 2008, HFCs complying with capital adequacy norms and other prudential norms laid down by the National Housing Bank ("NHB") have been allowed to raise short-term foreign currency borrowings under the approval route from multilateral or bilateral financial institutions, reputed regional financial institutions and foreign equity holders with minimum direct equity holdings of 25%.</p> <p>The resources should be used only for the sole purpose of refinancing the short-term liabilities for a maximum maturity not exceeding three years and the maximum amount not exceeding 50% of the net owned fund of the HFC or US\$ 10 million, whichever is higher.</p> <p>The all-in-cost ceiling should not exceed six months Libor + 200</p>			<p>permitted to take advantage of ECBs, have now been permitted to do so under the approval route. Therefore, the development of "integrated townships" is a permitted end-use for ECBs under the approval route. This policy will be reviewed in June 2009. The phrase 'integrated township' has the same meaning as accorded to it in Press Note 3 (2002 series) dated January 4, 2002 (i.e. it includes housing, commercial premises, hotels, resorts, city and regional level urban infrastructure facilities such as roads and bridges, mass rapid transit systems and manufacture of building materials). The development of land and providing allied infrastructure will form an integrated part of developing townships.</p> <p>(vi) Prior to January 2, 2009, NBFCs were permitted to take advantage of ECBs for a minimum average maturity period of five years to finance import of infrastructure equipments for leasing to infrastructure projects in India. NBFCs exclusively involved in financing of the infrastructure sector, are now allowed to use ECBs from multilateral/regional financial institutions and Government owned development financial institutions for on-lending to the borrowers in the infrastructure sector under the approval route.</p>

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		<p>bps (for the respective currency of borrowing or applicable benchmark), and the borrowings should be fully swapped into rupees for the entire maturity.</p> <p>(ii) In order to boost lending to the housing sector, from December 8, 2008 onwards, loans granted by banks to HFCs for on-lending to individuals for purchase/construction of dwelling units will be classified under priority sector, provided that the housing loans granted by HFCs are not in excess of Rs. 20 lakh per dwelling unit per family. This facility will apply to all such loans granted by banks to HFCs up to March 31, 2010. However, the eligibility under this measure will be restricted to 5% of the individual bank's total priority sector lending.</p> <p>(iii) In order to provide further liquidity support to the housing sector, particularly to the HFCs, on December 11, 2008 the Reserve Bank of India decided to provide a refinance facility of Rs. 4,000 crore to the NHB until March 31, 2010 against NHB's loans and advances to HFCs. This facility will be available at the current repo rate of 6.5% for 90 days, during which the amount can be flexibly drawn and repaid and, at the end of which, the amount can also be rolled over.</p> <p>Export-Import Bank of India</p>			<p>At the time of considering applications made in relation to the above, the RBI will take into account the aggregate commitment of the lenders directly to infrastructure projects in India. Further, the direct lending portfolio of the above lenders vis-à-vis their total ECB lending to NBFCs, must be maintained at a minimum of 3:1 at any point in time and certification indicating the same must be obtained by the authorized dealers from the eligible lenders. This facility will be reviewed in June 2009.</p> <p>(vii) Earlier, entities operating in the services sector namely hotels, hospitals and software industries were allowed to use ECBs up to US\$100 million per financial year for import of capital goods under the approval route. As per a Press Release of GOI dated January 2, 2009, the aforementioned entities have now been permitted to avail of ECBs up to US\$100 million per year for both foreign currency and/or rupee capital expenditure for permissible end use, other than for land acquisition, under the automatic route.</p> <p>Foreign Currency Convertible Bonds ("FCCBs"):</p> <p>On November 15, 2008, Indian companies were permitted to prematurely buyback their FCCBs subject to prior approval from the RBI. Such buy back is</p>

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		<p>("EXIM Bank"):</p> <p>On December 11, 2008, the Reserve Bank of India, decided to provide a refinance facility of Rs. 5,000 crore to the EXIM Bank until March 31, 2010, as a result of which EXIM Bank will be in a position to disburse foreign currency lines of credit to exporters. This facility will be available at the current repo rate of 6.5% for 90 days, during which the amount can be flexibly drawn and repaid and, at the end of which, the drawal can also be rolled over.</p> <p>Micro and Small Scale Enterprises ("MSE"):</p> <p>On December 6, 2008, the Reserve Bank of India decided to provide refinancing of an amount of Rs. 7,000 crore to the Small Industries Development Bank of India ("SIDBI") so that credit delivery to the employment-intensive MSE sector could be enhanced. This refinancing will be available against: (i) the SIDBI's incremental direct lending to MSE; and (ii) the SIDBI's loans to banks, NBFCs and State Financial Corporations against the latter's incremental loans and advances to MSEs.</p> <p>In addition, this facility will be available until March 31, 2010 at the current repo rate of 6.5% for 90 days, during which the amount can be drawn and</p>			<p>required to be financed by the company's foreign currency resources held in India or abroad and/or out of fresh ECB raised in conformity with the current norms for ECBs.</p> <p>From December 8, 2008 onwards, the Authorised Dealer Category-I banks are permitted to consider applications for premature buyback of FCCBs by Indian companies in situations where: (i) the buyback value of the FCCB is at a minimum discount of 15% on the book value; (ii) the source of funds for the buyback is out of existing foreign currency funds held in India or abroad and/or (iii) fresh ECB raised in conformity with the current norms for ECBs; and (iv) where the fresh ECB is co-terminus with the outstanding maturity of the original FCCB and is for less than three years.</p> <p>The RBI is permitted to consider applications for buyback of FCCBs by Indian companies under the approval route, subject to the following: (i) the buyback value of the FCCB is at a minimum discount of 25% on the book value; (ii) the amount of the buyback is limited to US\$ 50 million of the redemption value per company; and (iii) the resources for buyback are drawn out of internal accruals of the company as certified by the statutory auditor and designated</p>

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		<p>repaid and, at the end of which, the amount can also be rolled over.</p> <p>Extension of Exceptional Concessional Treatment:</p> <p>As per the Reserve Bank of India's decision on December 6, 2008, the exceptional regulatory treatment of retaining the asset classification of the restructured standard accounts in standard category will apply to commercial real estate sector exposures that are restructured up to June 30, 2009. Such exceptional regulatory treatment will also apply to second restructuring by banks of exposures up to June 30, 2009. However, second restructuring by banks of exposures to commercial real estate, capital market exposures and personal/ consumer loans will not be eligible for the above mentioned exceptional regulatory treatment. However, vide its notification dated January 2, 2009, RBI had allowed banks to apply the special regulatory treatment for accounts which were standard on September 1, 2008 and taken up for restructuring up to January 31, 2009, even if these had turned non-performing during this period, provided the restructuring package was put in place within a period of 120 days from the date of taking up the restructuring package.</p>			<p>bank's certificate.</p> <p>FCNR(B) Accounts:</p> <p>Foreign Currency Non-Resident (Bank) accounts are accounts opened by non-resident Indians with an authorized dealer in India.</p> <p>The rate of interest for FCNR(B) accounts have been increased with effect from November 15, 2008. The interest has to be paid within the ceiling rate of LIBOR / SWAP rates plus 100 basis points for the respective currency / corresponding maturities (as against LIBOR / SWAP rates plus 25 basis points effective from the close of business on October 15, 2008).</p> <p>On floating rate deposits, interest has to be paid within the ceiling of SWAP rates for the respective currency / maturities plus 100 basis points.</p> <p>For floating rate deposits, the interest reset period is six months.</p> <p>NRE Accounts</p> <p>Non-Resident External accounts are accounts opened by Non-resident Indians and Overseas Corporate Bodies with authorized dealers and banks authorized by the RBI to maintain such accounts.</p>

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		<p>Given that the banks have not been able to adhere to the January 31, 2009 time schedule due to increased workload, this time schedule for taking up restructuring has been extended until March 31, 2009 vide RBI press release dated February 5, 2009.</p> <p>Extension of period of credit for rupee export credit interest rates:</p> <p>In order to alleviate the difficulties faced by exporters due to weakening of external demand, the Reserve Bank of India has decided that, from November 28, 2008 onwards, the interest rate on Post-Shipment Rupee Export Credit up to 180 days will not exceed BPLR minus 2.5 percentage points.</p> <p>On December 6, 2008, it was further decided that the above mentioned interest rate of BPLR minus 2.5 percentage points may also be extended to overdue bills up to 180 days from the date of advance.</p> <p>On December 16, 2008, it was further decided that banks may charge interest rates not exceeding BPLR minus 4.5% on pre-shipment credit up to 270 days and post-shipment credit up to 180 days on the outstanding amount for the period from December 1, 2008 to March 31, 2009 to the</p>			<p>The interest rates for NRE deposits maintained by banks have been increased with effect from November 15, 2008.</p> <p>Presently, the interest rates on fresh NRE Term Deposits for one to three years maturity as well as above three years maturity, should not exceed the LIBOR / SWAP rates plus 175 basis points, as on the last working day of the previous month, for US dollars of corresponding maturities (as against LIBOR / SWAP rates plus 100 basis points effective from the close of business on October 15, 2008).</p> <p>These interest rates will also apply to NRE deposits renewed after their present maturity period.</p> <p>Market Stabilization Scheme (MSS)</p> <p>In pursuance of an agreement between the RBI and the Government of India, the RBI issues instruments in the nature of treasury bills and dated securities, by way of auction, on behalf of the Government of India. The money so raised is impounded in a separate account with the RBI and is appropriated only for the purpose of redemption and/or buy-back of the treasury bills and/or dated securities issued under the MSS.</p>

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		<p>exporters in the sectors of textiles (including handloom), handicrafts, carpets, leather, gems and jewellery, marine products, and small and medium enterprises. However, the total subvention will be subject to the condition that the interest rate, after subvention, will not fall below 7%, which is the rate applicable to the agriculture sector under priority sector lending. Interest Subvention of 2% with effect from December 1, 2008 until March 31, 2009 on pre- and post-shipment rupee export credit has also been extended to the above mentioned exporters. As per the interim budget released on February 16, 2009, it has been proposed to extend the above mentioned facility beyond March 31, 2009 until September 30, 2009 as this is expected to involve an additional financial outgo of Rs. 500 crore during financial year 2009-10.</p> <p>Reduction of Interest Rates:</p> <p>In order to boost the housing sector by making home loans available at cheaper rates, public sector banks from December 16, 2008, onwards have decided to charge a concessional rate of 9.25% for loans below Rs. 20 lakh and 8.5% for loans less than Rs. 5 lakh. Furthermore, the interest rates for micro industries and small and micro enterprises have also been reduced by 100</p>			<p>As a measure of infusing liquidity into the system, the RBI has put in a mechanism to buy back dated securities issued under the MSS. The securities proposed to be bought back and the timing and modalities of these operations are notified from time to time.</p> <p>Fiscal Stimulus Package:</p> <p>To contain the impact of the global financial meltdown on the Indian economy, the Government of India unveiled fiscal stimulus packages on December 7, 2008, January 2, 2009 and February 24, 2009.</p> <p>Highlights of the fiscal stimulus package announced on December 7, 2008 include the following:</p> <p>(i) In order to provide a stimulus via planned expenditure, the Government will seek authorization for additional planned expenditure of up to Rs. 20,000 crore in the current year</p> <p>(ii) An across- the-board cut of 4% in the ad valorem central value added tax for the remaining part of the ongoing financial year on all products, except petroleum. Therefore, the three major rate slabs of central excise duty of 14%, 12% and 8% have been reduced to 10%, 8% and 4%, respectively.</p> <p>(iii) Interest subvention of 2% up</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
		<p>and 50 basis points, respectively.</p> <p>Extension of time line for forex swap facility:</p> <p>Vide its press release dated November 7, 2008, RBI had extended a forex swap facility for tenors up to three months to public and private sector banks having overseas operations in order to provide them flexibility in managing their short term funding requirements at their overseas offices. This facility was available until June 30, 2009. In view of the continuing uncertain credit conditions globally, the availability of this facility has now been extended until March 31, 2010 vide RBI press release dated February 5, 2009.</p> <p>Increase in interest rate ceiling on export credit in foreign currency:</p> <p>Due to increase in the banks' costs of raising funds abroad, they were finding it difficult to extend credit within ceiling on export credit in foreign currency, i.e. LIBOR + 100 basis points. Therefore, RBI vide its press release dated February 5, 2009, increased the ceiling on export credit in foreign currency from LIBOR + 100 basis points to LIBOR + 350 basis points with immediate effect. This increase is, however, subject to the condition that the banks will not</p>			<p>to March 2009 has been implemented for pre- and post-shipment export credit for labour-intensive exports like textiles, leather, marine products and SME. The concession is subject to a minimum rate of interest of 7% per annum.</p> <p>(iv) An additional Rs. 1,100 crore for full refund of terminal excise duty/CST and another Rs 350 crore for export incentive schemes and a back-up guarantee of Rs. 350 crore to Export Credit Guarantee Corporation ("ECGC") for providing guarantee for exports to difficult markets and products will be provided.</p> <p>(v) Exporters will be given a refund of service tax on foreign agent commissions up to 10% of FOB value of exports. They will also be given a refund of service tax on output services while availing of benefits under Duty Drawback Scheme.</p> <p>(vi) The lock-in period for loans to small firms under the existing credit guarantee scheme will be reduced from 24 to 18 months to encourage banks to cover more loans under the guarantee scheme.</p> <p>(vii) The Government will issue an advisory to Central Public Sector Enterprises and request State Public Sector Enterprises to ensure prompt payment of bills of medium, small and micro</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
		<p>levy any other charges, i.e., service charge, management charge, etc. except for recovery towards out-of-pocket expenses incurred. Similarly, the ceiling interest rate on the lines of credit with overseas banks has also been increased on February 5, 2009 from six months LIBOR/ EURO LIBOR/ EURIBOR + 75 basis points to six months LIBOR/ EURO LIBOR/ EURIBOR + 150 basis points, with immediate effect.</p>			<p>enterprises ("MSMEs"). Easing of credit conditions is expected to help PSUs to make such payments on schedule.</p> <p>(viii) India Infrastructure Finance Co. is allowed to raise Rs.10,000 crores through tax-free bonds by March 31, 2009 as part of the exercise to support the Rs. 100,000-crore highways development programme.</p> <p>(ix) Public Sector Banks will soon announce a package for borrowers of home loans in two categories: (1) up to Rs. 5 lakhs and (2) Rs. 5 lakh to Rs. 20 lakh.</p> <p>(x) Government departments will be allowed to replace government vehicles within the allowed budget, in relaxation of extant economy instructions.</p> <p>(xi) The export duty on iron ore fines has been eliminated and on lumps for steel industry, has been reduced from 15% to 5%, respectively.</p> <p>Highlights of the fiscal stimulus package announced on January 2, 2009 are as follows:</p> <p>(i) An SPV will be designated to provide liquidity support against investment grade paper to NBFCs fulfilling certain conditions. The scale of liquidity potentially available through this mechanism will be Rs.25,000</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
					<p>crores.</p> <p>(ii) An arrangement will be worked out with leading public sector banks to provide a line of credit to NBFCs specifically for the purchase of commercial vehicles.</p> <p>(iii) Credit targets of public sector banks are being revised upward to reflect the needs of the economy. The Government will closely monitor, on a fortnightly basis, the provision of sectoral credit by public sector banks.</p> <p>(iv) Special monthly meetings of State Level Bankers' Committees will be held to oversee the resolution of credit issues of MSME by banks. The Department of MSME and the Department of Financial Services will jointly set up a Cell to monitor progress on this front. Matters of MSMEs remaining unresolved with the Banks- SME Helpline for more than a fortnight may be brought to the notice of this Cell.</p> <p>(v) In the fiscal stimulus package announced on December 7, 2008, the guarantee cover under the Credit Guarantee Scheme for micro and small enterprises on loans was extended from Rs.50 lakh to Rs.1 crore with a guarantee cover of 50%. In order to enhance the flow of credit to micro enterprises, it was decided on January 2, 2009</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
					<p>to increase the guarantee cover extended by the Credit Guarantee Fund Trust to 85% for credit facility up to Rs.5 lakh. This will benefit about 84 % of the total number of accounts accorded guarantee cover.</p> <p>(vi) To help maintain the momentum of expenditure at the state government level, in the current financial year states will be allowed to raise additional market borrowings of 0.5% of their Gross State Domestic Product ("GSDP"), amounting to about Rs 30,000 crore for capital expenditures.</p> <p>(vii) To ensure that infrastructure projects are not starved of funds, India Infrastructure Finance Company ("IIFCL") has been authorized to raise an additional Rs.30,000 crores by way of tax free bonds so as to enable it to fund additional projects of about Rs.75,000 crore at competitive rates over the next 18 months. However, these funds can be raised only once the funds raised in the current year are effectively utilized since IIFCL has already been authorized to raise Rs.10,000 crores through tax free bonds by March 31, 2009 for refinancing bank lending of longer maturity to eligible infrastructure bid based Public Private Partnership ("PPP") projects.</p> <p>(viii) Given that the rupee has</p>

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					<p>appreciated nearly 4 % against the dollar since November 2008, it has been decided to restore Duty Entitlement Passbook Scheme ("DEPB") rates to those prevailing prior to November 2008. The objective of DEPB is to neutralize the incidence of Customs duty on the import content of the export product. The neutralization will be provided by way of grant of duty credit against the export product. In addition, in order to provide predictability and stability of regime in the short term for future contracts, the DEPB Scheme will be extended till December 31,2009.</p> <p>(ix) Duty drawback benefits on certain items including knitted fabrics, bicycles, agricultural hand tools and specified categories of yarn are being enhanced. These changes will take effect retrospectively from September 1, 2008.</p> <p>(x) Accelerated depreciation of 50% will be provided for commercial vehicles to be purchased on or after January 1, 2009 until March 31, 2009.</p> <p>(xi) GOI will work with State governments to encourage them to release land for low income and middle income housing schemes.</p> <p>(xii) States, as a one time measure until June 30, 2009, will be provided with assistance</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
					<p>under the Jawaharlal Nehru National Urban Renewal Mission ("JNNURM") for the purchase of buses for their urban transport systems. A scheme towards this end will be announced shortly.</p> <p>(xiii) The Government is closely monitoring its spending to expedite the pace of expenditure for all schemes and programmes. Government will set up a fast track monitoring committee to ensure expeditious approval and implementation of central projects.</p> <p>(xiv) EXIM Bank has obtained from RBI a line of credit of Rs. 5000 crore and will provide pre-shipment and post-shipment credit, in rupees or dollars, to Indian exporters at competitive rates.</p> <p>Highlights of the fiscal stimulus package announced on February 24, 2009 are as follows:</p> <p>(i) The general reduction in excise duty rates by 4% points which was made by virtue of the first fiscal stimulus package, i.e. with effect from December 7, 2008 has been extended beyond March 31, 2009.</p> <p>(ii) The general rate of central excise duty will be reduced from 10% to 8%.</p> <p>(iii) The rate of central excise duty on goods currently</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
					<p>attracting ad valorem rates of 8% and 4% respectively will be retained.</p> <p>(iv) The rate of central excise duty on bulk cement will be reduced from 10% or Rs. 90 Per Metric Ton ("PMT"), whichever is higher to 8% or Rs.30 PMT, whichever is higher.</p> <p>(v) The rate of service tax on taxable services will be reduced from 12% to 10%.</p> <p>(vi) Section 10AA of the Income Tax Act provides for exemption in respect of export profits of a unit located in a Special Economic Zone ("SEZ"). The export profits are required to be computed with reference to the total turn over of the assessee. Given that this has resulted in discriminatory treatment of assessees having units located both in SEZ and the Domestic Tariff Area ("DTA") vis-à-vis assessees having units located only within the SEZs, it has been decided to remove this anomaly through necessary changes in the Income Tax Act.</p> <p>(vii) In order to spur the development of infrastructure and employment generation, the ceiling of fiscal deficit which the states could incur in 2008-09, i.e. 3.5% of the Gross Domestic Product ("GDP"), has been extended to 2009-10 with the possibility of further review, if</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
					<p>required, in the coming months.</p> <p>Custom duty exemption for newsprint:</p> <p>In view of the current economic slowdown, the Government of India on February 11, 2009 completely exempted customs duty on 'newsprint', 'uncoated paper used for printing of newspapers' as well as on 'light weight coated paper used for printing magazines'.</p> <p>Foreign Investment:</p> <p>In order to streamline the methodology of calculation of indirect foreign investment across sectors, the Government of India vide its press release dated February 11, 2009, adopted guidelines for calculation of total foreign investment i.e. direct and indirect foreign investment in Indian companies.</p> <p>The salient features of these guidelines are:</p> <p>(i) All investment directly by a non-resident entity into the Indian company would be counted towards foreign investment.</p> <p>(ii) The foreign investment through the investing Indian company would not be considered for calculation of the indirect foreign investment in case of Indian companies which are 'owned and controlled' by</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
					<p>resident Indian citizens and Indian companies which are 'owned and controlled' ultimately by resident Indian citizens.</p> <p>(iii) For cases where this condition is not satisfied or if the investing company is owned or controlled by 'non resident entities', the entire investment by the investing company into the subject Indian company would be considered as indirect foreign investment.</p> <p>(iv) As an exception, the indirect foreign investment in only the 100% owned subsidiaries of operating-cum-investing/investing companies, will be limited to the foreign investment in the operating-cum-investing/investing company. For the purposes of explanation, it is clarified that this exception is being made since the downstream investment of a 100% owned subsidiary of the holding company is akin to investment made by the holding company and the downstream investment should be a mirror image of the holding company.</p>

IRELAND

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
<p>On October 20, 2008, the Minister for Finance made the Credit Institutions (Financial Support) Scheme 2008 (the "Scheme").</p> <p>The Scheme gives effect to the State bank guarantee announced by the Irish Government on September 30, 2008. Under the Scheme, the Minister for Finance has guaranteed certain "covered liabilities" of "covered institutions" from September 30, 2008 to September 29, 2010 inclusive. The EU Commission has approved the Scheme as being compatible with EC Treaty State aid rules.</p> <p>The Scheme is only open to systemically important credit institutions and certain named subsidiaries of such credit institutions. Institutions covered by the Scheme are listed on the website of the Department of Finance.</p> <p>Liabilities covered by the Scheme are known as "covered liabilities". They comprise all retail and corporate deposits (to the extent not covered by existing deposit protection schemes in Ireland or any other jurisdiction); inter-bank deposits; senior unsecured debt; covered bonds (including asset covered securities) and dated subordinated debt (Lower Tier 2)</p>	<p>The protection limit for Ireland's existing deposit protection scheme was extended on September 20, 2008 to €100,000 per depositor per institution, from its previous limit of €20,000.</p> <p>Note also that the Scheme described in the first column covers all retail, corporate and inter-bank deposits (to the extent not covered by the existing depositor protection scheme).</p>		<p>The Minister for Finance announced details of a recapitalization program for the Bank of Ireland and Allied Irish Banks on February 11, 2009. Earlier plans had provided for the recapitalization of each of the three largest banks in the State: Bank of Ireland, Allied Irish Banks and Anglo Irish Bank. However, following the nationalization of Anglo Irish Bank (see opposite), its planned recapitalization will no longer proceed.</p> <p>In summary, under the recapitalization program, the Irish Government will invest €3.5 billion of Core Tier 1 capital in each of the Bank of Ireland and Allied Irish Banks. The investment will be funded from the National Pension Reserve Fund. In return for the investment, the Government will receive preference shares in each of the Bank of Ireland and Allied Irish Banks. These shares will have a fixed annual dividend of 8%, payable in cash or ordinary shares in lieu of a dividend, and will confer 25% of the voting rights in respect of appointments of directors and change of control. Warrants attached to the preference shares will give an option to the Government to purchase up to 25% of the ordinary share capital of each bank existing on the date of issue of the</p>	<p>On January 15, 2009, the Irish Government announced its decision to nationalize the third biggest bank in the State, Anglo Irish Bank Corporation plc ("Anglo Irish Bank"). The decision was taken after consultation with the Central Bank and the Financial Regulator, which confirmed that Anglo Irish Bank remained solvent. The nationalization became effective on Wednesday, January 21, 2009.</p> <p>In announcing the nationalization plan, the Minister for Finance explained that the funding position of the bank had weakened and that recent unacceptable practices had caused serious reputational damage to the bank at a time when overall market sentiment towards it was negative. The plans announced on December 21, 2008 to recapitalize Anglo Irish Bank have been abandoned in favour of nationalization. The Minister has confirmed that Anglo Irish Bank will continue to trade normally as a going concern, with appropriate government support as necessary.</p> <p>Anglo Irish Bank's shares have been suspended from listing on the Irish Stock Exchange and the London Stock Exchange. Under the nationalization plan, all shares in Anglo Irish Bank pass</p>	<p>The Credit Institutions (Financial Support) Act 2008 (the "Act") provides the Minister for Finance with broad powers to provide financial support in respect of the borrowings, liabilities and obligations of any credit institution or subsidiary specified by order. The Act also amends Irish merger control rules.</p> <p>Financial support under the Act cannot be provided for any period beyond September 29, 2010.</p> <p>Financial support is defined as including loans, guarantees, exchange of assets and any other kind of financial accommodation or support. The Minister for Finance has power to provide support on "such commercial or other terms and conditions as the Minister thinks fit".</p> <p>The Scheme described in the first column was made pursuant to the Minister for Finance's powers under the Act.</p> <p>In addition to the above measure, the Minister for Finance has confirmed that, as a matter of priority, he will be looking at proposals for the management and reduction of risks within Irish financial institutions in relation to their property related exposures. Any proposals put forward will have</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
<p>(subject to certain restrictions), but excluding any intra-group borrowing and any debt due to the ECB arising from Eurosystem monetary operations.</p> <p>Under the Scheme, the Irish Financial Regulator, in consultation with the Minister for Finance, will impose conditions that regulate the commercial conduct and competitive behaviour of covered institutions. The conditions are described in detail in the Scheme.</p> <p>In conducting its six month review of the Scheme, the Government has announced that it will examine how the Scheme can be revised in ways that include supporting longer term bond issuances by the covered institutions. This is in line with EU trends, where the average term of state cover for bond issues extends beyond 2010. Amendments to the Scheme will be subject to EU state aid approval.</p>			<p>preference shares, calculated on a post dilution basis. Bank of Ireland and Allied Irish Banks will be able to redeem the preference shares within five years at the issue price, or after five years at 125% of the issue price.</p> <p>The recapitalization program remains subject to: (a) regulatory approval; (b) EU state aid approval; and (c) approval of the ordinary shareholders of Bank of Ireland and Allied Irish Banks respectively.</p> <p>At the same time, the Financial Regulator has published statutory codes of practice on (a) business lending to small and medium enterprises; and (b) mortgage arrears for principal primary residences. Bank of Ireland and Allied Irish Banks have agreed not to commence legal action for repossession of a principal private residence until after 12 months of arrears appearing, where the customer continues to co-operate reasonably and honestly.</p>	<p>to the Minister. An Assessor will be appointed by the Minister to determine the compensation, if any, payable to Anglo Irish Bank shareholders.</p>	<p>regard to international developments and ongoing work being undertaken by the ECB and the EU Commission.</p>

ITALY¹

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
<p>On December 4, 2008, the Italian Parliament approved Law No. 190, which, <i>inter alia</i>, incorporates the measures adopted by the Government on an urgent basis¹ for the stabilization of the credit system and the improvement of capital adequacy of Italian banks ("Law No. 190/2008"). Following publication in the Official Gazette, Law No. 190/2008 came into effect on December 7, 2008.²</p> <p>Law No. 190/2008 authorizes the Ministry of the Economy and Finance (the "Ministry of the Economy") to guarantee, on market terms, transactions carried out by Italian banks to obtain securities eligible for use in refinancing transactions within the Eurosystem.</p>	<p>Law No. 190/2008 authorizes the Ministry of the Economy to guarantee Italian banks' depositors for a 36-month period.</p> <p>This guarantee is in addition to the existing deposit guarantee introduced by Legislative Decree No. 659 of December 4, 1996, which provides for a guarantee equal to a maximum of €103,291.38 per depositor.</p> <p>Law No. 190/2008 does not specify the maximum amount of the guarantee.</p>	<p>Law No. 190/2008 provides that, in the event of severe liquidity crises, the Ministry of the Economy is authorized to guarantee loans granted by the Bank of Italy to Italian banks or the Italian branches of foreign banks.</p> <p>On October 13, 2008, the Bank of Italy, through a press release, announced: (i) the reduction, with immediate effect, of the minimum threshold for loans to be issued for refinancing transactions, from €1,000,000 to €500,000; and (ii) the implementation of a temporary exchange program between government securities held by the Bank of Italy and assets held by Italian banks.</p> <p>The temporary exchange program is capped at €40 billion.</p>	<p>Law No. 190/2008 authorizes the Ministry of the Economy, to subscribe for or guarantee capital increases of Italian banks (including the parent company of an Italian banking group) that the Bank of Italy determines to be inadequately capitalized. These transactions must be effected giving consideration to market conditions. In order to benefit from these measures, (i) the recapitalization must not have been completed prior to October 9, 2008 and (ii) the bank must adopt or have adopted a more comprehensive stabilization and financial strengthening plan covering at least the subsequent 36 months.</p> <p>The Bank of Italy is required to evaluate the existence of the above-mentioned conditions, the adequacy of the plans and policy on dividends approved by the applicant bank.</p> <p>These shares, for so long as they are held by the Ministry of the Economy, are (i) without voting rights; (ii) preferred in the distribution of dividends to all other classes of shares and (iii) redeemable by the issuer, provided that the transaction will not affect the financial condition and solvency of the bank or the group to which the bank belongs.</p> <p>In addition to the Law No. 190/2008, a press release</p>		<p>Law No. 190/2008 authorizes the Ministry of the Economy to guarantee, on market terms, newly issued bank liabilities having a maturity of up to five years.</p> <p>Law No. 190/2008 empowers the Ministry of the Economy to effect temporary exchanges between government securities and assets held by banks or liabilities of Italian banks having a maturity of up to five years and issued after October 13, 2008 (see also the temporary exchange program implemented by the Bank of Italy and discussed under "Special Central Bank Assistance Measures").</p> <p>Law No. 190/2008 provides that the Bank of Italy may grant loans secured by pledge or assignment of receivables to Italian banks to satisfy their liquidity requirements. The pledges or assignments of receivables issued in accordance with such provision are enforceable vis-à-vis any debtor and third parties and they become effective on the date of execution of the security agreement. The secured loans granted by the Bank of Italy under this provision are not subject to clawback under Italian insolvency rules.</p> <p>On January 28, 2009, the Italian Parliament adopted Law No. 2</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
			<p>issued on October 30, 2008, anticipated that the Government is expected to establish a special fund (with €15-20 billion available) to subscribe for subordinated convertible securities issued by Italian banks. Such securities would have the benefit of being included for the purposes of capital adequacy requirements as Tier 1 capital, without entailing an immediate direct State participation in the share capital. The press article also indicated that conversion rights would be granted only to the issuing bank. As of the date of this client publication, no concrete action has been taken in this respect.</p>		<p>(“Law No. 2/2009”), approving Law Decree No. 185 of November 28, 2008, which, among other measures to sustain the economy, authorizes the Ministry of the Economy, to subscribe for financial instruments issued by Italian listed banks (or by the parent company of Italian listed banking groups), upon their request. This program is set to expire and cease every effect after 10 years from the approval of Law No. 2/2009. A draft of the decree of the Ministry of Economy (the “Draft Ministerial Decree”) that sets forth the specific terms and conditions for the subscription of the financial instruments has been published on Italian financial newspaper Il Sole 24 Ore on February 25, 2009.</p> <p>The instruments issuable pursuant to Law No. 2/2009 must be without voting rights and otherwise qualify as regulatory capital instruments. These instruments may be convertible into ordinary shares at the option of the issuer. Early repayment or redemption at the option of the issuer may also be provided for, provided that the Bank of Italy attests that the proposed early repayment or redemption will not adversely affect the financial condition of the issuer or its solvency.</p> <p>Their yield may be subject, in whole or in part, to the availability of distributable</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
					<p>profits.</p> <p>The subscription by the Ministry of the Economy is conditioned upon the following conditions:</p> <p>a) the transaction as a whole must be (i) economically sound (“<i>economica</i>”) according to the criteria set forth hereinafter, (ii) effected after due consideration is given to market terms, and (iii) aimed at ensuring an improved flow of financing to the real economy and appropriate capital adequacy levels in the banking system.</p> <p>b) the issuer must undertake to ensure adequate levels and conditions of financing to small and medium businesses and families and adequate liquidity levels for creditors of public administrations;</p> <p>c) the issuer must undertake to adopt dividend policies consistent with the need to maintain appropriate levels of capital; and</p> <p>d) the issuer must adopt a code of conduct regulating, <i>inter alia</i>, executive compensation policies (including “golden parachutes”) and traders compensation.</p> <p>The transaction is economically sound (“<i>economica</i>”) if effected in accordance with the terms set forth in an annex to the Draft Ministerial Decree, which has not been made public. Furthermore, the transaction may also be considered</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
					<p>economically sound (<i>"economica"</i>) if the financial instruments are subscribed for by private persons for at least 30% of the aggregate size of the issuance (of which at least 20% is subscribed for by persons other than shareholders holding more than 2% of the share capital of the issuer).</p> <p>The amount available for each bank cannot exceed 2% of the total assets of the relevant banking group weighted by the risk and it must be limited to the minimum amount necessary to reach the purposes of Law 2/09.</p> <p>The Draft Ministerial Decree also states that the banks that participate in this program must carry out their activities in a way that does not represent an abuse of the assistance received and without pursuing aggressive expansion strategies. Furthermore, the Draft Ministerial Decree indicates that the subscription by the Ministry of Economy is made upon request of a bank. The application must be filed with the Bank of Italy and the Ministry of Economy at least 30 days prior to the expected subscription date.</p>

¹ On October 9, 2008, the Italian Government had issued Law Decree No. 155 and on October 13, 2008, Law Decree No. 157.

² Law No. 190/2008 requires further ministerial decrees to be implemented. The law provides for a 60-day term for the issuance of the ministerial decrees running from October 9, 2008; in the absence of the ministerial decrees, no concrete action can be taken under the program. Thus far, the only measure that has been used is the Bank of Italy's temporary exchange program between government securities held by the Bank of Italy and assets held by Italian banks.

- ² Law Decree No. 185/2008 is currently in force pending its approval by the Italian Parliament which must take place by no later than January 28, 2009. In addition, Law Decree No. 185/2008 requires a further ministerial decree before it can be implemented, which was supposed to be adopted before December 29, 2008. No such decree has been approved to date. In the absence of the relevant ministerial decree no concrete action can be undertaken by the Ministry of the Economy under this law decree.

JAPAN

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
<p>On October 21, 2008, the Japanese Government announced that it was ready to support major banks with public funds, so that small- and medium-sized companies would not struggle to access credit. The Government has also relaxed regulations on companies buying up their own shares.</p>	<p>On October 13, 2008, the Japanese Government said that it would consider guaranteeing all bank deposits if necessary. In Japan, currently the government-backed Deposit Insurance Corporation guarantees up to 10 million yen (US\$ 100,000) for each deposit in Japanese banks.</p>	<p>The Bank of Japan (the "BoJ") will seek to improve corporate financing by increasing the frequency and size of Commercial Paper repo operations.</p> <p>The BoJ will accept, until April 2009, asset-backed commercial paper which is guaranteed by a BoJ financial counterparty as collateral, unless the BoJ deems it necessary to review the creditworthiness of specific assets or encounters other issues that would endanger the soundness of its assets.</p> <p>On November 21, 2008, the BoJ decided to continue to encourage the uncollateralized overnight call rate to remain at 0.3%. The BoJ will carry out purchases of commercial paper under repurchase agreements more flexibly to facilitate corporate financing.</p> <p>On December 2, 2008, the BoJ decided to continue to encourage the uncollateralized overnight call rate to remain at 0.3%.</p> <p>On December 19, 2008, the BoJ decided to introduce outright purchases of commercial paper issued by companies to raise short-term funds.</p>	<p>Japan, China, South Korea and other Asian countries are working to form an \$80 billion reserve-pool scheme from mid-2009 to boost liquidity in the region.</p>		<p>The BoJ has announced a series of measures to increase liquidity to the market, including lowering the target for the overnight call rate by 20 basis points on October 31, 2008, and encouraging it to remain around 0.3%. On November 21, 2008, the BoJ decided to continue to encourage the uncollateralized overnight call rate to remain at 0.3%. On December 2, 2008, the BoJ decided to continue to encourage the uncollateralized overnight call rate to remain at 0.3%. On December 19, 2008, the BoJ decided to lower the target for the uncollateralized overnight call rate by 20 basis points from 0.3% to 0.1% (effective immediately).</p> <p>On October 31, 2008, the BoJ lowered the basic loan rate applicable under the complementary lending facility by 25 basis points to 0.5% and introduced the Complementary Deposit Facility, a temporary measure to pay interest on excess reserve balances in order to further facilitate the provisioning of sufficient liquidity toward the year-end. The Complementary Deposit Facility will be effective from the November 2008 reserve maintenance period to the March 2009 reserve maintenance period, and the interest rate applied will be 0.1%. On December 19, 2008,</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
					<p>the BoJ decided to lower the basic loan rate applicable under the complementary lending facility by 20 basis points to 0.3% (effective immediately). On December 19, 2008, the BoJ decided to set the interest rate to be applied to the complementary depository facility at 0.1% (effective immediately).</p> <p>Other measures include the widening of repo eligible assets to floating rate Japanese government bonds ("JGBs"), inflation-indexed JGBs and 30-year government bonds, the lowering of the minimum secured lending facility fee to 0.5% from 1% and the extension of the period of relaxation in conditions for conducting the secured lending facility. These measures are temporary in nature until January 16, 2009.</p> <p>In addition, the BoJ will introduce U.S. dollar funds-supplying operations whereby unlimited funds are provided at a fixed rate set for each operation against eligible pooled collateral.</p> <p>The BoJ will also start providing "sufficient" funds over the year-end earlier than usual.</p> <p>On December 2, 2008, the BoJ announced that December 9, 2008 through to April 30, 2009, it will ease the criteria on credit ratings of corporate debt as BoJ's eligible collateral from A-</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
					<p>rated or higher to BBB-rated or higher.</p> <p>On December 12, 2008, the BoJ reached an agreement with the Bank of Korea to increase the maximum amount of the bilateral yen-won swap arrangement from US\$ 3 billion to US\$ 20 billion. The increase will remain in effect until the end of April 2009.</p> <p>Also on December 12, 2008, the Japanese Government announced an economic stimulus package valued at 23 trillion yen, which includes 10 trillion yen in Government spending and 13 trillion yen to stabilize the financial system (including 10 billion yen to recapitalize banks and 2 trillion yen to purchase commercial paper through the Development Bank of Japan). This brings the Japanese Government's total economic stimulus package announced to date to around 44 trillion yen.</p> <p>On December 19, 2008, the BoJ decided to increase its outright purchase of JGBs from 14.4 trillion yen per year to 16.8 trillion yen per year, effective immediately. The BoJ also decided to expand the range of JGBs accepted in outright purchase and to introduce purchases from specific maturity segments.</p> <p>On December 19, 2008, the BoJ</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
					<p>also decided the terms and conditions of the new operation utilizing corporate debt, of which introduction had been decided at the Monetary Policy Meeting held on December 2, 2008.</p> <p>On December 19, 2008, the BoJ decided to include the Development Bank of Japan Inc. as a counterparty in operations such as commercial paper repo operations.</p> <p>On January 22, 2009, the BoJ decided to purchase up to 3 trillion yen of commercial paper and asset-backed commercial paper rated a-1 or higher and with the residual maturity up to 3 months, with certain restrictions.</p> <p>Beginning on February 26, 2009, the BoJ will provide funds against collateral for a period of three months for a fixed rate, currently at 0.1%, which is the same as the current uncollateralized overnight call rate.</p> <p>On February 3, 2009, the BoJ announced that it will resume the purchase of stocks held by financial institutions so that the financial institutions may offload some of their stocks and reduce market risks. The total purchase amount is for 1 trillion yen.</p> <p>The BoJ has also decided to purchase up to 1 trillion yen of corporate bonds rated single A or higher and have a remaining</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
					term of one year or less from the last date of the month in which the Bank of Japan will make such a purchase. The limit per issuer of the corporate bonds is 50 billion yen.

LUXEMBOURG

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
<p>Following the recapitalization of the Dexia group (see the Recapitalization Measures column), a Grand-Ducal Regulation was enacted on October 10, 2008, authorizing the Luxembourg Government to grant a financial guarantee to the Dexia group (the "Regulation").</p> <p>This Regulation further aims at implementing an intergovernmental agreement between the Luxembourg, Belgian and French Governments that, pursuant to the common press release of these Governments¹, aims to assure depositors that the Dexia group will have sufficient liquidity.</p> <p>Pursuant to the Regulation, the Government is authorized to guarantee, for the account of the Luxembourg State, funding obtained by the Dexia group² with credit institutions and institutional depositories as well as bonds and debt instruments issued by the Dexia group to institutional investors (the abovementioned credit institutions, institutional depositories and institutional investors being referred to as the "Creditors"). In order to be eligible for the guarantee, this funding and the bonds and debt instruments must have been</p>	<p>As of January 1, 2009, the level of the protection of the deposit guarantee in Luxembourg has been increased from €20,000 to €100,000³.</p>		<p>Fortis: the Luxembourg Government has announced, on the basis of an agreement of September 28, 2008 with the Dutch and Belgian Governments, that as a first step it would invest €2.5 billion in Fortis Banque Luxembourg S.A. ("Fortis") in the form of a convertible loan.⁴ The Luxembourg Government would thus take 49% in the capital of Fortis.</p> <p>On October 6, 2008, the Luxembourg Government announced that it had sold 16% of Fortis to the BNP Paribas group. Under the agreement, BNP Paribas will hold 67% in Fortis,⁵ while the Luxembourg State will hold 33% in Fortis and will acquire 1.1% of the share capital of BNP Paribas.</p> <p>Dexia: the Luxembourg, Belgian and French Governments and the shareholders of Dexia agreed to recapitalize the Dexia group on September 30, 2008. Pursuant to this agreement, the Luxembourg Government announced that it would subscribe to the issuance by Dexia B.I.L. S.A. of convertible bonds/loan of €376 million,⁶ which if converted would represent roughly 20% in Dexia B.I.L. S.A.</p>		<p>In a statement made to the Luxembourg Parliament on the financial crisis on October 15, 2008, Prime Minister Jean-Claude Juncker declared that "... the Luxembourg Government and the Luxembourg Central Bank will take all necessary steps to secure the liquidity of money market funds established under Luxembourg law."</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
<p>issued between October 9, 2008 and October 31, 2009, and must mature before October 31, 2011.</p> <p>In accordance with the state aid rules of the EC Treaty, on November 19, 2008 the European Commission has approved this state financial guarantee for the Dexia group⁷.</p> <p>Further to the European Commission's approval and in accordance with the Regulation, a first demand guarantee has been granted in favour of the Dexia group (and its Creditors) on December 9, 2008 by Luxembourg, Belgium and France.⁸</p> <p>The guarantee of the Luxembourg State cannot exceed €4.5 billion. It is granted jointly but not severally with Belgium and France.</p>					

¹ Communiqué (Public release), Communication conjointe des gouvernements français, belge et luxembourgeois relative à Dexia, October 9, 2008, available at www.gouvernement.lu.

² i.e., Dexia S.A. and Dexia Banque Belgique S.A., Dexia Banque Internationale à Luxembourg S.A., Dexia Credit Local de France S.A. as well as their issuing vehicles.

³ Loi du 19 décembre 2008 concernant le budget des recettes et des dépenses de l'Etat pour l'exercice 2009.

⁴ Article d'actualité (News), Les gouvernements belge, luxembourgeois et néerlandais investissent 11,2 milliards d'euros dans Fortis, September 29, 2008, available at www.gouvernement.lu.

⁵ Article d'actualité (News), Fortis Banque Luxembourg devient BGL-BNP Paribas, 06-10-2008, available at www.gouvernement.lu.

⁶ Article d'actualité (News), Les gouvernements belges, français et luxembourgeois ainsi que les actionnaires investissent 6,4 milliards d'euros dans Dexia, September 30, 2008, available at www.gouvernement.lu.

⁷ See Press release at <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/1745&format=HTML&aged=0&language=FR&guiLanguage=fr>.

⁸ Communiqué de presse conjoint des États belge, français et luxembourgeois relatif à Dexia: signature d'une convention, December 10, 2008, available at www.gouvernement.lu.

THE NETHERLANDS

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	ASSISTANCE TO INDIVIDUAL INSTITUTIONS	OTHER MEASURES
<p>As of October 23, 2008, a Credit Guarantee scheme (“the scheme”) set up by the Dutch State of €200 billion is operational for non-complex senior unsecured loans to financial institutions made by other financial institutions and institutional investors. These guarantees are available until December 31, 2009 to financial institutions with their principal place of business in the Netherlands and to subsidiaries established in the Netherlands of foreign banks with substantial business in the Netherlands.¹</p> <p>Instruments eligible to be guaranteed are limited to securities denominated in EURO, US\$ and GBP with maturities from three months to five years and extend only to non-complex senior unsecured loans; “plain vanilla” commercial paper, certificates of deposit and medium-term notes.</p> <p>Fees to be paid by participating financial institutions will depend on their creditworthiness and will be based on historical credit default swap spreads (or an approximation if necessary), with an addition of 50 basis points. Maturities of less than a year will have a fixed fee of 50 basis points.</p> <p>Participating institutions will also be required to meet certain</p>	<p>On October 7, 2008, the Minister of Finance decided to increase the guaranteed amount under the deposit guarantee scheme for a period of one year from €40,000 to €100,000 per person per bank (regardless of the number of accounts).</p> <p>Where two people have a joint account, either account holder can claim payment under the deposit guarantee scheme. The maximum joint deposit covered is therefore €200,000.</p> <p>All Dutch banks that operate under a licence from the Dutch Central Bank (<i>De Nederlandsche Bank</i> (DNB)) are covered by the Dutch deposit guarantee scheme.</p> <p>DNB has activated the deposit guarantee scheme for account holders of Icesave/Landsbanki Ísland hf. on October 13, 2008, and for the account holders of N.V. De Indonesische Overzeese Bank (Indover) on November 11, 2008.</p>	<p>DNB will grant special credit to individual financial institutions against adequate collateral, if and for as long as necessary. The short-term financing of these institutions against collateral will hence be secured.</p>	<p>The Dutch State announced on October 9, 2008, a €20 billion fund to recapitalize financial institutions, with €13 billion already committed to individual institutions (see Assistance to Individual Institutions).</p> <p>Funds will be directly available to fundamentally sound and viable financial institutions that may run into liquidity or capital problems. €20 billion is available until January 20, 2009 to financial institutions and insurance companies through participation, preference shares or by any other means.</p>	<p>ING Groep N.V.:</p> <p><i>Issuance of Tier 1 securities</i></p> <p>ING Groep N.V. (“ING”) announced on October 19, 2008 that it had reached an agreement with the Dutch Government to strengthen its capital position.</p> <p>ING has issued non-voting core Tier 1 securities for a total consideration of €10 billion to the Dutch State.</p> <p>The Government has obtained the right to nominate two Supervisory Board members (and has exercised this right on October 22, 2008), who will have the right to veto fundamental decisions.</p> <p>All members of ING’s Executive Board have relinquished their bonuses over 2008, both in cash payments and in options or shares. Resignation premiums have been restricted to one year’s fixed annual pay.</p> <p><i>Illiquid Assets Bank-up Facility</i></p> <p>On January 26, 2009, ING and the Dutch State have reached an agreement on an Illiquid Assets Back-up Facility covering 80% of ING’s Alt-A mortgage securities. Based on a press release issued by ING, important features of the Back-up Facility include the following.</p> <p>Under the terms of the Back-up</p>	<p>Reference is made in other columns.</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	ASSISTANCE TO INDIVIDUAL INSTITUTIONS	OTHER MEASURES
<p>additional requirements on corporate governance with respect to bonuses and resignation premiums.</p> <p>Up to the date of this overview, the following financial companies have issued debt instruments under the guarantee scheme: LeasePlan, NIBC Bank, SNS Bank and ING Bank. Actual information on debt issues under the guarantee scheme may be obtained on the website of the Dutch State Treasury Agency (see www.dsta.nl).</p>				<p>Facility, a full risk transfer to the Dutch State will be realized on 80% of ING's €27.7 billion portfolio of Alt-A RMBS at ING Direct USA and ING Insurance Americas. The Dutch State therefore will participate in 80% of any results of the portfolio. This risk transfer will take place at a discount of 10% of par value. ING will remain the legal owner of 100% of the securities and will remain exposed to 20% of any results on the portfolio.</p> <p>The effects of the transaction on ING's capital and balance sheet will include a reduction of equity volatility, a positive impact on shareholders' equity of €5 billion through a reduction of the negative revaluation reserve. Risk-weighted assets will be reduced by approximately €15 billion, raising ING Bank's Tier 1 ratio by approximately 40 basis points to 9.5% and the core Tier 1 by 32 basis points to 7.4%, both on a pro forma basis.</p> <p>For the duration of the Back-up Facility, ING will maintain the corporate governance measures agreed upon issuing core Tier 1 securities to the State in November 2008 (see above). In addition, the government-nominated members of the ING Supervisory Board will have approval rights on certain executive appointments. The Executive Board of ING has agreed to forego all bonuses until a reviewed remuneration policy will be completed. This</p>	

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	ASSISTANCE TO INDIVIDUAL INSTITUTIONS	OTHER MEASURES
				<p>policy will include criteria on sustainability for the Executive Board and is expected to be proposed to the annual General Meeting of Shareholders in 2010.</p> <p>The transaction is expected to close in the first quarter of 2009, subject to further and regulatory approval.</p> <p>AEGON:</p> <p>On October 28, 2008, the Dutch State reinforced the capital position of AEGON Group by €3 billion.</p> <p>The Government will obtain €3 billion in securities, which have largely the same features as shares. The capital reinforcement is made available to AEGON via the Association AEGON, which is AEGON's largest shareholder.</p> <p>All members of the Executive Board will relinquish their bonuses over 2008, both in cash payments and in options or shares. AEGON will develop a sustainable remuneration policy. Resignation premiums will be restricted to one year's fixed annual pay.</p> <p>SNS REAAL N.V.:</p> <p>On November 12, 2008, the Dutch State has reinforced the capital position of SNS REAAL N.V. (hereafter: SNS) by €750 million. The Government has obtained €750 million in securities, which have largely</p>	

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	ASSISTANCE TO INDIVIDUAL INSTITUTIONS	OTHER MEASURES
				<p>the same features as shares.</p> <p>The Government has obtained the right to nominate two Supervisory Board members, who will have the right to veto fundamental decisions. All members of SNS's Executive Board have relinquished their bonuses over 2008, both in cash payments and in options or shares. Resignation premiums have been restricted to one year's fixed annual pay.</p>	

¹ The Dutch Government issued specific rules on its Credit Guarantee scheme on October 21, 2008, which is administered by the Dutch State Treasury Agency (see <www.dsta.nl>). In order to be eligible to apply for the guarantee, the bank must *inter alia* be authorized to perform banking activities, be domiciled and conduct substantial business in the Netherlands, in addition to satisfying certain solvency ratios. [The rules were amended and restated on February 18, 2009.](#)

NEW ZEALAND

GUARANTEES OF BANK DEBT (WHOLESALE FACILITY)	DEPOSIT GUARANTEES (RETAIL SCHEME)	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
<p>A Wholesale Funding Guarantee Facility (the "Wholesale Facility") has been established to facilitate access to global financial markets by registered banks.</p> <p>The Wholesale Facility is available to financial institutions that have a rating of BBB- or better and have substantial New Zealand borrowing and lending operations. It is not available to institutions that are primarily financing a parent or related company, non-financial issuers (e.g., corporate or local authority issuers) or collective investment schemes.</p> <p>All newly issued senior unsecured negotiable or transferable debt securities by eligible financial institutions in all major currencies are eligible for coverage. The Wholesale Facility covers any paper issued until the earlier of its maturity or for up to five years.</p> <p>Eligible institutions are required to "opt-in" to the Wholesale Facility and must then apply for an eligible instrument to be covered. A fee of between 70 bps p.a. and 200 bps p.a. will be charged on each issue differentiated upon the "riskiness" of the issue and the term of the security. As part of the "opt-in" process institutions will enter into a guarantee facility with the Crown and then the</p>	<p>The New Zealand Government has guaranteed all deposits in institutions that 'opt-in' to the Retail Scheme to a limit of NZ\$1 million per depositor per guaranteed institution.</p> <p>Institutions with total deposits at more than NZ\$5 billion will be charged a 10 bps p.a. fee for guaranteed deposits in excess of NZ\$5 billion. A further fee will be charged on the growth of deposits held by guaranteed institutions that have a total deposit value of less than NZ\$5 billion.¹</p> <p>The Retail Scheme extends beyond registered banks to non-bank deposit takers (finance companies, building societies and credit unions) and to collective investment schemes (such as unit trusts).²</p> <p>The opt-in scheme takes the form of a bilateral contractual agreement between the Government and the individual institutions which take up the guarantee. The Treasury has discretion to decline applications to participate in the Retail Scheme.³</p> <p>Participating institutions in the Retail Deposit Guarantee Scheme are exempted from certain provisions of the Securities Act 1978 and the Securities Regulations 1983,</p>	<p>On October 23, 2008, spurred by fears of a recession, New Zealand's central bank cut its benchmark interest rate by a record full percentage point to 6.5%, warning that financial market turmoil will further constrain the economy.</p> <p>Further cuts of 150 basis points were made on December 4, 2008 and January 29, 2009. The official cash rate is now at 3.5% as at February 25, 2009 and is at its lowest level since being introduced as the key official interest rate in 1999.</p>	<p>None as at February 25, 2009.</p>	<p>None as at February 25, 2009.</p>	<p>Additional liquidity facilities have been provided by the Reserve Bank of New Zealand to registered banks.</p>

GUARANTEES OF BANK DEBT (WHOLESALE FACILITY)	DEPOSIT GUARANTEES (RETAIL SCHEME)	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
<p>Crown will issue the actual guarantee as a separate document. Accompanying the guarantee will be an opinion as to enforceability issued by a solicitor of the Treasury in their capacity as a legal advisor to the Crown.</p> <p>The Treasury has reduced the fees that apply to the Wholesale Facility in order to take into account the changing market environment.</p> <p>Once an institution has been approved, application may be made for an individual instrument to be covered by the guarantee. The guarantee itself does not provide for the guarantee of any individual instrument – this must be done separately. If approval is given by the Crown an eligibility certificate will be granted.</p> <p>Deposit-taking institutions that wish to participate will be expected to have opted-in to the Retail Scheme. Any institution which joins the Wholesale Facility will be required to agree that the securities eligible for a wholesale guarantee (whether actually guaranteed or not) are not covered by the Retail Scheme.</p> <p>The Wholesale Scheme will require institutions to enter into a deed of guarantee which gives them access to the guarantee but does not in and of itself</p>	<p>subject to certain conditions. The exemptions relate to required information about guarantors in registered prospectuses and advertisements.</p> <p>Guarantees for banks and non-bank deposit takers are currently being approved. Approvals of guarantees for collective investment schemes will follow. There have been no approved guarantees for collective investment schemes as at January 23, 2009.</p>				

GUARANTEES OF BANK DEBT (WHOLESALE FACILITY)	DEPOSIT GUARANTEES (RETAIL SCHEME)	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
<p>guarantee any debt. In order for a debt instrument to be guaranteed an institution will need to apply for an guarantee eligibility certificate. As at February 25, 2009 only two institutions have entered into a deed of guarantee with the Crown and no eligibility certificates have been issued.</p> <p>Participating institutions will be required to have: additional capital buffers; prudential supervision; and undertaken that the foreign exchange risk associated with foreign currency borrowing will be hedged and managed.</p> <p>Two major New Zealand banks have had guarantees issued in their favour as at January 23, 2009. However, no approvals of individual debt instruments have been granted at this stage.</p>					

¹ The fee charged on institutions with less than \$5 billion in deposits will only apply to the increase in total deposits since the scheme was announced (above the 10% allowed growth per annum). A further fee will be imposed upon non-bank deposit takers that are non-rated or rated BB (or below) of 300 bps p.a. New non-bank deposit takers wishing to join the scheme will need to be rated BBB- or better in order to be eligible.

² Non-bank deposit takers and collective investment schemes will be subject to stringent requirements under the Retail Scheme. In order to be eligible, non-bank deposit takers will be subject to increased reporting requirements, limitations on entering transactions with related companies and personal undertakings from directors. Collective investment schemes will access the Retail Scheme by way of a Deed of Nomination which allows those schemes to benefit from the Guarantees already in place without being subject to the \$1 million cap. Each scheme will only be guaranteed if it: invests only in New Zealand Government securities or debt securities issued by institutions participating in the Retail Scheme; and does not increase investments in participating institutions (other than registered banks) beyond the levels that existed as at October 12, 2008.

The Wholesale Scheme and the Retail Scheme will be administered by the New Zealand Treasury. Further information can be found on its website: www.treasury.govt.nz.

³ Participating institutions in the Retail Deposit Guarantee Scheme are exempted from certain provisions of the Securities Act 1978 and the Securities Regulations 1983, subject to certain conditions. The exemptions relate to required information about guarantors in registered prospectuses and advertisements.

NORWAY

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
	NOK2 million per person.	<p>Norges Bank has since October 1, 2008 made the following measures:</p> <ul style="list-style-type: none"> ▪ Offered two-year fixed-rate loans particularly designed to secure funding for small banks. The loans are offered by auction on market terms to banks operating in Norway and are provided against collateral in the form of securities. <p>The maximum bid for a two-year loan is NOK1 billion.</p> <ul style="list-style-type: none"> ▪ Offered banks new three-months fixed-rate loans of maximum NOK10 million and six-months fixed-rate loans of up to NOK1 billion. ▪ Entered into an agreement with the US Federal Reserve under which Norges Bank may borrow up to US\$ 15 billion against collateral in NOK. The agreement expires in April 2009. ▪ Offered banks NOK for € or US\$ in auction based FX-swaps to banks active in the Norwegian money market. <p>On February 4, 2009, the key policy rate was reduced to 2.5%.</p> <p>The next scheduled interest rate meeting is March 25, 2009.</p>		<p>On October 24, 2008, the Norwegian Government presented a NOK350 billion Government bond swap facility to be administered by Norges Bank on behalf of the Ministry of Finance.</p> <p>Under the swap arrangement, government securities are exchanged in return for Norwegian covered bonds. The arrangement is governed by guidelines issued on November 3, 2008. The guidelines set out the requirements for the securities and their valuation.</p> <p>A number of securities and funds are pre-approved and listed at the website of Norges Bank (www.norges-bank.no), but other types of collateral may be approved upon application.</p> <p>Bonds and short-term paper from Norwegian and foreign issuers are accepted as collateral. Norwegian bond and money market funds may be used as collateral on certain conditions.</p> <p>Securities issued by foreign entities must have a S&P or Moody's credit rating. Securities issued by foreign private entities are required to be listed on the stock exchange.</p>	<p>In May 2008, Norges Bank and Sedlabanki Islands agreed on a swap facility, entitling Sedlabanki Islands to borrow €500 million if and when the need arises. On November 3, 2008, Norges Bank announced that the agreement would be extended to December 31, 2009 subject to certain conditions. At the same time, Norges Bank expressed its willingness to offer Sedlabanki Islands a medium-term loan (five years) of €500 million. Such loan will require a state guarantee.</p> <p>In a joint statement made on November 20, 2008, the Ministers of Finance in Denmark, Finland, Norway and Sweden stated that these Nordic countries have decided to provide medium-term financing to Iceland within the framework of the IMF-supported program.</p> <p>On January 26, 2009, the Norwegian Government will announce additional measures to strengthen the economy. The details of such financial package are currently unknown.</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
				<p>It is required that securities in foreign currency issued by private entities have a minimum volume outstanding equivalent to at least €100 million.</p> <p>The bonds will be made available to the banks for periods of up to three years against collateral. Banks may surrender covered bonds, including bonds issued by a mortgage association within the bank group. The facility will be made available against a market-based premium. There will, however, be a floor price on the premium. The facility will be administered by Norges Bank on behalf of the Ministry of Finance. Bi-weekly auctions are planned as long as there is a demand for such government bonds.</p> <p>A bank may only pledge up to 20% of the outstanding volume of its loans and up to 35% of its total collateral in the form of securities issued by Norwegian banks.</p> <p>Banks' claims on mortgage companies issuing covered bonds will be eligible as collateral for loans. A bank's issued bonds or short-term paper are not accepted as collateral.</p> <p>The value of a security will, as a main rule, be based on the security's market value adjusted according to set rates available on the website of Norges Bank.</p>	

PEOPLE'S REPUBLIC OF CHINA¹

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
		<p>On October 9, 2008, the Chinese central bank, the People's Bank of China ("PBOC"), lowered the one-year benchmark deposit and lending rates by 0.27%, respectively. The interest rates of loans and deposits with other maturities were adjusted accordingly. On October 15, 2008, the PBOC lowered the deposit reserve ratio by 0.5%. On October 30, 2008, the PBOC further lowered the benchmark deposit and lending rates by 0.27%, respectively.</p> <p>The PBOC also announced on November 3, 2008, that it will loosen its strict control over credit plans of PRC commercial banks to boost economic growth.</p> <p>On November 27, 2008, the PBOC further lowered the one-year benchmark deposit and lending rates by 1.08%, respectively. The interest rates on loans and deposits with other maturities were adjusted accordingly. On December 5, 2008, the PBOC further lowered the deposit reserve ratio by 1% for large banks and 2% for medium- and small-sized banks. The prevailing one-year deposit and lending rates are 2.52% and 5.58%, respectively.</p> <p>On December 23, 2008, the PBOC further lowered the benchmark deposit and lending</p>	<p>Since September 2008, Central Huijin Investment Co., Ltd. ("Huijin"), an investment arm of the Chinese Government, has increased its shareholdings in each of the Bank of China, China Construction Bank, and the Industrial and Commercial Bank of China through share purchases on the secondary market. The total value of such share purchases is estimated to be over RMB 1.3 billion (approximately US\$ 190 million). Huijin may continue to increase its shareholdings in the three banks on the secondary market.</p>		<p>On November 9, 2008, the Chinese Government announced an economic stimulus plan aimed at bolstering its weakening economy, a sweeping move that could also help fight the effects of the global slowdown. The Government would spend an estimated \$586 billion over the next two years in ten areas, including low-income housing, railway, highway and airport construction, electricity, water, rural infrastructure and projects aimed at environmental protection and technological innovation. The package is the largest economic stimulus effort ever undertaken by the Chinese Government.</p> <p>On December 5, 2008, Chinese Vice Premier Wang Qishan and US Treasury Secretary Henry M. Paulson announced a new cooperative plan for increasing trade-related finance to emerging markets. According to the plan, China, through the Export-Import Bank of China, is providing US\$ 8 billion in short-, medium-, and long-term trade finance facilities for export of Chinese goods and services to emerging markets. (The US, through the US Export-Import Bank, intends to provide US\$ 4 billion in new short-term trade finance facilities and US\$ 8 billion in new medium- and long-term trade finance</p>

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		<p>rates by 0.27%, respectively. The interest rates of loans and deposits with other maturities were adjusted accordingly. On December 25, 2008, the PBOC lowered the deposit reserve ratio by 0.5%.</p> <p>On February 24, 2009, the PBOC issued buyback notes to the public market in the value of RMB 80 billion (approximately US\$ 11.7 billion).</p>			<p>facilities for export of US goods and services to emerging markets.)</p>

¹ China, according to the website of the State Administration of Foreign Exchange, has about US\$ 1.946 trillion in foreign reserves as of December 31, 2008.

PORTUGAL

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
<p>State Guarantee:</p> <p>The Government of Portugal passed legislation fully effective from October 24, 2008 pursuant to which it will guarantee at its discretion the funding of credit institutions of up to €20 billion.</p> <p>The maturities of the covered credits may range between three months and five years.</p> <p>However, inter-bank deposit operations in the money market, subordinated debt operations, operations already covered by any other type of guarantee or security and financing operations in jurisdictions not complying with internationally accepted transparency standards are excluded from this scheme.</p> <p>Qualifying institutions must demonstrate that the guarantee is required for the normal functioning of the institution.</p> <p>The guarantee is available to Portuguese credit institutions which inter alia demonstrate that the same is necessary in order to obtain funding.</p> <p>A fee will be paid by credit institutions amounting to</p> <ul style="list-style-type: none"> (i) 50 bps where the guarantee's duration is one year or less or (ii) the institutions' median five years CDS spread plus 50 bps where the guarantee's duration 	<p>The Government has increased the coverage of the deposit guarantee scheme from €25,000 to €100,000.</p> <p>Although the Portuguese Minister of Finance has represented in the media that the Portuguese State would cover all the deposits held with Portuguese credit institutions, the fact is that until now only the increase from €25,000 to €100,000 per depositor has been implemented.</p>	<p>Accounting of Bond Portfolios:</p> <p>The Bank of Portugal published Regulation nr. 6/2008 on October 14, 2008 aimed at allowing credit institutions to disregard the potential gains and losses of their bond portfolios for the calculation of their own funds, to the extent that such gains and losses are not related to impairment.</p> <p>This measure is of significant importance in the current financial crisis scenario since due to the low liquidity of bonds the banks are not able to sell them out of their trading portfolio, and until now have been obligated to account for them as potential gains or losses in the calculation of own funds.</p> <p>Eligible Collateral in Eurosystem Operations:</p> <p>Further to the European Central Bank measure of broadening the types of assets eligible as collateral in Eurosystem operations, the Bank of Portugal has issued an instruction, effective between December 1, 2008 and December 31, 2009, confirming that the following may be elected:</p> <ul style="list-style-type: none"> (i) debt instruments denominated in US dollars, yen and pounds sterling, which are 	<p>Recapitalization Program:</p> <p>The Government has approved a recapitalization program of up to €4,000 million to be used to recapitalize banks, to help them reach an 8% Core Tier 1 ratio (a ratio that will become mandatory). The program has entered into force on November 25, 2008.</p> <p>The stated purpose of this program was said to be to protect national banking institutions against hostile takeovers, and to create a level playing field for the Portuguese banking sector, since other jurisdictions have already implemented similar measures aimed at helping the financial sector. The reaction from credit institutions to this measure was favorable.</p> <p>The bill makes provision for two distinct regimes:</p> <ul style="list-style-type: none"> (i) An increase in the equity levels of credit institutions which under the applicable legislation possess the necessary liquidity and soundness conditions; and (ii) Direct state intervention in the recovery and remedial processes for credit institutions which have or are at risk of having an equity, solvency or liquidity level of less than the 	<p>Banco Português de Negócios:</p> <p>The Government announced on November 2, 2008 that it will submit, for parliamentary approval, the nationalization of BPN. In the mean time, the Bank of Portugal appointed two government administrators who are also directors of the state-owned bank CGD. Its shares will be valued by two independent entities to determine the amount that shareholders will receive as compensation for the nationalization.</p> <p>This measure was aimed at ensuring the safety of deposits and at preventing systemic risks. The nationalization comes after rescue plans directed at its recapitalization and asset sales have failed, which included a proposal to the State for the acquisition of preferential shares amounting to €600 million. According to public statements by the Governor of the Bank of Portugal, the financial disruption was the result of alleged doubtful operations by the bank that, until recently, had not been revealed on BPN accounts, reports and investigations aggravated by the current market situation and causing it severe losses and a serious liquidity shortfall. In the beginning of February, the</p>	<p>Increase of Core Tier 1 Capital Requirements:</p> <p>The Governor of the Bank of Portugal announced on November 2, 2008, that Portuguese banks will be required to hold a minimum of 8% of Core Tier 1 capital (against the 4% previously required by the Bank of Portugal and the Portuguese market practice that sets it currently at 7%).</p> <p>Legislation protecting consumers:</p> <p>On November 3, 2008, a legislation was enacted requiring prior approval of the Bank of Portugal for advertising complex financial products, establishing a duty to provide a prospectus to clients before subscription of such products and in general broadening the duty of information and assistance to banking institution customers, primarily at the consumer credit pre-contractual stage.</p> <p>The Bank of Portugal has also submitted to public consultation a new regulation imposing new rules applicable to players upon opening of current and deposit accounts.</p>

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<p>is more than one year.</p> <p>If the Portuguese State decides to honor a payment claim presented under the guarantee, it may (i) subscribe for capital issued by the credit institution; (ii) decide on various corporate matters of the credit institution, such as distribution of dividends or remuneration of managers; or (iii) impose compulsory administration.</p> <p>The legislation authorizes the scheme to continue until December 31, 2009. Until now, Banco Privado Português has already requested an €750,000,000 Portuguese state guarantee, and Banco Português de Investimento, Banco Comercial Português, Banco Espírito Santo, Santander Totta and Caixa Geral de Depósitos have confirmed that they intend to apply for it. In addition, according to information publicly available, Banco Espírito Santo and Caixa Geral de Depósitos were already granted a guarantee by the State under the guarantees scheme covering an issuance of bonds. Banco Espírito Santo has already closed a debt issue amounting to €1.5 billion on January 8, 2009.</p>		<p>issued, held and liquidated in the Eurozone and whose issuer is established in the European Economic Area;</p> <p>(ii) syndicated loans fulfilling the requirements laid down in recent decisions and regulations of the ECB;</p> <p>(iii) certain types of debt instruments issued by credit institutions and marketed in non-regulated markets as listed by ECB;</p> <p>(iv) certain assets rated as "BBB-";</p> <p>(v) subordinated assets that are covered by guarantees provided by guarantors with a solid financial situation; and</p> <p>(vi) fixed term deposits created by the credit institutions before the Bank of Portugal, in accordance with an instruction issued by the regulator.</p> <p>Softening of the impact of pension funds actuarial losses:</p> <p>The Bank of Portugal has approved a regulation until 2012 allowing banking institutions to gradually soften the negative impact of the actuarial losses of their pension funds in 2008 in the calculation of their own funds.</p> <p>Analysts expect that this</p>	<p>legal minimum.</p> <p>These measures will only apply to the capitalization operations of Portuguese-based credit institutions carried out before December 31, 2009.</p> <p>(Re)capitalisation can be carried out through distinct transactions, including (i) acquisition of the credit institution's own shares or (ii) increase in the share capital of the credit institution through ordinary shares, preference shares which do not carry voting rights and shares which confer special rights; (iii) other capital securities which are admissible by law or the articles of the company; (iv) joint venture agreement or other contracts which have similar effects.</p> <p>The issue of the above financial instruments may also be destined for credit institution shareholders, the public or both, with a full or partial underwriting or placement guarantee by the state.</p> <p>At the duly-grounded proposal of the Bank of Portugal, a capitalisation operation may take on the nature of a debt issue (convertible to or exchangeable for ordinary or preference shares) without breaching the limits set out in the Portuguese Companies Code.</p> <p>The financial institutions that</p>	<p>current management of BPN announced that the Bank has estimated imparities amounting to € 1.8 billion.</p> <p>Banco Privado Português:</p> <p>On November 19, Banco Privado Português requested a €750,000,000 guarantee for a period of 3 years from the government. On November 24, the Governor of the Bank of Portugal advised the Government not to issue such a guarantee, in view of the small dimension of the Bank, and of the fact that only a fraction of its business is directed to the granting of credit to customers (the main business of this bank is private banking). Nonetheless, the State has agreed to provide a guarantee covering the repayment obligations under an €450,000,000 loan recently granted by a syndicate of Portuguese banks to BPP. The guarantee was issued under the general regime, as the Government has understood that the exceptional state guarantee scheme recently approved was not applicable to the BPP case. The guarantee is covered by security over certain BPP's assets granted in favor of the State.</p> <p>On December 1, 2008, the Bank of Portugal decided to reorganize BPP and has compulsorily appointed three people to serve on BPP's board</p>	<p>New rules on disclosure of information:</p> <p>On November 3, 2008, a legislation was passed to increase the information to be provided to the Bank of Portugal by the credit institutions, particularly in relation to (i) the risks incurred, including the exposure level of different types of financial instruments; (ii) the risk management and control practices to which they are or may be subject; and (iii) the methods used in valuing their assets, in particular those which are not traded in high liquidity and transparent markets.</p> <p>Possible waiver / increase of requirements applicable to investment funds:</p> <p>The above-mentioned legislation also provides for the temporary waiver of compliance with certain matters related to investment fund management, at the request of the interested parties; (i) the portfolio composition regime, its limits, techniques and instruments for investment fund management; (ii) the terms and conditions for financing investment funds; (iii) carrying out operations with related funds and entities; (iv) the vagaries which investment funds are liable to, particularly with regard to mergers, splits, transformation, liquidation and division of funds.</p>

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		<p>measure will have a relevant impact in the calculation of solvency ratios of certain Portuguese banking institutions.</p>	<p>benefit from this aid will have certain obligations imposed on them, such as financing the economy, including families and SMEs, the implementation of good corporate governance practices and a pay and dividends policy as well as increased contributions to the Deposit Guarantee Fund (conditions to be set by order of the Ministry of Finance).</p> <p>The reaction from credit institutions to this measure was favourable.</p>	<p>of directors. The regulator also decided on the same date that BPP will be discharged for a period of 3 months from obligations arising from its portfolios management activity.</p>	<p>Conversely, the same legislation imposes additional duties on investment funds and their respective managers, depositaries or marketing entities in exceptional situations including turmoil in the financial instruments market.</p> <p>Review of the financial sector penalty regime:</p> <p>A legislative bill has been presented to Parliament by the Government with a view to enhancing the penalty regime for the financial sector in criminal and administrative offence matters, modernising - and bringing into line - the punitive framework and the amounts of the fines to the size and characteristics of the current financial sector.</p>

REPUBLIC OF KOREA

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<p>On October 19, 2008, the Korean Government announced that it will guarantee the foreign-currency debt of local banks borrowed up to June 30, 2009.</p> <p>On October 30, 2008, the National Assembly approved the Korean Government's bank debt guarantee program up to a limit of US\$ 100 billion. Each bank participating in this program will be subject to a 1% per annum guarantee fee.</p> <p>On November 14, 2008, 18 local banks executed a memorandum of understanding pertaining to the Korean Government's bank debt guarantee program and the banks' plans for efficient management with the Financial Supervisory Service.</p> <p>On February 18, 2009, the Korean Government lowered the guarantee fee rate of the bank debt guarantee program from 1% to 0.70% per annum.</p> <p>As of February 24, 2009 no local bank has applied for the government guarantee on its foreign currency debt based on the bank debt guarantee program.</p>	<p>On November 6, 2008, the Korean Government published its proposal regarding amendments to the enforcement decree for the Depositor Protection Act so that foreign-currency deposits would be covered by deposit insurance. This proposal was confirmed and promulgated on November 26, 2008.</p>	<p>Foreign currency liquidity provision:</p> <p>On October 6, 2008, the Korean Government provided US dollar liquidity in the amount of US\$ 15 billion by utilizing the foreign equalization fund.</p> <p>On October 19, 2008, the Korean Government announced plans to provide loans of US\$ 20 billion to local banks by utilizing the foreign equalization fund and the Bank of Korea announced plans to provide US\$ 10 billion to local banks through swap transactions.</p> <p>On November 13, 2008, the Bank of Korea announced plans to provide US\$ 10 billion to local banks for export financing of small and medium businesses.</p> <p>Since December 2, 2008, the Bank of Korea has provided US\$ 16.5 billion to local banks, utilizing its US\$ 30 billion currency swap line with the Federal Reserve of the United States.</p> <p>KRW liquidity provision:</p> <p>On September 18, 2008, the Bank of Korea provided KRW 6.5 trillion to the financial market through repo transactions, etc.</p> <p>On October 23, 2008, the Bank</p>	<p>Recapitalization of State-run Banks:</p> <p>On November 3, 2008, the Korean Government announced plans to inject funds into state-run banks and other financial institutions to strengthen their credit extension capacity.</p> <p>The actual amounts of such fund injections in respect of the relevant financial institutions reflected in the annual government budget for 2009 that was approved by the National Assembly on December 15, 2008 are as follows:</p> <ul style="list-style-type: none"> - The Korea Development Bank: KRW 900 billion - Industrial Bank of Korea: KRW 500 billion - The Export-Import Bank of Korea: KRW 300 billion - Credit Guarantee Fund and Kibo Technology Fund: KRW 1.1 trillion - Korea Housing Finance Corporation: KRW 200 billion - Korea Asset Management Corporation: KRW 400 billion <p>On December 15, 2008, the Korean Government announced that it had made investments-in-</p>	<p>Purchase of Troubled Project Financing Loans of Savings Bank:</p> <p>On December 3, 2008, the Korean Government announced plans to arrange for the Korea Asset Management Corporation (KAMCO) to purchase KRW 1.3 trillion worth of troubled project financing loans from mutual savings banks.</p> <p>In accordance with such plan, on December 30, 2009, KAMCO made its first purchase of KRW 500 billion of troubled project financing loans from 30 mutual savings banks.</p> <p>Corporate Restructuring Fund:</p> <p>On February 19, 2009, the Korean Government announced its plan to establish the Corporate Restructuring Fund under KAMCO to purchase troubled assets from financial institutions. This Fund will be financed by the issuance of government-guaranteed bonds.</p>	<p>Bond Market Stabilization Fund:</p> <p>On November 13, 2008, the Korean Government announced plans to set up a KRW 10 trillion bond market stabilization fund that will mainly invest in bonds issued by corporations and financial companies.</p> <p>On November 24, 2008, the Bank of Korea announced its plans to provide liquidity up to KRW 5.0 trillion to banks and other financial companies through the purchase of government bonds and other low-risk securities held by such banks and financial companies, the proceeds of which will be used to finance their investment in the BMSF.</p> <p>On December 9, 2008, the BMSF task force¹ formed the BMSF as a non-redeemable private equity fund with a term of three years. The BMSF will be set up as a fund of funds, with each underlying fund focusing its investment on a particular type of bond (e.g., bank bond, corporate bond, etc.).</p> <p>On December 17, 2008, the first BMSF (KRW 5 trillion) was set up and commenced operations.</p>

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		<p>of Korea increased the credit line for support of small and medium businesses from KRW 6.5 trillion to KRW 9.0 trillion.</p> <p>On October 24, 2008, the Bank of Korea provided KRW 2.0 trillion to non-bank financial institutions indirectly through repo transactions with Korea Securities Finance Corp.</p> <p>On October 27, 2008, the Bank of Korea included bank bonds as securities eligible for repo transactions and announced that it would purchase KRW 5 trillion to 10 trillion of bank bonds through repo transactions to provide liquidity to the banking sector.</p> <p>On January 13, 2009, the Bank of Korea provided KRW 1.5 trillion of liquidity to the financial market through repo transactions.</p>	<p>kind of KRW 1.65 trillion in the aggregate to the following three state-run banks:</p> <ul style="list-style-type: none"> - The Korea Development Bank: KRW 500 billion - Industrial Bank of Korea: KRW 500 billion - The Export-Import Bank of Korea: KRW 650 billion <p>Recapitalization of commercial banks:</p> <p>On December 18, 2008, the Korean Government announced plans to set up a KRW 20 trillion of Bank Capital Expansion Fund to support banks to strengthen their financial stability.</p>		

¹ The BMSF task force is constituted of seven civilian members representing banks and other financial companies investing in the BMSF.

RUSSIA

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<p>In December 2008 the Russian Government discussed a programme for issuing government guarantees on bonds issued by strategically important companies (notably VEB, Sberbank, VTB and Gazprom) - this may involve a 50% government guarantee on Eurobonds. The Russian Government has yet to take a decision on this.</p> <p>On December 12, 2008, RIA Novosti reported that the state-owned Agency for Housing Mortgage Lending (AHML) announced that it is ready to offer Russian banks RUB 500 billion worth of guarantees for mortgage bonds. This will involve repackaging senior RMBS with guarantees, that will then make them eligible collateral for repo lending from the CBR. Only financial institutions with mortgage pools of at least RUB 3 billion will be eligible for the scheme. (2-3 portfolios expected to be exchanged by March 2009).</p>	<p>With effect from October 17, 2008, the Central Bank of Russia (the "CBR") increased the maximum amount, which in accordance with the requirements and procedures established by Russian legislation, is payable by the CBR to an individual depositor having a claim against an insolvent Russian bank, from RUB 400,000 to RUB 700,000.</p> <p>On December 2, 2008, Kommersant released a statement by the Deposit Insurance Agency ("DIA") stating that it may raise the guarantee limit to RUB 1 million.</p>	<p>With effect from September 18, 2008, the CBR, aiming to stabilise the situation in the Russian financial markets and to support liquidity in the Russian banking sector, decreased interest rates on loans from the CBR secured by the pledge of promissory notes, receivables or suretyships provided by credit organisations as follows: from 8% to 7.5% per annum for rouble loans with a term of up to 90 calendar days; and from 9% to 8.5% per annum for rouble loans with a term of 91 to 180 calendar days.</p> <p>At the same time, the CBR raised the adjustment coefficient to calculate the value of security on the loans provided by the CBR, which is calculated based on potential fluctuations or changes in price of securities, and which is intended to decrease the CBR's risks related to the potential depreciation of the security.</p> <p>With effect from September 18, 2008, the CBR decreased the interest rate on collateral loans with a term of one day from 9% to 8%.</p> <p>In order to further improve market liquidity, in October 2008, the CBR took the following measures:</p> <p>(i) with effect from October 15,</p>	<p>As of November 19, 2008, the Russian Government had allocated approximately RUB 5.7 trillion (approximately US\$ 211 billion) to stabilise the situation in the Russian markets. Of this, the Russian Government spent RUB 175 billion (US\$ 6.5 billion) on highly-rated and liquid Russian shares and bonds to support liquidity in the Russian stock market. RUB 450 billion (US\$ 16.6 billion) was earmarked to provide long-term subordinated loans to Russian banks on favourable terms, RUB 200 billion (US\$ 7.4 billion) was allocated to VTB to provide loans to Russian enterprises to support the real economy sector and RUB 25 billion (US\$ 925 million) was provided to Rosselkhozbank (a Government-owned bank active in the agricultural sector) to support its lending program. In addition, the Russian Government contributed RUB 60 billion (US\$ 2.2 billion) to the charter capital of Agency for Housing Mortgage Lending thereby significantly increasing its capacity to refinance the mortgage portfolios of Russian banks.</p> <p>On October 13, 2008, Russia adopted the Federal Law No.173-FZ "On Additional Measures Regarding Support of the Russian Financial System", pursuant to which the CBR</p>	<p>There have been reports that Russia will acquire up to US\$ 20 billion of equity in various Russian companies in order to support the stock market. A number of transactions were recently announced relating to the purchase by entities allocated with the Russian Government of shares in various Russian companies and banks. For example, the Russian Federal Agency for Management of Federal Property purchased 3.3% of the shares in a large diamond-mining company "ALROSA" and is now holding a controlling stake in the company (50.9%). A controlling stake in Svyaz-Bank was bought by Vnesheconombank (the transaction was announced on September 23, 2008). In addition, on October 27, 2008 Vnesheconombank's board of directors approved the purchase of 99% of the shares in Globex Bank for the purposes of further stabilization of the Russian banking sector. A controlling stake in KIT-Finance was bought by Russian Railways (the transaction was announced on October 8, 2008); Sobinbank was bought by Gazenergoprombank (the transaction was announced on October 15, 2008); Yarsotsbank was bought by Promsvyazbank (in October 2008); Russian Capital Bank was bought by the</p>	<p>On November 20, 2008, the Russian Government announced its proposed measures aimed to support Russia's real economy sector, which provide, amongst other, for certain tax advantages for businesses. In particular, with effect from January 1, 2009, profit tax will be decreased from 24% to 20%, which will leave RUB 400 billion with Russian companies. Tax for small business is expected to be decreased in Russia's regions from 15% to 5%. According to the estimates of the Russian Ministry of Finance, the announced package of tax measures will cost RUB 556.6 billion.</p> <p>RUB 50 billion will be provided by the Russian Government to prevent the insolvency of Russian military industrial enterprises, to increase funding of interest rates and to invest in such enterprises' capital.</p> <p>On December 4, 2008, Russian prime minister Putin suggested that the DIA provide Russian banks with Government guarantees in respect of mortgages of individuals who lose their employment as a result of the financial crisis. Consequently, the Russian Government approved a programme of Government support for mortgage borrowers.</p>

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		<p>2008, the CBR reduced its reserve requirements as follows: on liabilities to individuals (in roubles) from 1.5% to 0.5%; on credit institutions' liabilities to non-resident banks (in roubles and foreign currency) from 4.5% to 0.5%; and on credit institutions' other liabilities (in roubles and foreign currency) from 2.0% to 0.5%. This new legislation brings the CBR reserve ratios to unprecedented low levels. These new reserve requirements are valid until April 30, 2009.</p> <p>On May 1, 2009, the CBR expects to raise the reserve requirements on all credit institutions' obligations to 1.5%, then again on June 1, 2009, to 2.5%;</p> <p>(ii) the interest rate on loans from the CBR secured by the pledge of promissory notes, receivables or suretyships provided by credit organisations was decreased by 0.25% to 8.25% per annum for rouble loans having terms of between 91 and 180 calendar days;</p> <p>(iii) the term for secured loans was raised from 30 to 90 calendar days; and</p> <p>(iv) the CBR was granted the right to provide rouble loans to Russian banks with no collateral for a term of up to six months.</p> <p>On October 3, 2008, the CBR</p>	<p>provided Vnesheconombank (VEB) with US\$ 50 billion (from the CBR's gold and currency reserves). VEB was given a mandate to refinance Russian major companies' debt to foreign banks, which arose before September 25, 2008. VEB's public criteria are to extend loans of between US\$ 100 million and US\$ 2.5 billion for one year at a minimum of 500 basis points above LIBOR. As of October 29, 2008, VEB had approved loans in the amount of approximately US\$ 10 billion (out of applications for loans exceeding US\$ 100 billion, approximately US\$ 70 billion from Russian banks and approximately US\$ 30 billion from Russian corporates).</p> <p>On December 1, 2008, VEB announced that, of the loans approved for banks and corporates, \$7.5 billion had already been transferred.</p> <p>Under this programme VEB announced further tranches of subordinated loans on November 11, 2008 - of RUB 200 billion - and on December 10, 2008 - of RUB 17.1 billion (of which RUB 10.2 billion was allocated to Alfa Bank, RUB 4.9 billion to Nomos Bank and RUB 2 billion to Khanty-Mansiysk Bank.</p> <p>According to a Reuters report on February 4, 2009, in 2009 VEB had already lent \$11 billion to</p>	<p>National Reserve Bank (the transaction was announced on October 23, 2008); VEB's board of directors approved the purchase of 99% of the shares in Globex Bank on October 27, 2008.</p> <p>According to official announcements, these transactions were made to support the banks which had become technically insolvent and could no longer perform their obligations to the depositors and creditors.</p> <p>On November 28, 2008, VTB Group announced that it will lend Alrosa US\$ 1.6 billion to help the state-owned diamond mining monopoly refinance its debt.</p> <p>On December 3, 2008, the Government announced that it was drafting legislation to buy out mortgages from Russian private banks in order to reduce banks' risk exposure (under the current threat of wide-scale mortgage defaults) and secure more favourable terms for borrowers.</p> <p>On December 17, 2008, it was announced that Ukraine's Prominvestbank, which has been in receivership since October, had signed a memorandum with Russia's VEB to help restore its financial position. It was reported that the sum needed to recapitalize the</p>	<p>As part of the programme, in December 2008 the DIA approved "Rules for Restructuring of Mortgage Residential Loans for Certain Categories of Borrowers in 2009" and published "Standards for Restructuring of Mortgage Loans for Certain Categories of Borrowers" which provide for the following restructuring schemes:</p> <p>(i) the mortgage lender and the DIA will provide funds to the mortgage borrower; or</p> <p>(ii) the DIA will provide a "stabilization loan" to the mortgage borrower.</p> <p>According to the DIA, option (i) above is likely to be the main scenario for the time being.</p> <p>There have been significant changes to the Russian insolvency framework with the introduction of two new laws on December 30, 2009, namely dealing with insolvency and pledge enforcement.</p> <p>The pledge enforcement law provides for new methods of enforcing pledges over assets (in addition to enforcement through auction which was the only option until the introduction of this new law).</p> <p>The Russian Government has raised custom duties on imported cars from 25% to 30-35% with effect from January</p>

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		<p>expanded the list of the assets, which can be provided as security on the loans granted by the CBR. In addition to the assets accepted by the CBR previously as security (such as promissory notes or receivables), the CBR allowed issues of bonds to be provided as security on its loans as well, provided that such bonds meet the following criteria established by the CBR:</p> <p>(i) the relevant issue of bonds is included into a list of issues of bonds (published in "Vestnik of the CBR"), which can be accepted by the CBR as security in accordance with the decision of the CBR's board of directors;</p> <p>(ii) the bonds are registered on the securities (depo) account opened with a depository;</p> <p>(iii) the bonds are owned by the borrowing bank, these are not charged by any other obligations of the bank and there are no disputes and/or submitted claims in respect of the bonds;</p> <p>(iv) the bonds have to be repaid not earlier than six days after the repayment date under the CBR loan; and</p> <p>(v) the borrowing bank is not the issuer of the bonds to be provided as security.</p> <p>On October 23, 2008, the Federal Law "On Additional</p>	<p>companies and banks to refinance foreign debt.</p> <p>The CBR provided Government-owned Sberbank, which suffered an unprecedented withdrawal of retail deposits in October 2008 (approximately RUR 80 billion (US\$ 2.9 billion), representing 2.5% of its retail deposits base, with a RUB 300 billion (US\$ 11.1 billion) subordinated loan in addition to the RUB 150 million (US\$ 5.5 billion) subordinated loan.</p> <p>In September 2008, the Russian Ministry of Finance, with the CBR's approval, relaxed the requirements for Russian banks to participate in state auctions with a view to placing budgetary funds with banks more efficiently, which allowed Russian banks to attract more funds from the Russian Ministry of Finance. In particular, 25 more banks (in addition to Sberbank, VTB and Gazprombank) were allowed to participate in state auctions. The following requirements were applied to such banks: general banking licence issued by the CBR; own funds of not less than 5 billion roubles; no budgetary funds-related indebtedness; obligatory participation in the deposit insurance system; and long-term solvency rating not less than "BB-" by Fitch and Standard & Poor's and "Ba3" by Moody's. In October 2008, the Russian Ministry of Finance</p>	<p>bank would be announced soon and submitted to the Government for consideration.</p> <p>On February 12, 2009 the Moscow Times reported that the Russian Government had refused to consider taking toxic assets off banks' balance sheets.</p>	<p>12, 2009 until October 2009. The aim of this measure is to support the Russian car industry during the economic crisis.</p> <p>On January 16, 2009, the Russian State Duma (parliament) approved amendments to the Fiscal Code that allow the Russian Government to directly provide subsidies to Russian regions in order to support them during the economic crisis. The amount and specific purpose of the subsidies is to be determined by the Government without the prior approval of the Duma. It is likely that primarily RUB 43,7 million will go towards the stabilization of the employment market, according to the Russian Ministry of Finance.</p> <p>On March 2, 2009, the Government will discuss the establishment of a new non-profit Government body, the Russian Finance Agency ("RFA"). It is proposed that the RFA will oversee the National Reserve Fund that is currently under the control of the CBR, as well as other financial activities as seen fit by the Government. These could be the reserve fund (RUB 4 billion), pension savings (RUB 350 million) as well as the national and foreign debt of the Russian Federation. The RFA will be run by a supervisory board. It is expected that initially, the RFA will not control the money itself, but will appoint</p>

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		<p>Measures Aimed to Strengthen Stability of the Banking System for the Period until December 31, 2011" was adopted, with effect from October 28, 2008, giving the state-run Bank for Development and Foreign Economic Activities (Vnesheconombank) 1.3 trillion roubles (US\$ 50 billion) to pay off or service Russian legal entities' foreign loans obtained before September 25, 2008. It came after President Dmitry Medvedev announced RUB 950 billion (US\$ 36.4 billion) of long-term help for banks at an emergency Kremlin meeting on October 7, 2008.</p> <p>Further, this legislation provides that in order to strengthen stability of the Russian banking system and to protect creditors' interests, if a Russian bank shows any signs of financial instability threatening the legal interests of its depositors and creditors, the CBR and the DIA, are allowed to take measures to prevent such bank's insolvency. In particular, the DIA and the CBR can, amongst other things, provide loans; acquire shares or participatory interests in such bank's charter capital in such amounts as to allow them to make decisions within the competence of the bank's shareholders or participants; perform functions of temporary administration on the basis of the relevant CBR decision; and arrange auctions for the bank's</p>	<p>further relaxed these requirements to allow participation in state auctions by banks having long-term solvency rate "BBB-" and "BB+".</p> <p>In addition, the Russian Ministry of Finance increased the amount of temporarily available budgetary funds from RUB 668 billion (US\$ 24.7 billion) to RUB 1.514 trillion (US\$ 56 billion) to support the liquidity of the Russian banking sector.</p> <p>The DIA has started to apply the RUB 200 billion (US\$ 7.4 billion) provided to it by the Russian Government to prevent the insolvency of Russian banks. The DIA has the authority to prevent the insolvency of Russian banks, by taking measures, that include providing financial assistance to the persons that acquire shares (participation interest), assets or liabilities (or their part) of a bank; providing financial assistance to the bank (provided that the DIA or investors will be purchasing shares (participation interest) of the bank in the amount, that would allow them to make decisions within the competence of the bank's shareholders (or participants). For example, on November 14, 2008, the DIA entered into an agreement for Probusinessbank to acquire Gazenergobank. Under the agreement, Probusinessbank as investor will acquire Gazenergobank's shares and</p>		<p>Russian and foreign experts to provide advice prior to investing the funds.</p>

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		<p>assets representing collateral in respect of the bank's obligations.</p> <p>For the purposes of the above-mentioned law, on November 1, 2008, the CBR approved the model form of the agreement between the CBR and credit organizations, which provides for compensation by the CBR of part of the losses or expenses incurred by the credit organization as a result of its transaction(s) made with other credit organizations (if their banking licences have been revoked) on or after October 14, 2008 until December 31, 2008 (inclusive). As of November 20, 2008, the CBR concluded such agreements with MDM Bank, Raiffeisenbank and Sberbank. The CBR also offered the same possibilities to other major Russian banks. These measures are aimed at stabilizing the situation in the Russian interbank market.</p> <p>On November 14, 2008, the CBR announced that it had taken away the banking licence of mid-sized Lefco and put the DIA in charge of Electronica bank.</p> <p>On November 27, 2008, the CBR announced that it had withdrawn the operating licence of Integro bank, citing a lack of capital; and withdrawn the operating licence of Kurganprom bank because of an inability to</p>	<p>will elaborate a plan for the financial rehabilitation of Gazenergobank with the aim of settling Gazenergobank's creditors' claims by March 1, 2009. The DIA, in turn, undertakes to provide financial assistance to Probusinessbank to assist it to fulfil its obligations. Under the agreement, on January 22, 2009, Probusinessbank increased its shareholding in Gazenergobank from 19.79% to 99.99203%.</p> <p>On October 14, 2008, to support the liquidity of the Russian banking system, the CBR increased fixed interest rates on operations with deposits, with effect from October 15, 2008, which is aimed at encouraging companies and individuals to make deposits.</p> <p>To decrease the outflow of capital from Russia and to restrain inflation, with effect from November 12, 2008, the CBR increased the refinancing rate (i.e., an interest rate applied by the CBR to credit organisations and depository institutions that borrow funds from the CBR, that influences interbank market rates and deposit interest rates) by 1% to 12%. This measure is intended to increase the return on borrowed assets.</p> <p>The specific mechanisms of government support have not been disclosed and there are reports that the situation in</p>		

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		<p>meet creditors' demands. Depositors of Integro and Kurganprombank will have to apply to the DIA to get their money back.</p> <p>On November 27, 2008, the CBR announced that a third of all Russian banks posted a loss last month, amid the country's worst financial crisis in a decade. A total of 288 banks were unprofitable in October 2008, with combined losses of RUB 69 billion (US\$ 2.52 billion).</p> <p>On November 27, 2008, the CBR urged banks not to increase their foreign currency longs in December 2008. The CBR advised organizations with a net short position in foreign currency not to build longs in the final month of 2008, stating that the monthly average net long balance positions in each currency should not be higher than for the October 25, 2008 to November 25, 2008 period.</p> <p>On December 1, 2008, the CBR announced that it would reduce the rating requirements for banks eligible to be compensated for their inter-bank lending losses to BB-/Ba3. This follows an announcement made on October 1, 2008 that the CBR will offer compensation in respect of inter-bank lending losses to eight banks with ratings of BB/Ba1 or above.</p>	<p>Russia may be exacerbated by geo-political tensions.</p> <p>The CBR has been carrying out regular loan auctions, with varying terms and interest rates, to 136 eligible banks since October 2008. The CBR announced on November 21, 2008, that it would reduce requirements for banks to take part in collateral-free money auctions, to include banks rated by Russian rating agencies (less than 12% of Russia's banks are rated by international agencies).</p> <p>On November 28, 2008, the Government announced that it intends to provide RUB 10 billion (US\$ 365 million) in subsidies for grain exports. The subsidies and accelerated refunds of value-added tax would allow 10 million tons of grain to be exported without providing a timeframe.</p> <p>On December 12, 2008, Prime Minister Vladimir Putin announced that the Government had reserved around RUB 9 trillion (US\$ 323 billion) to support Russia's banking system. Of this approximately RUB 4 trillion (US\$ 144 billion) has already been spent.</p> <p>On February 5, 2009, Russian Prime Minister Vladimir Putin announced that the Russian Government will offer RUB 500 billion (\$14 billion) to banks in the next few months. This</p>		

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		<p>On December 5, 2008, the Government announced that it would provide RUB 200 billion (US\$ 7.2 billion) to support the mortgage market. This would be distributed among banks that issue mortgages, while any mortgage-backed bonds issued by banks would be guaranteed by the Agency for Housing Mortgage Lending and refinanced by the CBR.</p> <p>On December 16, 2008, the CBR announced that it would increase the term of unsecured loans to banks to one year. Prime Minister Putin said legislation regulating the CBR must be amended to extend the term. The CBR has also cut limits on collateral-free loans for 34 out of the 136 banks eligible to take part in CBR money auctions. This measure comes after repeated warnings from the CBR and the Government that banks that use state aid to buy foreign currency will be punished.</p> <p>The CBR holds regular repo auctions, lending to commercial banks at low rates. On January 12, 2009, the CBR held an unsecured loan auction on the Russian Trading System (RTS, one of Russia's two major stock exchanges) providing participating banks with unsecured loans amounting to RUB 64.6 billion at 13.25% p.a. Another auction was held on</p>	<p>followed an announcement the previous day that the Russian Government had earmarked another \$40 billion for domestic banks.</p> <p>VTB will receive RUB 200 billion in Tier 1 capital, while VEB will receive RUB 100 billion in Tier 1 capital, and possibly another RUB 100 billion in Tier 2 capital or subordinated loans.</p> <p>The scheme will allocate an additional RUB 100 billion to be given in subordinated loans to private banks. This will, however, come with the condition that shareholders of those banks match the state support on an equal rouble basis.</p> <p>The funds were aimed at increasing lending in the banking sector, and the Russian Government instructed recipients of the funds to increase the amount they lend by 2% per month.</p> <p>According to RIA Novosti, on February 3, 2009, Prime Minister Vladimir Putin warned Russian banks against using state funds for currency speculation, reminding bankers that state assistance to the financial system was not charity: "Funds are given to banks on the basis they will be returned, and they should be spent not on financial speculations but go to the real sector in the form of</p>		

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		<p>January 19, 2009, with unsecured loans amounting to RUB 22.7 billion at the annual rate of 13.41% being provided by the CBR.</p> <p>On January 27, 2009, the CBR issued 77.43 billion roubles in five-week collateral-free loans, out of 80 billion roubles on offer. The average rate was 16.77%, while the cut-off rate stood at 15.55%.</p> <p>On February 10, 2009, the CBR injected 94.47 billion roubles (\$2.62 billion) of seven-day funds into the banking system at a rate of 11.63%. A maximum of 100 billion roubles had been on offer. The week before the CBR injected RUB 82.5 billion of seven-day funds at 10.51%.</p> <p>On February 16, 2009, the CBR auctioned RUB 19.31 billion in three-month collateral-free loans to commercial banks, out of 25 billion roubles on offer. The cut-off rate at the auction was 17.54%.</p> <p>On February 19, 2009, Alexei Ulyukaev, the CBR's First Deputy Chairman, announced that the CBR has been cutting limits on collateral-free loans.</p>	<p>loans to enterprises".</p> <p>While Sberbank announced on February 18, 2009, that it did not require additional financing, it is rumoured that Sberbank was offered a RUB 500 billion subordinated loan. According to Reuters, the CBR has promised it a capital injection if its exposure to bad loans increases.</p>		

SLOVAKIA

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
<p>The government recently announced the intention to introduce new measures including state guarantees for debts of individuals who were unable to pay for mortgage loans due to losing their jobs. While these measures are expected to be submitted to the parliament in March, no further details have been published so far.</p>	<p>The Slovak legislative body has decided to implement the Economic and Financial Affairs Council of the Council of the European Union ("ECOFIN") recommendation on the increase of deposit guarantees through the adoption of the amendment of the Act No. 118/1996 Coll. on Protection of Deposits, as amended. This legal instrument is effective as of November 1, 2008, and increases the guarantee of deposits in the commercial banks provided by the Fund on Protection of Deposits to a 100% percent of the value of depositions without a limit of a maximum amount of the guarantee (from the previous level of 90% compensation and maximum guarantee amount of €20,000).</p>		<p>The Government of the Slovak Republic announced that it intends to adopt measures to increase the equity capital in state bank institutions being Eximbank (focusing on support of export/import) and Guarantee and Development Bank (dedicated mainly to support business activities of SMEs and their accessibility to capital), allowing them to increase their liquidity and thus the ability to compensate for the expected worsening conditions for loan availability provided by commercial banks to business enterprises.</p> <p>The increase of registered capital will be effectuated in the beginning of 2009 and will present approximately €30 million (Slovak Guarantee and Development Bank) and €11 million (Eximbank) respectively, with the Government's planned assessment for any potential further increases in loan capacities of the mentioned banks by €45-55 million (through a loan from the European Investment Bank and subsidy from the state to the insurance funds of Eximbank).</p> <p>The Government also recently announced the intention to introduce new measures including state assistance to the automotive industry and</p>		<p>In order to facilitate accessibility of SME's to working capital from commercial banks through loans, the Ministry of Finance of the Slovak Republic, commercial banks and state banks Eximbank and Guarantee and Development Bank concluded the Memorandum for cooperation, concerning provision of so called accelerated guarantees.</p> <p>According to presently available public information, selected loans of up to €340,000 (in each individual case) to be drawn by SME's from commercial banks will be able to utilize guarantees provided by the state banks up to the level of 55% of the loan. This will allow SME's to draw the bank loans even under currently more strict policy of banks regarding provision of securities. According to representatives of commercial banks, this project will be employed mainly to finance working capital (not investments). On the basis of the Memorandum, separate agreements stipulating details of state guarantees will be signed with respective commercial banks participating on the project in a short period of time.</p> <p>The project of the Ministry of Finance of the Slovak Republic is a response by the State in relation to published information</p>

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			<p>financial aid to the State Housing Development Fund. These measures are expected to be submitted to the parliament in March.</p>		<p>on lower availability of loan capital from commercial banks in the recent period due to the global capital crises.</p> <p>Investment Measures</p> <p>The Government also declared its intention to support significant public investments to PPP projects - EUR 1,33 billion is expected to be spent in 2009.</p> <p>The amendment to the Investment Aid Act No. 561/2007 Coll., as amended, will be introduced for the period from April 1, 2009 to December 31, 2010. The minimum investment amount for the provision of long-time tangible and intangible property required to obtain the grant is decreased by half for the projects in industrial production. For projects in tourism, the minimum investment amount is lowered to EUR 9.960.000 for tangible property and EUR 4.980.000 for intangible property, respectively. The provision of new production and technological devices for production purposes is lowered to 40% of the overall value of the provided long-time tangible and intangible property in the industrial production, and 20% in tourism.</p> <p>Tax and Employment Measures</p> <p>From March 1, 2009, the non-taxable part of the tax base of</p>

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					<p>individuals income tax will be increased from 19,2-multiple of the life minimum (EUR 3.435,26) to 22,5-multiple of the life minimum (EUR 4.017,80). This measure is aimed at decreasing the tax burden of individuals with low and medium income.</p> <p>The minimum input price for assets depreciation for the purpose of income taxation will change from EUR 996 to EUR 1,700 for tangible property, and from EUR 1.660 to EUR 2.400 for intangible property, respectively. This measure should increase tax depreciation, which should improve cash-flow and stimulate purchase of property. Furthermore, several sorts of tangible property will be transferred into lower depreciation groups. Separate depreciation of detachable parts of tangible property is introduced.</p> <p>Individual – entrepreneurs who do not have any employees and whose income does not exceed EUR 170.000 per year will be exempted from the duty of book-keeping.</p> <p>Administrative burden for SMEs in respect of notification duties and sale licences for alcohol in consumer packages is lowered. Analogous measures were adopted in respect of the mineral oils excise tax.</p>

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					<p>The Act No. 5/2004 Coll. on Employment Services is amended from March 1, 2009, providing state assistance measures to the employment market in order to preserve the employment rate and create new job opportunities using active measures on employment market. Conditions for establishment of so-called social enterprises employing at least 30% of handicapped employees are simplified, mostly for municipalities and self-governing regions.</p> <p>A new employment-sustaining grant has been introduced for employers which sustain work positions even in case of serious operational reasons (pursuant to Section 142 (4) of the Labour Code), provided that they preserve existing work positions and provide employees salary compensation of 60% of agreed salary. The grant is aimed at covering salary and levies expenses and is granted for a maximum period of 60 days during one year.</p> <p>A grant for the creation of new work positions will be granted to employers performing their activities for at least 12 months, in the amount of 15% of overall labour value in Bratislava region, 30% in other regions, at most 50% of overall labour value of new employee. The grant will be provided for a maximum period</p>

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					of 12 months.

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<p>As of November 20, 2008, Slovenia may guarantee loans granted to credit institutions with a registered seat in Slovenia up to maximum nominal amount of € 12 billion. Only loans with maturities from three months to five years are eligible. The guarantee does not extend to structured financial instruments, subordinated debt and loans to related entities.</p> <p>Participating institutions may also be required to meet certain additional requirements on corporate governance with respect to bonuses, dividends payments and other requirements.</p> <p>The Government Regulation valid from December 6, 2008¹ sets the amount of state guarantee fees. The annual fee is generally dependent from the beneficiaries' rating and loan maturity. The fees for guarantees with maturities over one year are as follows:</p> <p>AAA rating: 25 bps + 50 bps</p> <p>AA (all) rating: 40 bps + 50 bps</p> <p>A (all) rating: 45 bps + 50 bps</p> <p>BBB (all) rating: 50 bps + 50 bps</p> <p>BB (all), lower rating, no rating: 55 bps + 50 bps.</p>	<p>Slovenia has implemented the amendment of the Banking Act (OG of the RS no. 131/06 as amended) pursuant to which the amount of the guaranteed deposit is not limited anymore.³ The measure is valid from November 20, 2008 to December 31, 2010.</p>		<p>The amendment of the Public Finance Act (OG of the RS no. 79/99 as amended) provides the Government with the power to recapitalize credit institutions, insurance companies, reinsurance companies and pensions companies with a registered seat in Slovenia. Detailed provisions have not been adopted yet.</p> <p>Participating institutions may also be required to meet certain additional requirements on corporate governance with respect to bonuses, dividend payments and other requirements.</p>	<p>The amendment of the Public Finance Act provides the Government with power to purchase troubled financial assets of credit institutions with a registered seat in Slovenia.</p> <p>Credit institutions may also be required to meet certain requirements on corporate governance.</p>	<p>Granting loans:</p> <p>The amendment of the Public Finance Act provides the Government with power to grant loans to credit institutions, insurance companies, reinsurance companies and pensions companies with a registered seat in Slovenia.</p> <p>The maturity of the loans is 1 to five years. The interest rate is determined in each specific case by the Government. The interest rate is calculated by adding (i) the cost of a loan (including interests) with similar maturity which is secured with the state guarantee and (ii) a credit risk margin. The credit risk margin is determined by taking into account the beneficiary's rating, as follows:</p> <p>AAA rating: 25 bps + 50 bps</p> <p>AA (all) rating: 40 bps + 50 bps</p> <p>A (all) rating: 45 bps + 50 bps</p> <p>BBB (all) rating: 50 bps + 50 bps</p> <p>BB (all), lower rating, no rating: 55 bps + 50 bps.⁴</p> <p>If granted a loan, the beneficiary must undertake to provide Slovenia with the right to subscribe the beneficiary's shares by way of contribution in kind (the object of which is</p>

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<p>For state guarantees up to one year, the fee is 50 basis points (bps) irrespective of the rating.</p> <p>Liquidity Guarantee Program:</p> <p>The Liquidity Guarantee Program (the "Program") provides € 1 billion of state guarantees for the banks with intention to finance the real sector economy.</p> <p>The Slovenian Government will guarantee 80% of each loan granted to a company under the Program. Program conditions are: by granting a loan, each bank undertakes 20% of the credit risk; loan maturity ranges from six months up to five years; loan is properly secured; only new loans are eligible, a debtor has A or B ranking according to the rules of the Central Bank of Slovenia.²</p> <p>State guarantee to SID banka d.d.</p> <p>State guarantee to SID banka d.d. is planned to be granted in an amount of € 500 million, of which € 300 million is envisaged to be financed by the EIB.</p> <p>State guarantee to NLB banka d.d.</p> <p>State guarantee to NLB d.d. is planned to be granted in an amount of € 1 billion.</p>					<p>Slovenia's claim towards the beneficiary – debt-to-equity swap). The beneficiaries may also be required to meet certain requirements on corporate governance.</p> <p>State guarantees to the real sector economy under the Liquidity Guarantee Program (see first column):</p> <p>The state guarantees to the companies can be approved until December 2010. The maximum total amount of the guarantees is € 500 million. General guarantee fees shall be reduced by 15 to 25%. Only 50% of a loan amount is entitled to be covered by such a state guarantee. Other conditions are: only loans for investments and working capital are eligible; maximum loan amount is calculated for each company (taking into account the annual amount of company's wages).</p> <p>Fiscal Measures:</p> <p>Wage Related Subsidies:</p> <p>Employers who reduce the number of hours of work from 40 to 36 (weekly) are entitled to monthly € 60 subsidies for each employee. If employers reduce the number of hours of work to 32 (weekly), they are entitled to monthly € 120 subsidies for each employee. The employees are in such cases considered as full time employees in all</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
					<p>respects.⁵</p> <p>Income tax:</p> <p>Income tax general rate of taxation will gradually decreased. The general rate of taxation will be 20 % of the tax base for year 2008, 19 % of the tax base for year 2009 and 18 % for year 2010 and the subsequent years.</p> <p>The amount of the prepayment of the income tax has been reduced for one percent, and is therefore fixed at 21 % for year 2009.⁶</p> <p>The amount of the tax relief for investments has been increased to 30 % of the invested amount (but cannot exceed the amount of the tax base). The tax relief can be exercised in the year of the investment.</p> <p>The amount of the general tax relief for research and development has been increased from 20% to 40 % of the invested amount.⁷</p> <p>Personal Income Tax:</p> <p>The amount of the tax relief for investments (for sole proprietors, farmers, etc.) has increased to 30 % of the invested amount (but cannot exceed the amount of the tax base) and the limitation in absolute amount of €10.00 has been abolished.⁸</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
					<p>Special tax relief has been granted to sole proprietors for the years 2008, 2009 and 2010; they are entitled to lower tax base for the amount of the investments in cargo vehicles (EURO V) and buses (Euro IV).⁹</p> <p>Loans to the industrial sector:</p> <p>The Government shall prepare new de minimis program which will include granting loans and subsidies to the industrial sector in total amount of € 20 million. The Program shall be in force until December 2010.¹⁰</p> <p>The Government shall prepare a program for strategic projects in clean technology and technological advanced industry sector which will include granting long-term loans in total amount of € 100 million.</p>

¹ The Regulation on the Measures and Conditions for Guarantee Issue Pursuant to the Article 86.a of the Public Finance Act (OG of the RS no. 115/08).

² The Liquidity Guarantee Program has been adopted by the Government on 19 February 2009. The Program has to be adopted by the parliament in a form of an act.

³ Before the respective amendment, the amount of the guaranteed deposit was limited to €22,000.

⁴ The Regulation on the Measures and Conditions for Granting Loans Pursuant to the Article 81.a of the Public Finance Act (OG of the RS no. 119/08).

⁵ The Act on Subsidies for Full Time Employment was adopted by the Parliament but has not been published in the OG of the RS yet.

⁶ The Amendment of the Tax Procedure Act (OG of the RS, no. 125/2008).

⁷ The Amendment of the Income Tax Act was adopted by the Parliament but has not been published in the OG of the RS yet.

⁸ The Amendment of the Personal Income Tax (OG of the RS, no. 125/2008).

⁹ The Amendment of the Personal Income Tax (adopted by the Government on 19 February 2009, not yet adopted by the Parliament).

¹⁰ The decision on such Program has been adopted by the Government on 19 February 2009 and has to be approved by the European Commission.

SPAIN

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
<p>The Spanish Minister of Economy and Finance has been authorized by Royal Decree to guarantee new funding operations of Spanish credit entities.</p> <p>In 2008, €100 billion were available for the Spanish Government to guarantee issuances of debt instruments traded on official Spanish secondary markets, of which €90 billion had been allocated to 53 eligible entities upon their request by December 31, 2008. In 2009, a further €100 billion will be available for this matter. The guarantees are available until December 31, 2009. The expiry date of the guaranteed transaction must not exceed five years.</p> <p>On November 21, 2008, through a Ministerial Order, the Spanish Minister of Economy and Finance has established:</p> <p>(i) The main features of the guarantees include among them, the irrevocable and unconditional nature of the guarantees and the waiver of the benefit of prior exhaustion of the guaranteed entity's assets.</p> <p>(ii) The entities eligible to adhere to the guarantee scheme: Spanish credit entities and consolidated groups of Spanish</p>	<p>The Spanish Government has implemented the Economic and Financial Affairs Council of the Council of the European Union ("ECOFIN") agreement on raising depositor guarantee levels by increasing the maximum amount guaranteed by the Deposit Guarantee Fund and the Investment Guarantee Fund from €20,000 to €100,000 per account holder and entity.</p> <p>This measure is applicable to deposits of cash or securities in credit entities and investment services firms authorized to operate in Spain, including those that are subsidiaries of foreign credit entities or foreign investment services firms, as well as the branches of such entities that are adhered to these funds.</p>		<p>The Government has also authorized the Minister of Economy and Finance until December 31, 2009, to acquire, upon request of the relevant entity, securities, preferred shares or other similar capital instruments issued by Spanish credit entities.</p> <p>The securities that the Government acquire will not be subject to the limitations established by the legislation for regulatory capital purposes.</p> <p>Purchase agreements will be finalized following the issuance of a report by the Bank of Spain.</p> <p>To date, no entity has requested the Minister of Economy and Finance to subscribe for its equity securities.</p>	<p>In a move to drive liquidity, the Financial Assets Acquisition Fund (the "FAAF") has been established (on a temporary basis) to invest in the financial assets of credit entities or securitization funds backed by loans granted to individuals, companies and non-financial entities. Assets backed by new credit transactions originated on or after October 7, 2008, will have priority for the purpose of its acquisition by the FAAF.</p> <p>The FAAF will be financed through the issuance of Government bonds. €30 billion is available and may be increased to €50 billion if required.</p> <p>Unlike the U.S. TARP, the FAAF targets high quality assets of the financial institutions rather than troubled assets.</p> <p>On October 31, 2008, the Minister of Economy and Finance issued the corresponding developing regulations governing its operation, and the General Directorate of the Treasury and Financial Policy, as secretary of the Governing Council of the FAAF, published the composition of the Executive Committee (the body that manages the FAAF) and the criteria for the selection of</p>	<p>On November 28, 2008, the Spanish Government approved by Royal Decree certain economic, tax, employment, and access to housing measures. In particular, these measures are aimed at:</p> <ul style="list-style-type: none"> - promoting the recruitment of certain unemployed people and facilitating self-employment; - establishing a new bonus in the employer's Social Security contributions for those employers who hire unemployed workers for an indefinite period that have one or more dependent children. This bonus will be €125 per month and per employee for two years; - increasing the amount of the unemployment benefit payable by way of a one-off upfront payment to unemployed workers who set up a new business, in order to facilitate that these workers become self-employed; - enabling the unemployed (jobless workers and pensioners) and the self-employed who have seen their income reduced significantly as a result of the crisis to have access to a temporary and partial mortgage moratorium. <p>Under this measure, such persons will be allowed to delay</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
<p>credit entities provided that (a) they have a share of at least 0.1% of the aggregate outstanding amount of loans and credits to Spanish residents, and (b) have issued in the previous five years securities of like nature to those for which the State guarantee is sought.</p> <p>(iii) The financing transactions that may be guaranteed, which comprise issuances of unsecured and unsubordinated commercial paper, bonds and notes in Spain with a maturity of between three months and three years (securities with a longer maturity, up to five years, are eligible for guarantee subject to a report by the Bank of Spain) and which meet other conditions, including the requirement of a minimum issuance amount of €10 million.²</p> <p>(iv) The basis for calculation of the fees to be charged by the State for the granting of the guarantee.</p> <p>(v) The maximum amount of guarantees to be granted to each individual entity and the procedures to be followed for the granting of the guarantees.</p> <p>The State will guarantee only the principal of the loan and the ordinary interests. In the event that the issuances are denominated in foreign currencies, the guarantee will also cover the exchange risk.³</p>				<p>assets eligible for purchase.</p> <p>The selection of assets to be purchased by the FAAF is made by auctions, where the bids submitted may be competitive or not-competitive. The assets in which the FAAF may invest by way of firm and definitive purchases include mortgage-backed bonds and asset-backed securitization bonds, and by way of sale and repurchase (repo) transactions the FAAF may invest in mortgage-backed bonds, asset-backed securitization bonds and mortgage-backed securitization bonds (backed by loans granted to individuals, companies and non-financial entities) provided they meet certain requirements regarding: (i) the date of issuance, (ii) admission to trading on a regulated market, (iii) credit rating, and (iv) maturity date or estimated average maturity.</p> <p>The results of the auctions are published on the website of the FAAF within a maximum period of three business days, including the following details: (i) the aggregate amount of the bids received, (ii) the amount effectively allocated to the bids, (iii) the total number of bids, (iv) the number of allocated bids, (v) the marginal rate of the auction, and (vi) the weighted average rate of the auction.</p> <p>The first auction was held on</p>	<p>half their mortgage payments (maximum € 500/month) for up to three years⁴ (beginning March 1, 2009 to February 28, 2011) provided they meet certain requirements, including: (i) that mortgage loan is made prior to September 1, 2008 (maximum eligible mortgage is €170,000); (ii) that there is a prior agreement between the appellant and the lending credit; and (iii) that the debtor is not in arrears in its payment obligations; and</p> <p>- extending, on an extraordinary and temporary basis, the tax benefits enjoyed by owners of housing savings accounts and owners of houses who are bearing mortgages or who have purchased a new house and have not yet been able to dispose of its primary residence.</p> <p>In addition, tax legislation has been amended in order to permit monthly VAT reimbursement upon taxpayers' request.</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
<p>In consideration the issuer must provide collateral in the form of Spanish debt securities to the General Directorate of the Treasury and Financial Policy. The amount of collateral will be reassessed monthly. The General Directorate of the Treasury and Financial Policy will be entitled to enforce such collateral on the date of the enforcement of the guarantee to recover the damages resulting from exchange rate fluctuations, if any.</p> <p>Finally, in the event of enforcement of the guarantee, the Government shall notify the Bank of Spain so that it can analyze if the requirements for intervention of the guaranteed entity are met.</p> <p>So far € 8,000 million of State-guaranteed medium term notes with maturity on February 2012 have been issued by five different entities, and further issues are expected in the next few weeks.</p>				<p>November 20, 2008, and the acquisitions of assets were made by way of sale and repurchase (repo) transactions. The FAAF acquired assets worth €2,115 million of the €5,000 million available. The remainder €2,885 million increased the €5,000 million set aside for the following auction, which was held on December 11, 2008, where the FAAF acquired €7,224 million by way of firm and definitive purchases of assets.</p> <p>In the third auction, which was held on January 21, 2009, the FAAF acquired assets worth €4,000 million, by way of repo transactions.</p> <p>Lastly, in the fourth auction, held on January 30, 2009, the FAAF acquired, by way of firm and definitive purchases, assets worth €6,002 million.</p>	

¹ The Spanish Minister of Economy and Finance has finally decided not to guarantee inter-bank debt.

² The form to apply for the state guarantees on the issuance of debt securities by banks was published on November 25, 2008.

³ On December 23, 2008, through a new Ministerial Order, the Spanish Minister of Economy and Finance amended some of the requirements provided in the previous Ministerial Order which, given the critical situation of the market, could be an obstacle to the effectiveness of the guarantees.

⁴ On February 6, 2009, the Minister of Economy and Finance delayed the period of computation of the payments subject to the moratorium, deferred the repayment (from January 1, 2011 to March 1, 2012) and extended the maximum repayment term (from 10 to 15 years).

SWEDEN¹

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
<p>A guarantee scheme was introduced the last days of October 2008 in order to secure the medium term financing needs of Swedish banks. The total amount which may be guaranteed under the program is SEK1,500 billion; hereof 500 billion may be allocated to covered bonds with terms of three to five years. The program is open until April 30, 2009, but may be extended until December 31, 2009.</p> <p>Eligible under the guarantee scheme are Swedish banks, savings banks and credit market companies that have a considerable share of their lending secured by real estate pledges. Moreover, it is required that an applying bank or credit market company satisfies certain requirements regarding capital adequacy, i.e., in respect of the Tier 1 capital ratio and the capital base, and if considered sufficiently capitalized it will be eligible.</p> <p>Guarantee undertakings which are issued to an individual bank may not from time to time exceed the higher of (i) the aggregate of maturing debt instruments issued by the bank and (ii) 20% of bank's deposits on account from the public as at September 1, 2008.</p>	<p>Effective as of October 6, 2008, Sweden has amended the Act (1995:1571) on Deposit Guarantees such that the government guarantee for deposits was increased from SEK250,000 up to a maximum amount of SEK500,000.</p>		<p>The Swedish Government will provide a fund to recapitalize banks if required as well as providing banks with liquidity (a capital injection will likely be in the form of preference shares).</p> <p>The Swedish Financial Supervisory Authority has, as of December 12, 2008, amended its Regulations (FFFS 2008:27) pertaining to Capital Adequacy to the effect that Tier 1 capital contributions may now represent a maximum of 30% a firm's original own funds, whereas previously the limit was 15%. The purpose of this change is to increase the Swedish banks' lending capacity. On December 18, 2008, the responsible Minister stated that the Swedish state may make Tier 1 capital contributions to Swedish banks in order to help increase their lending capacity. On February 3, 2009 the Government announced that the National Debt Office may provide capital to solvent banks, either within the context of new share issues or by making Tier 1 capital contributions. The National Debt Office has been authorised to provide capital as aforesaid up to a total amount of SEK 50 billion (SFS 2009:46). One condition for Tier 1 capital contributions is that the receiving bank accepts restrictions as to compensation schemes for the top five</p>	<p>Kaupthing Bank hf.:</p> <p>Riksbank will loan as much as SEK5 billion (US\$ 700 million) to the Swedish unit of Kaupthing Bank hf., after the subsidiary failed to meet payment obligations and was put up for sale.</p> <p>Swedbank:</p> <p>On November 4, 2008, Swedbank (the country's largest savings bank) became the first Swedish bank to seek state help to lower its funding costs by signing up for the Government's SEK1,500 billion guarantee program. Swedish banks had suffered little direct impact to the credit crisis because they had little subprime exposure, but are now suffering from short-term liquidity pressures and longer-term concerns over the slowdown in the Nordic and Baltic economies.</p> <p>Carnegie Investment Bank:</p> <p>On October 26, 2008, the Swedish Riksbank granted a credit of SEK1 billion to Carnegie Investment Bank in order to avoid a possible default situation for the bank. On October 28, 2008, the credit was increased to a maximum of SEK5 billion. As security for the credit, the parent holding company D Carnegie & Co AB, pledged i.e. all of its shares in</p>	<p>On October 30, 2008, the Act (2008:814) on State Support to Credit Institutions came into force.</p> <p>Pursuant to the provisions of the Act, state support in the form of guarantees, capital contributions or otherwise may be provided to Swedish banks and credit institutions (credit market companies) if deemed necessary to prevent serious disruption to the Swedish financial system. If the support takes the form of a capital contribution to the affected institution this will be against preference shares with higher voting rights than existing shares. The State can also provide support by underwriting (and guaranteeing) a new share issue.</p> <p>The Act provides that any state support must be commercially sound and not distort competition. Moreover, the terms and conditions of any state support must be drafted such that the existing shareholders of the institution bear any losses incurred by the institution.</p> <p>The Act also gives the State the right to redeem the shares of a credit institution under certain circumstances – i.e., if the institution or its shareholders have refused to accept the</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
<p>The National Debt Office (the "Debt Office") will request applying banks to enter into a Guarantee Agreement with the Debt Office. Under the terms of the Guarantee Agreement, the banks have to restrict compensation levels to the top five executives, such that their salaries must not be increased and bonuses or stock options not granted as long as the Guarantee Agreement is in force. There is also a commitment not to increase the remuneration to Board directors. Moreover, the terms of the Guarantee Agreement further provide that the relevant bank may not refer to the government guarantee when marketing credit and the bank will also have to undertake not to significantly expand its activities, if the expansion would not have taken place in the absence of the government guarantee.</p> <p>The government guarantee may be issued in respect of bonds and other instruments subject to trading on the capital market. The relevant bank's debt instrument must have a term of more than 90 days but less than 3 years, except for covered bonds which may have a term of up to 5 years.</p> <p>A guarantee issued by the Swedish State (the Kingdom of Sweden) through the Debt Office, will be irrevocable and unconditional (subject to the</p>			<p><u>executives.</u></p> <p>(See other columns.)</p>	<p>Carnegie Investment Bank and Max Matthiesen (insurance brokers and pension consultants). The credit was subsequently assigned to the Debt Office. On November 10, 2008, the Swedish FSA withdrew Carnegie's banking licence (for violations of banking regulations, i.e. the large exposures provisions). Following the withdrawal of the banking licence, the Debt Office, under the pledge agreement, took over the title to the shares in the banking company and the insurance brokers. As a result of the takeover, the FSA reconsidered its decision and in view of the new ownership, revoked its withdrawal decision and instead issued a warning to the bank.</p>	<p>terms for state support; provided that the Settlement Board (for settlement of disputes concerning support provided under the Act) has declared the terms of the proposed support not to be unreasonable.</p> <p>The Act provides for the establishment of a stabilization fund. The fund will be financed through fees collected from the banks and credit institutions. It is expected that the fund will reach SEK150 billion within a period of 15 years. The fund will be administered by the National Debt Office.</p> <p>Iceland:</p> <p>On November 5, 2008, officials from the central banks and finance ministries of Norway, Sweden, Finland and Denmark held a meeting in Stockholm to discuss their contributions to a \$6 billion rescue package for Iceland. The four Nordic nations have said that they are willing to support Iceland, but only after it agreed to design and implement an economic stabilisation plan in association with the IMF. The loans would also require approval from the respective countries' parliaments.</p> <p>Home Owner Protection:</p> <p>BKN, the National Housing Credit Guarantee Board, a national government agency under the Ministry of Finance, administers Government credit</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
<p>terms of the guarantee). There is no requirement to exhaust any remedies against the bank issuer prior to making a demand under the guarantee.</p> <p>Banks availing themselves of the state guarantee will have to pay a fee, based on the Recommendations on Government Guarantees on bank debt issued by the European Central Bank October 20, 2008. The fee payable is based on market benchmarks and will take into account institution-specific risk (median spread for credit default swaps or credit rating) plus a mark-up of typically 50 basis points.</p> <p>The Swedish Government guarantee scheme has been notified and approved by the European Commission (State Aid No. 533/2008).</p> <p>At this point in time only one major Swedish commercial bank and an automotive financing company has joined the scheme, whereas the three other major Swedish banks have indicated a reluctance to join. It is believed that the banks have issues with: (i) the fee and (ii) the restriction imposed on any expansion by the banks. In view hereof, the National Debt office has waived the restriction on expansion and has lowered the fees slightly in order to make the scheme more attractive to</p>					<p>guarantee programs for housing development. Government credit guarantees can be provided for loans advanced by financial institutions operating in Sweden. On December 16, 2008, the responsible Minister instructed BKN to draft a program, the purpose of which was to protect house owners against significant falls in value of their housing properties, causing a lending bank to call its loan, because the value of the bank's security has depreciated. As this program is presently understood, the Government would guarantee the loans vis-a-vis the bank. It has been emphasized by the Minister that only house owners capable of servicing their debts on an on-going basis will be eligible under the program.</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
the banks.					

¹ In summary, the Swedish stabilization measures include the implementation of a general framework for giving state support to ailing credit institutions, the creation of a stabilization fund and a temporary guarantee program. The guarantee program is governed by the Ordinance (2008:819) on State Guarantees for Banks and the National Debt Office Regulation (2008:1) concerning State Guarantees for Banks.

SWITZERLAND

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES ²	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
<p>The Government did not take any ad hoc measures to guarantee inter-bank debt. However, in connection with the bill seeking the approval of the UBS recapitalization measure, it expressly mentioned that it would act should the prevailing conditions require such action.</p>	<p>Under a temporary act of the Swiss Federal Assembly, the maximum amount under the deposit guarantee scheme was raised to CHF 100,000 (or roughly €66,666). The system will continue to be based on both a preferential treatment in insolvency proceeding and an insurance system but with an increase capped at CHF 6 billion (approx. €4 billion). In addition to this insurance system, however, institutions with guaranteed deposits exceeding CHF 6 billion will have to cover these deposits by holding approved securities in an amount equal to 125% of the guaranteed deposits, subject to a possible exemption from FINMA, the Swiss Financial Market Authority.</p> <p>Whereas until now, individual retirement accounts (so-called 3a accounts) were added to an individual's ordinary savings for the purposes of the deposit guarantee system. Under the revised bill they will be treated as separate claimants. Thus, a given person may receive up to CHF 200,000 (or €133,333) in guaranteed deposits: half of them through its individual savings and the other half through the investment retirement account. However, the individual retirement accounts will not be covered under the deposit insurance</p>	<p>The Swiss National Bank ("SNB") and the Swiss Central Bank, took several special measures to overcome the financial crisis using open market transactions:</p> <p>USD Auctions:</p> <p>Since December 2007, in conjunction with the Federal Reserve, the Bank of England, the Bank of Japan and the European Central Bank (ECB), it repeatedly injected liquidity through several US\$ auctions.</p> <p>CHF Liquidity Facilities:</p> <p>In October 2008, acting with the ECB to improve the liquidity of the Swiss Franc, the SNB entered into a EUR/CHF swap, allowing the ECB to auction Swiss Francs to Eurosystem Institutions. This measure sought to offer Swiss Francs to financial institutions that do not have access to the normal open market operations of the Swiss National Bank.</p> <p>To neutralize the monetary effect of this added liquidity, it issued CHF-denominated SNB Bills with a seven-day term.</p> <p>In November 2008, the Swiss National Bank entered into a similar arrangement with the Narodowy Bank Polski ("NBP"), the Polish central bank, allowing</p>	<p>Credit Suisse Group AG:</p> <p>On October 16, 2008, Credit Suisse raised CHF 10 billion Tier 1 capital through a combination of a sale of treasury shares, the issuance of a mandatory convertible bond and the issuance of a non-dilutive hybrid instrument through a private placement with a group of investors, including a wholly owned subsidiary of the Qatar Investment Authority.³</p> <p>UBS AG:</p> <p>In December 2007, UBS raised CHF 15 billion in Tier 1 capital through the sale of treasury shares and the private placement of a CHF 13 billion mandatory convertible note with the Government of Singapore Investment Corporation Pte. Ltd., the sovereign state fund of the Government of Singapore and a private investor.⁴</p> <p>In June 2008, UBS AG carried out a CHF 15.97 billion rights offering.⁵</p> <p>On October 16, 2008, the Federal Council and the Swiss National Bank announced a concerted effort to recapitalize UBS AG.</p> <p>The measure is divided into two legs:</p> <p>First, the Federal Council, acting</p>	<p><i>See recapitalization measures.</i></p> <p>UBS will transfer US\$ 60 billion in illiquid securities of its balance sheet. This sale will be financed by a US\$ 54 billion loan from the Swiss National Bank at LIBOR plus 250 basis points. The Swiss National Bank will control the SPV and will be entitled to an equity kicker of CHF 1 billion plus 50% of any remaining equity after repayment of the loan in principal and interest.</p>	<p>Assistance to Other Financial Institutions:</p> <p>The Federal Council, the Swiss executive, has announced in connection with the bill seeking the approval of the UBS recapitalization that it would provide on a case-by-case basis similar assistance to other banks of systemic relevance.</p> <p>Stabilization Measures:</p> <p>The Federal Council announced on November 12, 2008, that it would take various measures to stabilize the economic situation:⁸</p> <p>First, it anticipated certain expenditures that were already approved by Parliament. These expenditures relate mainly to specific projects of various departments which were approved by Parliament but not yet implemented pending budgetary approvals. It also accelerated various projects, mainly in the construction sector (e.g. protection against natural threats, measures to promote energy efficiency, encouragement for public interest housing, and government buildings construction projects). Through these measures, the executive will be allowed to spend an aggregate amount of ca. CHF 340 million (or roughly €212.5 million) in addition to the</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES ²	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
	<p>scheme.⁷</p> <p>Certain financial institutions, e.g. some cantonal banks and Post Finance, benefit from a statutory guarantee from their canton or, in the case of Post Finance, the Federal Government.</p>	<p>the NBP to offer banks in its jurisdiction Swiss Francs against Polish Zlotys.</p>	<p>on the basis of its emergency powers, will subscribe a CHF 6 billion mandatory convertible note with two-and-half-year term and paying 12.5% p.a.</p> <p>Second, UBS AG will transfer up to US\$ 60 billion in illiquid securities and other assets of its balance sheet to a special purpose vehicle SNB StabFund. On December 19, 2008, SNB StabFund acquired the first tranche of assets from UBS in an amount equivalent to USD 16.4 billion.¹⁰</p> <p>This transaction will be financed by a US\$ 6 billion equity payment by UBS and a US\$ 54 billion non-recourse 12-year loan from the Swiss National Bank. The loan will bear LIBOR plus 250 basis points.</p> <p>The entity will be controlled by the Swiss National Bank, which upon repayment of the loan in principal and interest, will be entitled to an equity kicker amounting to US\$ 1 billion and 50% of any remaining equity.⁶</p> <p>The Swiss Federal Assembly (the Swiss parliament) has approved the principle of the CHF 6 billion mandatory convertible bond subscribed by the Swiss Government.</p> <p>Glarner Kantonbank: More anecdotally, on</p>		<p>ordinary expenditure covered by the budget. The Federal Council expressly mentioned that it would examine and, if necessary, present further measures in 2009.</p> <p>Second, it accelerated its decision to allow firms to use their crisis reserves, an institution which provided tax incentives to firms to set aside a share of their profits for a crisis. This mechanism was due to be abolished by 2012. Now, the Federal Council decided to accelerate this decision to January 1, 2009.⁹ This will allow the 650 firms that put aside CHF 500 million to use these funds at their discretion as of the beginning of next year.</p> <p>Other Conjuncture Measures:</p> <p>On February 11, 2009 the Federal Council launched a second step to its conjuncture programme including an investment of CHF 1 billion in various projects, ranging from investments in rail and road infrastructure, increased subsidies for applied sciences, encouragement for environmental protection and sustainable energy, renovation of buildings of the ETH and armasuisse, and the marketing of tourism. It also reduced the financing fees for the export guarantee scheme, extended benefits for the renovation of subsidised housing, and</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES ²	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
			<p>October 29, 2008, the Parliament of the Canton of Glarus announced that it would provide an additional CHF 20 million capital to the Glarner Kantonalbank, a bank controlled by the canton. In any case, deposits with the Glarner Kantonalbank are subject to an unlimited guarantee by the Canton of Glarus.</p>		<p>reviewed the unemployment benefit scheme by both extending from 12 to 18 months the duration of these benefits and reducing the cool off periods before employers can meet their pay-roll obligations with unemployment benefits under reduced working hours schemes. In addition to the conjunctural programme the Government also announced a CHF 600 million tax cut for families with children, hoping to boost consumption through this mechanism. Finally, the Government plans to review its budgetary and task programme to adjust to the conjunctural uncertainty.</p>

¹ See http://www.credit-suisse.com/news/en/media_release.jsp?ns=40924.

² See generally http://www.snb.ch/en/for/media/id/media_releases.

³ See http://www.credit-suisse.com/news/en/media_release.jsp?ns=40924.

⁴ See <http://www.ubs.com/1/e/about/news/archive/archive10?newsId=133686>.

⁵ See <http://www.ubs.com/1/e/about/news/archive/archive10?newsId=143689>.

⁶ See http://www.snb.ch/en/mmr/reference/pre_20081016_1/source/pre_20081016_1.en.pdf;

See also <http://www.efd.admin.ch/aktuell/medieninformation/00462/index.html?lang=en&msg-id=22019>.

See also <http://www.ubs.com/1/e/about/news.html?newsId=154213>; and

See also <http://www.ebk.admin.ch/e/publik/medienmit/20081016/mm-massnahmenpaket-20081016-e.pdf>.

⁷ <http://www.efd.admin.ch/00468/index.html?lang=fr&msg-id=22499>.

⁸ <http://www.seco.admin.ch/aktuell/00277/01164/01980/index.html?lang=fr&msg-id=22775>.

⁹ <http://www.evd.admin.ch/aktuell/00120/index.html?lang=fr&msg-id=24000>.

¹⁰ http://www.snb.ch/en/mmr/reference/pre_20081219_1/source/pre_20081219_1.en.pdf.

UKRAINE

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
<p>Law no.639-VI dated October 31, 2008, on immediate measures to prevent negative consequences of the financial crisis and amending certain laws of Ukraine, allows the Ukrainian Government to issue state guarantees of an amount up to UHR 10 billion in 2008.</p>	<p>Since October 31, 2008, deposits are guaranteed for UHR 150,000 (approx. US\$ 26,000).</p> <p>At least UHR 1 billion will be transferred annually to the Guarantee Fund of Physical Persons Deposits.</p>	<p>The National Bank of Ukraine adopted a special regulation on October 11, 2008 (No. 319), which has been amended several times already. The regulation boosts bank liquidity maintenance on the basis of financial recuperation programs, requires banks to make currency exchange at the official rate fixed by the National Bank of Ukraine, and restricts free remittance of currency abroad.</p> <p>To maintain banks¹ liquidity, the National Bank of Ukraine is ready to render to such banks credits at 15% per annum for 1 year within 90% of given collateral.</p> <p>In case of a decrease of termed deposits for 2% within 5 banking days, a bank may apply to the National Bank of Ukraine for a credit amounted up to 60% of its statutory capital for liquidity maintenance under above stated conditions. Collateral bank shares to be submitted should equal 51%.</p> <p>On November 25, 2008, the National Bank of Ukraine adopted a special procedure for the regulation of bank liquidity and correspondence of refinanced credits to given securities (No. 395).</p> <p>Due to the critical situation of the Ukrainian currency exchange market,² the National Bank of</p>	<p>Law no.639-VI introduces special procedures to accelerate banks' capitalization.</p> <p>The Government adopted special procedures for state participation in the bank capitalization on November 4, 2008 (No. 960).</p>	<p>Law no.639-VI allows the Ministry of Finance to purchase shares of Ukrainian banks.</p> <p>The Government of Ukraine twice increased the capital of two state owned banks, Saving Bank and Ukreximbank, by regulation enacted on November 26, 2008 (No. 1031).</p> <p>The Government of Ukraine increased the capital of Ukreximbank to UHR 6,763 million (twice the previous increase) on December 17, 2008 (No. 1116).</p> <p>The Government of Ukraine increased the capital of Saving Bank to UHR 13,892 million (seven times the previous increase) on December 29, 2008 (No. 1119).</p>	<p>The IMF announced on October 26, 2008, that it has reached a tentative agreement with Ukraine for a US\$ 16.5 billion loan.</p> <p>The loan is contingent on the Ukrainian Government passing specific legislation to address financial sector liquidity and solvency.</p> <p>The National Security Council proposed limiting imports under Article 12 of GATT on October 20, 2008.</p> <p>The President of Ukraine (under Decree N 1046/2008 dated November 17, 2008) will transfer UHR 50 billion (approx. US\$ 8 billion) to the Stabilization Fund in 2009, including UHR 10 billion in the first quarter of 2009.</p> <p>The Stabilization Fund may be used among others to cover, refinance a service of credits obtained before September 15, 2008 by Ukrainian banks and companies.</p> <p>Special laws as to building industry support were enacted on January 14, 2009. These laws stipulate privileged financing of the contactors, final customers and banks creding building industry.</p> <p>A law increasing import duties on food, textiles, vehicles and</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
		<p>Ukraine decreased obligatory reservation limits on November 25, 2008 (No. 396). Such new limits take effect from December 5, 2008.</p> <p>The National Bank of Ukraine has cancelled limitations as to banks' fee on currency exchange operations provided by its regulation No. 319 on December 1, 2008 (No. 408).</p> <p>The National Bank of Ukraine has cancelled its regulation No. 319 on December 4, 2008 and issued a new regulation No. 413 which concerns bank liquidity maintenance as well.</p> <p>Due to the foreign currency deficit on the internal market, the National Bank of Ukraine mandated that local banks with credits in foreign currency must put special reserves in the same currency in the National Bank of Ukraine (December 22, 2008, No. 442; December 29, 2008, No. 473).</p> <p>The National Bank has approved special procedure to render credit to local banks that need liquidity support (December 25, 2008, No. 459).</p> <p>On January 14, 2009 the Government together with the National Bank of Ukraine have adopted a procedure for commercial banks refinancing.</p> <p>The National Bank of Ukraine</p>			<p>many other goods was enacted on January 15, 2009.</p> <p>The President has vetoed the Law as it contradicted WTO norms and principals. Instead, a new law introducing a special extra charge to import duty in the amount of 13% for six months has been adopted. The law takes effect on March 6, 2009.</p> <p>Finally, a law increasing the excise-duty on alcohol, tobacco and fuel was adopted on December 25, 2008.</p> <p>The law amending existing laws on social security was adopted on December 25, 2008 to minimize the negative influence of the financial crisis on employment.</p> <p>To decrease the deficit amendments to the State budget have been introduced on December 26, 2008 and February 3, 2009.</p> <p>The Law On Concessions on construction and operation of highways, adopted in new version on January 31, 2009, is aimed at stimulating investments in the sector and developing the economy.</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
		<p>has introduced an additional requirement for commercial banks refinancing dated February 9, 2009, No. 57.</p> <p>The National Bank of Ukraine has issued some regulations directed to stabilization of the credit market in Ukraine (No. 442 dated December 22, 2008; No. 33 dated January 30, 2009).</p>			

¹ The National Bank of Ukraine will maintain only banks organized as open joint stock companies with paid statutory fund of UHR 500 million (approximately US\$ 81 million).

² In September 2008, US\$1 cost UHR 5. In today's market, US\$1 costs from UHR 10 to UHR 13, depending on the Ukrainian city. In January 2009 the currency rate has been stabilizing at the level of UHR 7.7 per US\$1.00.

UNITED ARAB EMIRATES ("UAE")

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
<p>The Government has stated that it would guarantee inter-bank lending in local institutions.</p> <p>On October 14, 2008, the Prime Minister ordered the transfer of AED 70 billion to the UAE Ministry of Finance and Industry to inject further liquidity to banks.</p> <p>The UAE has previously injected AED 50 billion of liquidity to banks to encourage inter-bank lending.</p>	<p>The Government has declared that it would guarantee deposits and interbank lending in local institutions and on Monday, October 13, 2008, the UAE extended its three-year guarantee on deposits to foreign banks with substantial operations in the UAE after concerns grew that the previous day's decision to guarantee such monies in local institutions could trigger runs on the 28 foreign banks operating in the UAE. The legislative framework for these guarantees has yet to be finalized.</p>	<p>On September 22, 2008, the UAE Central Bank launched an emergency funding facility for its banks, pumping as much as AED 50 billion (€9.3 billion, £7.4 billion, \$13.6 billion) into the banking sector in order to help the local interbank market.</p> <p>The UAE Ministry of Finance and Industry offered a further AED 70 billion (\$19 billion) liquidity injection to domestic banks, on top of the AED 50 billion (\$13.6 billion) on offer by the UAE Central Bank.</p> <p>On October 8, 2008, the UAE Central Bank cut its base rate by 0.5% in a move timed to coincide with other central banks. It again cut its base rate by a further 0.5% to 1% on January 18, 2009.</p> <p>Under Central Bank notice 4312/2008, the UAE Central Bank agreed to allow banks to obtain funding from the UAE Central Bank through:</p> <ul style="list-style-type: none"> (i) the use of the Central Bank CD balances; and (ii) liquidity support facility at 300bps over the prevailing UAE Central Bank rate (provided no new lending to foreign borrowers). <p>On December 24, 2008, the UAE Central Bank introduced</p>	<p>No publicly announced measures at this stage.</p>	<p>Amlak Finance PJSC and Tamweel PJSC, two leading UAE real estate finance providers in Dubai, were merged with the Real Estate Bank, an entity wholly-owned by the Federal UAE Ministry of Finance and Industry. The Real Estate Bank itself merged with the Emirates Industrial Bank under the name Emirates Development Bank.</p>	<p>The UAE Central Bank is discussing plans to launch new facilities to support property lending in the UAE.</p> <p>The Dubai Government has (through the Investment Corporation of Dubai) deposited US\$1.3 billion with certain Dubai state-owned banks for the purposes of those banks refinancing existing loans of Borse Dubai.</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
		UAE Dirham/US Dollar swap facilities with tenors between 1 week and 12 months to all banks operating within the UAE			

UNITED KINGDOM

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
<p>Credit Guarantee Scheme:</p> <p>On October 8, 2008, the U.K. Government announced that in return for an appropriate fee the U.K. Government will guarantee newly issued (initially up to April 9, 2009 but now extended to December 31, 2009) short- and medium-term unsecured debt (including certificates of deposit, commercial paper and senior unsecured bonds and notes) of participating institutions with maturities of up to three years in GBP, EUR, and US\$, and to be used for refinancing maturing obligations. The aggregate notional amount of the debt to be guaranteed by HM Treasury is estimated to reach £250 billion.</p> <p>On December 15, 2008, HM Treasury announced changes to the Scheme. The Government now proposes to extend the guarantee in the future to instruments in a wider range of currencies: Yen, Australian dollars, Canadian dollars and Swiss francs. The term of the instruments guaranteed will remain no longer than three years.</p> <p>On January 19, 2009, the Government extended the drawdown window of the Scheme from April 9, 2009, to December 31, 2009, subject to state aid approval. During the</p>	<p>The U.K. Government has increased the protection given to savings from £35,000 to £50,000.</p> <p>However, Chancellor Alistair Darling announced that the U.K. would guarantee all the U.K. retail deposits of Icesave and Heritable (both branches of Icelandic Bank, Landsbanki, which has been nationalized by the Icelandic Government).</p>	<p>Operational Standing Facilities:</p> <p>The Bank of England (“BoE”) has set up these new facilities to replace the existing standing facilities. The rate charged on the Operational Standing Lending Facility is 25 basis points above Bank Rate, and the rate paid on the Operational Standing Deposit Facility is 25 basis points below Bank Rate.</p> <p>The eligible collateral for the Operational Standing Lending Facility will comprise high-quality debt securities. Transactions will be for overnight maturity. BoE will cease to publish a list of banks and building societies signed up for access to the Operational Standing Facilities and the reserves-averaging scheme.</p> <p>Asset Purchase Facility (“APF”):</p> <p>On January 19, 2009, the Government authorized the BoE to purchase a range of high quality private sector assets.</p> <p>The APF is intended to allow the BoE to purchase up to £50 billion of high-quality (i.e. comparable to investment-grade) private sector assets, including commercial paper, corporate bonds, paper issued under the Credit Guarantee Scheme (“CGS”), syndicated</p>	<p>Bank Recapitalization Scheme:</p> <p>The U.K. Government announced that it is establishing a new facility of £25 billion which will make Tier 1 capital in the form of equity (underwritten by the Government) as well as preference shares (placed with the Government) available at the request of eligible institutions.</p> <p>Eligible institutions are U.K.-incorporated banks which have a substantial business in the U.K. and building societies. Applications to be included as an eligible institution will be reviewed.</p> <p>A further £25 billion will be available as assistance for eligible institutions for ordinary equity fund-raising. The U.K. Government would not be subject to bank supervision if it acquired control of a bank through stock ownership. However, in the past the U.S. Federal Reserve has frowned on allowing institutions with capital from the Government to make expansionary acquisitions in the United States. It is not clear whether the U.S. Federal Reserve might make an exception in the current circumstances.</p> <p>In a release on October 13,</p>	<p>Northern Rock:</p> <p>Northern Rock was nationalized on February 21, 2008. The bank had approached the BoE for emergency funding in September 2007. As the Government subsequently failed to attract private buyers to take over the bank, it decided to nationalize it.</p> <p>Bradford & Bingley:</p> <p>Bradford & Bingley was nationalized on September 29, 2008. The Company’s mortgage book was assumed by the U.K. Government and the Company’s retail deposit book was transferred to Abbey National plc.</p>	<p>Guarantee Scheme for Asset-backed Securities:</p> <p>On January 19, 2009, the Government announced its decision to set up a new guarantee scheme for asset-backed securities (“ABS”). The Government will, in consultation with issuers and investors, provide full or partial guarantees to be attached to eligible triple-A rated ABS, including those backed by mortgages and corporate and consumer debt. UK banks and building societies eligible to participate in the Credit Guarantee Scheme (see column on far left of this page) will be able to access the new Scheme subject to fulfilling the Scheme’s conditions. The Scheme will commence in April 2009, subject to state aid approval.</p> <p>Asset Protection Scheme:</p> <p>The Government has now published details of the Asset Protection Scheme, including a Term Sheet setting out the terms and conditions on which institutions can participate in the Scheme. The basic features of the Scheme are:</p> <p>(i) In return for a fee, HM Treasury will provide to each participating institution protection against credit losses incurred on one or more portfolios of defined assets to the extent that credit losses</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
<p>drawdown window, eligible institutions can issue new guaranteed debt. After the closure of the drawdown window, those institutions can continue rolling over any outstanding guaranteed debt (all of it until April 13, 2012, and up to one-third of the total until April 9, 2014).</p> <p>The fee for the guarantee will be based on 100% of the institution's median five-year CDS spread during July 2007 to July 2008, as determined by HM Treasury, plus 50 basis points. Prior to December 15, 2008, the fee was based on the median five-year CDS spread for the preceding 12 months to October 7, 2008. It is expected that this change will result in a lower fee being payable by institutions for the guarantee.</p> <p>As the changes announced on December 15, 2008 and January 19, 2009, vary the Scheme, the Government is seeking the approval of the European Commission to the revised Scheme (the Commission had approved the previous version of the Scheme on October 13, 2008).</p> <p>The scheme is open to U.K.-incorporated banks (including U.K. subsidiaries of foreign institutions) that have a substantial business in the U.K. and U.K. building societies. Any other U.K.-incorporated bank</p>		<p>loans and asset-backed securities created in viable securitization structures.</p> <p>The assets will be purchased by a wholly owned subsidiary of the BoE, called "Bank of England Asset Purchase Facility Fund Limited". The purchases will initially be financed by the issuance of Treasury Bills by the UK Government. The BoE's Monetary Policy Committee has unanimously voted to ask the Governor of the BoE to write to the Chancellor of the Exchequer seeking authorisation to purchase private sector assets using newly created reserves (i.e. quantitative easing).</p> <p>Initially, there will be two schemes under the APF:</p> <p>(i) Commercial Paper Facility: This facility, which became operational on February 13, 2009, enables the BoE to purchase investment grade sterling commercial paper issued by UK corporates, both at issuance and in the secondary market, subject to a minimum spread. There will be purchases during a defined period each day. Eligible issuers will be companies, including their finance subsidiaries, that make a material contribution to economic activity in the UK. UK incorporated companies, including those with foreign-incorporated parents, of sufficient size to sustain a commercial paper program and</p>	<p>2008, the HM Treasury stated that institutions requesting government recapitalization will, inter alia, need to: (i) limit remuneration of senior executives both for 2008 (no cash bonus for board), and, for remuneration policy going forward, limit bonuses to reduce "moral hazard" activities; (ii) agree to modify dividend policies; and (iii) maintain, over the next three years, the availability and active marketing of competitive credit to homeowners and small businesses at 2007 levels.</p> <p>RBS:</p> <p>On October 13, 2008, RBS announced the U.K. Treasury would underwrite £15 billion of ordinary shares (common stock) and purchase £5 billion of preference shares (preferred stock). The U.K. Government would have representatives on the bank's board. The bank has announced that it has agreed to maintain the availability of SME and mortgage lending at 2007 levels.</p> <p>On January 19, 2009, the Government decided to convert its preference shares in RBS into ordinary shares. It also agreed a number of lending commitments with RBS, including a new commitment to increase lending by £6 billion in the next 12 months.</p>		<p>exceed a "first loss" amount to be borne by the institution. The Treasury protection will cover 90% of the credit losses which exceed this "first loss" amount, with each participating institution retaining a further residual exposure of 10% of any credit losses exceeding this amount.</p> <p>(ii) Eligible Institutions are: UK incorporated authorised deposit-takers (including UK subsidiaries of foreign institutions) with more than £25 billion of eligible assets. HM Treasury will consider extending the Scheme to other authorised deposit takers in the future. Eligible institutions may request to participate in the Scheme until March 31, 2009.</p> <p>(iii) Participants will be required to enter into legally binding commitments to increase lending to creditworthy borrowers, comply with remuneration policy consistent with the FSA's Code of Practice on remuneration policy (see below) and meet the highest international standards of public disclosure in relation to their assets.</p> <p>(iv) Eligible Assets are:</p> <ul style="list-style-type: none"> • Corporate and leveraged loans • Commercial and residential property loans • Structured credit assets, including RMBS, CMBS, CLOs and CDOS

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
<p>(including U.K. subsidiaries of foreign institutions) can apply for inclusion. Within a banking group, only a single entity can participate in the scheme (and this entity will normally be the primary U.K. deposit-taker).</p> <p>The Financial Services Authority has deemed that, under the Standardized Approach for calculating capital requirements, securities guaranteed under the scheme will qualify for zero risk weighting.</p> <p>Furthermore, guaranteed instruments are eligible as collateral in the BoE's extended-collateral open market operations.</p> <p>The description of the guarantee and the guarantor in any offering document (including listing particulars, information memorandum or offering circular) or in any other document or announcement issued by or on behalf of the issuer must be substantially in a form set out in the Rules of the Credit Guarantee Scheme. Subject to this, no institution that obtains a guarantee is permitted explicitly to promote itself on the basis of the guarantee.</p>		<p>with a genuine business in the UK, will normally be regarded as meeting this requirement. Paper issued by non-bank financial companies will in principle be eligible, subject to the BoE being satisfied that the issuer makes a significant contribution to corporate financing in the UK. Paper issued by leveraged investment vehicles is ineligible.</p> <p>Initially, only sterling-denominated commercial paper will be eligible. There are many other requirements (relating to maturity and credit rating) that apply in determining whether paper is eligible. The names of issuers and securities purchased or eligible will not be disclosed publicly.</p> <p>(ii) Corporate Bond Secondary Market Scheme: This will provide market participants with a back-stop offer on the part of the BoE to purchase modest amounts of a wide range of investment-grade sterling UK corporate bonds with the aim of improving secondary market liquidity, initially by facilitating market-making by banks and dealers.</p> <p>The BoE will purchase bonds issued by companies, including their finance subsidiaries, that make a material contribution to economic activity in the UK. UK-incorporated companies, including those with foreign-incorporated parents, capable of issuing a bond into the capital</p>	<p>RBS announced on February 26, 2009, that it will seek £13 billion of additional capital from the Government in the form of non-voting 'B' Shares, together with a further Treasury commitment to subscribe to an additional £6 billion of B Shares at RBS' option.</p> <p>HBOS & Lloyds TSB:</p> <p>Similarly, the U.K. Government will underwrite £8.5 billion of HBOS ordinary shares and purchase £3 billion of preference shares. The U.K. Government will underwrite £4.5 billion of Lloyds TSB ordinary shares and purchase £1 billion of preference shares. The two banks are currently in the process of merging.</p> <p>Management of the Government's investments:</p> <p>The Government's investments will be managed on a commercial basis by a new "arm's-length" company called UK Financial Investments Limited ("UKFI"), wholly owned by the U.K. Government. UKFI will manage the investments arising from the Government's recapitalization of RBS, Lloyds TSB and HBOS, and, in due course, those arising from the nationalization of Northern Rock and Bradford & Bingley.</p> <p>UKFI will work to ensure that management incentives for</p>		<p>• Participations in respect of the above,</p> <p>in each case, held by the participating institution or an affiliate as at December 31, 2008. The Treasury will assess each asset category for inclusion in the Scheme on a case-by-case basis.</p> <p>Assets included in the Scheme will continue to be managed by the institution and will remain on its balance sheet but will be required to be "ring-fenced" by the institution so that actions in relation to them, including enforcement and disposal, will be subject to appropriate Treasury controls. The Scheme also provides for the Treasury to take over ownership and/or management of the assets in certain defined circumstances.</p> <p>RBS announced on February 26, 2009 that it would seek protection under the Scheme for £325 billion par value of assets. The fee for the Government's protection under the Scheme will be £6.5 billion, funded through the issuance of non-voting B shares. It is expected that the Lloyds Banking Group will also be seeking protection for its assets.</p> <p>In conjunction with the Government's announcement of the details of the Asset Protection Scheme, the FSA has issued two new statements related to this Scheme, one on</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
		<p>markets and with a genuine business in the UK, would normally be regarded as meeting this requirement. Bonds issued by non-bank financial companies would in principle be eligible, subject to satisfying the BoE that the issuer makes a material contribution to corporate financing in the UK. Paper issued by leveraged investment vehicles would not be eligible.</p> <p>Initially, only listed sterling-denominated bonds would be eligible. There are many other requirements (relating to maturity and credit rating) that apply in determining whether a bond is eligible. Convertible or exchangeable bonds are not eligible. The BoE is finalising the rules of this scheme and is currently seeking feedback on it.</p> <p>The BoE is also currently consulting with market participants on the precise details of the planned CGS Facility (to purchase CGS-backed paper) and on planned purchases of syndicated loans and asset-backed securities. It may also decide to extend the APF to non-sterling denominated instruments.</p> <p>Discount Window Facility ("DWF"):</p> <p>The DWF is intended to provide liquidity insurance, not to tide over firms facing fundamental solvency problems. Under the</p>	<p>Government assisted or acquired banks are based on "maximizing long-term value and restricting the potential for rewarding failure". However, the assisted or acquired companies will continue to have their own independent boards and management teams, determining their own commercial strategies.</p>		<p>remuneration policy and the other on capital treatment of assets protected by the Scheme:</p> <p>(i) A new Code of Practice for remuneration policy. The principles in this Code are relevant to all FSA-regulated firms. The aim of the Code is to ensure that firms have remuneration policies which are consistent with sound risk management, and which do not expose them to excessive risk. It is not concerned with levels or quantum of remuneration. The principles embodied in the Code include:</p> <ul style="list-style-type: none"> • The bonus pool calculation should include an adjustment for current and future risk, and take into account the cost of capital employed and liquidity required. • Firms should not assess performance solely on the results of the current financial year. • Non-financial performance metrics, including adherence to effective risk management and compliance with regulations, should form a significant part of the performance assessment process. • The measurement of performance for long term incentive plans, including those based on the

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	PURCHASES OF TROUBLED FINANCIAL ASSETS	OTHER MEASURES
		<p>DWF, BoE will swap the Government securities on its balance sheet for high quality eligible collateral from banks and building societies. In exceptional circumstances, BoE may lend cash, rather than gilts, against eligible collateral under the DWF. The transactions will normally be for 30-day maturities. Gilts borrowed may not be used as collateral for Operational Standing Lending Facility borrowings but may be used as collateral in open market operations. On January 19, 2009, the BoE announced that it would permit drawings from the DWF with a term of 364 days, in addition to the standard option to draw for 30 days. There would be an additional 25 basis points fee for any drawings with initial maturity beyond 30 days. The BoE has now published a Market Notice on the DWF. This sets out details of how the facility will operate, securities eligible for exchange, institutions eligible to join the facility and the fees charged. Instruments eligible as collateral will be classified into four levels, each attracting different fees upon exchange:</p> <p>(i) Level A: high-quality debt securities that are routinely eligible as collateral in the BoE's short-term repo open market operations;</p> <p>(ii) Level B: third party debt securities trading in liquid</p>			<p>performance of shares, should also be risk-adjusted.</p> <ul style="list-style-type: none"> • The major part of any bonus which is a significant proportion of the fixed component should be deferred, with a minimum vesting period. <p>(ii) A statement of capital treatment of assets insured under the Asset Protection Scheme. The FSA expects the Scheme to protect against credit losses experienced in respect of assets in the Banking Book, although participants can request HM Treasury to provide cover for assets in the Trading Book. The Scheme will be considered the equivalent of eligible unfunded credit protection under the Prudential Sourcebook for Banks, Building Societies and Investment Firms (BIPRU). The "first loss amount" of an asset will not qualify for any special capital treatment. The FSA expects firms to deduct the First Loss tranche from capital resources (although impairments already taken at the commencement of the Scheme will reduce the extent of deduction). The Senior Tranche (i.e. where losses are reimbursed by the Treasury) is subject to the risk weight of the protection provided, which would typically be 0% and would therefore attract no capital charge..</p>

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		<p>markets;</p> <p>(iii) Level C: other third party debt securities including those that are not trading in liquid markets;</p> <p>(iv) Level D: own-name securitizations and own-name covered bonds.</p> <p>Instruments may be deemed ineligible for the DWF if the BoE judges that they were created for the express purpose of obtaining funding from the BoE.</p> <p>Term Auctions:</p> <p>In September 2007, BoE announced that it would conduct four auctions to provide funds at three months maturity against a wider range of collateral (including U.K. residential mortgages) than that used in its weekly open market operations. Banks and building societies with reserve accounts with BoE or with access to the BoE's standing facilities were eligible to participate. On October 8, 2008, the U.K. government announced that the BoE would continue to conduct auctions against extended collateral, reviewing the size and frequency of the operations as necessary.</p> <p>Special Liquidity Scheme:</p> <p>The Scheme, launched in April 2008, enabled banks and building societies with access to the BoE's standing facilities to temporarily exchange their high</p>			<p>Capital Regulation:</p> <p>On January 19, 2009, the FSA issued a statement clarifying its approach to regulatory capital, following the recapitalization of the UK banking sector announced on October 8, 2008. The FSA stated that the purpose of the recapitalization scheme was to ensure that bank capital ratios were sufficiently high to provide a buffer to allow the banks both to withstand the challenging economic conditions and to continue lending on normal commercial criteria. It was not intended to create new statutory capital requirements.</p> <p>The FSA also endorsed the view expressed by the Basel Committee in a statement of January 16, 2009, that the capital regime should incorporate counter-cyclical measures which ensure that banks build up capital buffers in good years which they can draw down during economic downturns.</p> <p>The FSA confirmed that each of the participating banks are expected to have a minimum core tier 1 of 4%. At the time of the recapitalization in October 2008, the FSA used a tier 1 ratio of 8%. The FSA estimates 6 – 7% to be a comparable post-stress tier 1 number to the core tier 1 number of 4%. This approach is intended to be a supervisory framework, and not</p>

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		<p>quality mortgage-backed and other securities for U.K. Government securities. The drawdown period of the Scheme was initially six months, due to end on October 21, 2008. This period was then been extended to January 30, 2009. On January 19, 2009, the Government announced that the window for swapping illiquid assets for Treasury Bills in the Special Liquidity Scheme would close on January 30, 2009. The scheme will continue to provide liquidity support for a further three years from that point.</p> <p>Extension of Eligible Collateral:</p> <p>On October 3, 2008, the BoE extended the collateral eligible for use in its weekly sterling three-month repo operations to include AAA rated asset-backed securities based on some corporate and consumer loans, and approved highly-rated, asset-backed commercial paper programs, where the underlying assets would be eligible if securitized. The collateral is subject to haircuts as set out in the market notice of October 13, 2008.</p> <p>On November 14, 2008, the BoE announced that it would continue to hold extended-collateral three-month repo open market operations twice-monthly up to and including the scheduled long-term repo</p>			<p>a new set of rules.</p> <p>The FSA also intends to ensure that the application of the Basel Accord (implemented through the Capital Requirements Directive) does not create any unnecessary or unintended procyclical effects. In particular, the FSA is amending the variable scalar method of converting internal credit risk models from point in time to through the cycle. These changes will significantly reduce the requirement for additional capital resulting from the procyclical effect.</p> <p>Banking Act 2009:</p> <p>The Banking Act was passed on February 12, 2009. The Act is designed to strengthen the existing U.K. framework for financial stability and depositor protection. Most of the provisions of the Act came into force on February 21, 2009.</p> <p>Part 1 of the Act introduces a permanent special resolution regime ("SRR") for dealing with banks that get into financial difficulties. HM Treasury, the Financial Services Authority and the Bank of England (the "BoE") all play a role. The BoE will have the power to transfer a failing bank's business or its shares to a "bridge bank" (i.e., a company wholly owned by the BoE), with a view to restructuring it for onward sale to the private sector. It can also carry out a</p>

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		operation on January 20, 2009.			<p>direct transfer to a private sector purchaser. The U.K. Treasury is given the power to nationalize a failing bank.</p> <p>The BoE has the power to make partial transfers, i.e., to transfer healthy assets out of a failing bank and into a bridge bank. This may result in prejudice to those creditors whose claims are not transferred to the bridge bank. One of the objectives of the special resolution regime is to “protect depositors”.</p> <p>Part 2 establishes a new bank insolvency procedure (“BIP”), based largely on existing liquidation provisions of the Insolvency Act 1986 as amended by the Enterprise Act 2002. The BIP provides for the orderly winding up of a failed bank, including prompt payments from the Financial Services Compensation Scheme (“FSCS”) to eligible depositors. There are powers to extend the BIP to building societies and credit unions.</p> <p>Part 3 establishes a new bank administration procedure, based largely on existing administration provisions of the Insolvency Act 1986, as amended by the Enterprise Act 2002. This procedure is to be used where there has been a transfer of part of a failing bank’s business, assets or liabilities to a bridge bank or a private sector purchaser under the SRR, leaving an insolvent residual</p>

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					<p>entity. It is designed to ensure that essential services and facilities that cannot be immediately transferred to the bridge bank or private purchaser continue to be provided for a period of time.</p> <p>The Government has also enacted regulations that provide safeguards in the event of a "partial property transfer". These include safeguards for set-off and netting arrangements where partial transfers are made so that contracts covered by set-off or netting agreements are protected from disruption in a partial transfer subject to express carve-outs. Furthermore, security-holders will also be given explicit protection (including holders of floating charges). There are also third-party compensation safeguards to ensure creditors remaining in the residual bank may not be left worse off than they would have been had the bank been subjected to ordinary insolvency procedures.</p> <p>EC Competition Laws:</p> <p>The U.K. Government has advised the European Commission of its planned support of the U.K. financial sector in relation to the Government scheme for consideration under EC competition laws.</p>

UNITED STATES OF AMERICA

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	OTHER ASSISTANCE TO THE INTER-BANK MARKET OR TO OTHER MONEY MARKETS	ASSISTANCE TO INDIVIDUAL INSTITUTIONS
<p>Temporary Liquidity Guarantee Program ("TLGP"):</p> <p>On October 14, 2008 the FDIC announced its temporary Liquidity Guarantee Program¹ issuing guarantees of newly issued senior unsecured debt of certain banks, thrifts and holding companies. The FDIC revised the regulations on November 21, 2008.</p> <p>The FDIC will fully guarantee all senior unsecured debt issued by FDIC-insured institutions, subject to the limitations discussed below, and their parent companies up to June 30, 2009, with any guarantee ceasing on June 30, 2012.</p> <p>Assessment rates under the Debt Guarantee Program are as follows:</p> <p>for debt with a maturity of 180 days or less (excluding overnight debt), 50 basis points;</p> <p>for debt of 181-364 days, 75 basis points; and</p> <p>for debt of 365 days or greater, 100 basis points.</p> <p>The rates set forth above will be increased by 10 basis points for senior unsecured debt issued by a holding company or another non-insured depository</p>	<p>FDIC Insurance Program:</p> <p>The FDIC will expand deposit insurance for non-interest-bearing transaction accounts. The maximum coverage under the FDIC deposit insurance program will temporarily be increased from US\$ 100,000 to US\$ 250,000.³</p> <p>Under the new program, the FDIC will provide full insurance coverage for non-interest-bearing accounts until the end of next year. Banks will pay a new premium to cover the expense of the program.</p> <p>For non-interest-bearing transaction deposit accounts (including accounts swept from a non-interest bearing transaction account into a non-interest bearing savings deposit account), a 10 basis point annual rate surcharge will be applied to non-interest-bearing transaction deposit amounts over US\$ 250,000.</p> <p>Every institution, regardless of risk category, will be charged its normal quarterly risk-based deposit insurance assessment. That assessment will equal its assessment rate times its assessment base (which is almost equal to total domestic</p>	<p>Financial Stability Plan</p> <p>On February 10, 2009, the Treasury, Federal Reserve, FDIC, Comptroller of the Currency ("OCC"), and Office of Thrift Supervision ("OTS") announced a new Capital Assistance Program to help ensure that U.S. banking institutions have sufficient capital to withstand any new challenges, paired with a supervisory process to produce a more consistent and forward-looking assessment of the risks on banks' balance sheets and their potential capital needs.²⁷</p> <p>They announced the following:</p> <ul style="list-style-type: none"> • A new Treasury and Federal Reserve initiative to dramatically expand – up to US\$1 trillion – the Term Asset-Backed Securities Lending Facility ("TALF") in order to reduce credit spreads and restart the securitized credit markets that in recent years supported a substantial portion of lending to households, students, small businesses, and others. • An extension of the FDIC's Temporary Liquidity Guarantee Program to October 31, 2009. • A new framework of 	<p>On October 14, 2008, the U.S. Congress announced the Troubled Assets Relief Program ("TARP") Capital Purchase Program providing for direct equity investments in certain financial institutions under the Economic Emergency Stabilization Act ("EESA").</p> <p>The EESA authorized the U.S. Treasury to use US\$ 250 billion without further action. Another US\$ 100 billion can be obtained upon the President notifying Congress. Finally, the remaining US\$ 350 billion of the total US\$ 700 billion can be obtained by giving notice to Congress, who then have 30 days to deny funding if they wish.</p> <p>The EESA has two definitions of "troubled assets", one being mortgage-related assets and the other being assets on which the Treasury believes it should spend money. It is the second definition that Treasury is using to buy stock in banks, and it has chosen to spend US\$ 250 billion on bank securities; the first US\$ 125 billion of which went to nine banks.¹⁴</p> <p>As of February 17, 2009, over 400 banks have received funds for a total of US\$ 195,995,843,000.¹⁵</p>	<p>Mortgage-Backed Securities Purchase Program:</p> <p>The U.S. Treasury Department will be authorized to purchase up to US\$ 700 billion of distressed mortgage-backed securities and other assets and then resell the mortgages to investors under the Economic Emergency Stabilization Act ("EESA").¹⁶</p> <p>On November 12, 2008 Treasury Secretary, Henry Paulson, stated "Over these past weeks we have continued to examine the relative benefits of purchasing illiquid mortgage-related assets. Our assessment at this time is that this is not the most effective way to use TARP funds, but we will continue to examine whether targeted forms of asset purchase can play a useful role, relative to other potential uses of TARP resources, in helping to strengthen our financial system and support lending. But other strategies I will outline will help to alleviate the pressure of illiquid assets."¹⁷</p>	<p>U.S. Government Loan to the Auto Industry:</p> <p>In late September 2008, the U.S. Congress approved a more than US\$ 630 billion spending bill, which included a measure for US\$ 25 billion in loans to the auto industry. These low-interest loans are intended to aid the industry in its push to build more fuel-efficient, environmentally-friendly vehicles. U.S. auto giants General Motors, Ford and Chrysler will be the primary beneficiaries.</p> <p>Automotive Industry Financing Program (AIFP):</p> <p>AIFP is to prevent a significant disruption of the American automotive industry, which would pose a systemic risk to financial market stability and have a negative effect on the economy of the United States. The program requires participating institutions to implement plans that will achieve long-term viability.</p> <p>Participating institutions must also adhere to rigorous executive compensation standards and other measures to protect the taxpayer's interests, including limits on the institution's expenditures and other corporate governance</p>

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<p>institution affiliate that becomes an eligible and participating entity, where, as of September 30, 2008, or as of the date of eligibility, the assets of the holding company's combined insured depository institution subsidiaries constitute less than 50% of consolidated holding company assets.</p> <p>Under the Final Rule, an eligible entity that chooses to opt out of the TLGP by December 5, 2008, will not be assessed a fee for its participation in the program. However, if an eligible entity chooses to remain in the program after December 5, 2008, the entity will be subject to assessments retroactive to November 13, 2008 on all senior secured debt, other than overnight debt instruments, issued on or after October 14, 2008 and on or before December 5, 2008, that is still outstanding on December 5, 2008.</p> <p>Beginning on December 6, 2008, assessments accrue on all senior unsecured debt with a maturity of greater than 30 days issued by it on or after December 6, 2008.²</p> <p>In the final rule, the FDIC Board voted to include NOW accounts with interest rates of 0.5% or less and IOLTAs (lawyer trust accounts) in the transaction</p>	<p>deposits).</p> <p>In addition to this assessment, an institution that has not opted out of the deposit guarantee portion of the TLGP will pay 10 basis points on non-interest bearing transaction account balances in excess of US\$ 250,000.</p> <p>Several banks have opted out of the general guarantee program and the transaction-account program.²²</p>	<p>governance and oversight to help ensure that banks receiving funds are held responsible for appropriate use of those funds through stronger conditions on lending, dividends and executive compensation along with enhanced reporting to the public.</p> <ul style="list-style-type: none"> A limit on senior executive compensation to those institutions that take under the TARP to US\$500,000 in total compensation plus restricted stock payable. <p>Capital Assistance Program ("CAP"):</p> <p>Banking supervisory agencies will "stress test" each major U.S. banking institution to determine whether the institution could withstand economic conditions even more adverse than those anticipated. If additional capital is needed, the Treasury will make available a new capital facility. The expectation is that the capital will be in the form of convertible preferred shares, with a dividend rate to be specified and a conversion price set at a modest discount from the institution's stock price up to February 9, 2009. This security would serve as a source of "contingent" common equity, convertible solely at the option of the issuer for an extended period of time. In addition, with</p>	<p>Financial institutions had until mid-November to elect into this Government recapitalization scheme which will be in the form of non-voting preferred shares which are redeemable by the issuing bank after three years. The preferred shares will pay an annual dividend of 5% during the first five years and will step-up to 9%.</p> <p>Warrants were issued to the Government based on 15% of the face value of preferred shares on issue with this halved if the preference shares are redeemed prior to the December 31, 2009.</p>		<p>requirements.²³</p> <p>JPMorgan Chase & Co.:</p> <p>The Federal Reserve Bank of New York provided a US\$ 29 billion credit line to JPMorgan Chase & Co. for its purchase of Bear Stearns for US\$ 236 million or US\$ 2 per share, subsequently raised to US\$ 10 per share, to ensure the sale could move forward. JPMorgan agreed to guarantee Bear Stearns's trading obligations.</p> <p>American International Group ("AIG"):</p> <p>The Federal Reserve Bank of New York intervened after AIG was unable to secure a private-sector loan, and granted a two-year revolving credit facility of US\$ 85 billion in return for an option to acquire an 80% stake in the insurance giant.</p> <p>On October 8, the Federal Reserve Board authorized the Federal Reserve Bank of New York to lend up to US\$ 37.8 billion by purchasing investment-grade, fixed-income securities from certain regulated U.S. insurance subsidiaries of AIG.</p> <p>Fannie Mae and Freddie Mac:</p> <p>The U.S. government seized control of Fannie Mae and Freddie Mac and made a</p>

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<p>account program.</p> <p>On January 16, 2009, the FDIC board announced that it will soon propose rule changes to its Temporary Liquidity Guarantee Program to extend the maturity of the guarantee from three to up to 10 years where the debt is supported by collateral and the issuance supports new consumer lending.</p>		<p>supervisory approval, banks will be allowed to exchange existing Capital Purchase Program preferred stock (that of the first TARP tranche) for the new CAP instrument. Participation in the stress test is mandatory for U.S. banking institutions with over US\$ 100 billion of assets on a consolidated basis, but banks not meeting that threshold may also apply for CAP capital. Stress testing reportedly began at some banks on February 25.</p> <p>Public-Private Investment Fund ("PPIF"):</p> <p>The PPIF will be capitalized by both Treasury and private capital, with financing supported by the Federal Reserve and FDIC. The PPIF will be sized up to US\$ 500 billion, with the potential to expand up to \$1 trillion. The PPIF will acquire real-estate related "legacy" assets from financial institutions, thereby cleaning up financial institutions' balance sheets with the goal of stabilizing those institutions, supporting new lending, and improving overall market functioning.</p> <p>Commercial Paper Funding Facility ("CPFF"):</p> <p>The CPFF (announced October 7, 2008) will purchase through a Special Purpose Vehicle three-month unsecured</p>			<p>commitment to provide up to US\$ 100 billion to each company to ensure they would not fall into bankruptcy. Together, the two companies own or guarantee nearly half the US\$ 12 trillion mortgage market, and by July 2008 operated at leverage ratios of approximately 50 to 1.</p> <p>The seizure involved both companies being placed in a government conservatorship (analogous to a bankruptcy reorganization) and also replaced senior management. Dividends were eliminated and the U.S. Government took an option to acquire 80% of each company's common stock. However, the U.S. Government did not guarantee the subordinated debt or preferred stock issued by these companies, which is held on the balance sheets of many banks. The U.S. Federal Reserve will also begin purchasing short-term debt obligations issued by Fannie Mae, Freddie Mac and the Federal Home Loan Banks in the secondary market.¹⁸</p> <p>Fannie Mae, Freddie Mac and Ginnie Mae:</p> <p>On November 24, 2008, the Federal Reserve Board announced that it will initiate a program to purchase the direct obligations of Fannie Mae, Freddie Mac, and the Federal</p>

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		<p>and asset-backed commercial paper ("ABCP") from eligible issuers.⁴</p> <p>All U.S. issuers of commercial paper are eligible. The maximum amount of a single issuer's commercial paper covered at any time will be the greatest amount of U.S. dollar-denominated commercial paper the issuer had outstanding on any day between January 1 and August 31, 2008.</p> <p>On January 26, 2009, the NY Federal Reserve announced a change in eligibility requirements. The CPFF will not purchase ABCP from issuers that were inactive prior to the creation of the CPFF. An issuer will be considered inactive if it did not issue ABCP to institutions other than the sponsoring institution for any consecutive period of three months or longer between January 1 and August 31, 2008.</p> <p>Liquidity Fund:</p> <p>The Liquidity Fund, which began on September 19, 2008 and ends on October 30, 2009, will lend funds to depository institutions and bank holding companies in order for them to purchase eligible ABCPs from money market mutual funds ("MMMF") under certain conditions.⁵</p> <p>Money Market Investor</p>			<p>Home Loan Banks—and mortgage-backed securities (MBS) backed by Fannie Mae, Freddie Mac, and Ginnie Mae.¹⁹</p> <p>Purchases of up to US\$ 100 billion in GSE direct obligations under the program will be conducted with the Federal Reserve's primary dealers through a series of competitive auctions and will begin next week. Purchases of up to US\$ 500 billion in MBS will be conducted by asset managers selected via a competitive process with a goal of beginning these purchases before year-end. Purchases of both direct obligations and MBS are expected to take place over several quarters.</p> <p>Government Sponsored Enterprise Credit Facility ("GSECF"):</p> <p>The lender of last resort for GSEs (Fannie Mae, Freddie Mac and FHLB) will ensure continued access to funding and ensure market stability.²⁰</p> <p>Citigroup:</p> <p>On November 23, 2008, the U.S. Treasury Department and the Federal Deposit Insurance Corporation announced that it will provide protection against</p>

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		<p>Funding Facility ("MMIFF"):</p> <p>A special purpose vehicles established by the private sector ("PSPV") will cease purchasing assets and will enter the wind-down process on October 30, 2009, unless the Board extends the MMIFF.⁶ Eligible assets include U.S. dollar-denominated certificates of deposit, bank notes and commercial paper issued by highly rated financial institutions and having remaining maturities of 90 days or less.</p> <p>On January 7, 2009, the Federal Reserve Board expanded the set of institutions eligible to participate in the MMIFF from U.S. money market mutual funds to also include a number of other money market investors. The newly eligible participants include U.S.-based securities-lending cash-collateral reinvestment funds, portfolios, and accounts (securities lenders); and U.S.-based investment funds that operate in a manner similar to money market mutual funds, such as certain local government investment pools, common trust funds, and collective investment funds.</p> <p>The Federal Reserve Board also authorized the adjustment of several of the economic parameters of the MMIFF, including the minimum yield on</p>			<p>the possibility of unusually large losses on an asset pool of approximately US\$ 306 billion of loans and securities backed by residential and commercial real estate and other such assets, which will remain on Citigroup's balance sheet. As a fee for this arrangement, Citigroup will issue preferred shares to the Treasury and FDIC. Treasury will invest US\$ 20 billion in Citigroup from the Troubled Asset Relief Program in exchange for preferred stock with an 8% dividend to the Treasury.²¹</p> <p>Targeted Investment Program (TIP):</p> <p>TIP is designed to prevent a loss of confidence in financial institutions that could result in significant market disruptions, threatening the financial strength of similarly situated financial institutions, impairing broader financial markets, and undermining the overall economy. Institutions will be considered for this program on a case-by-case basis.²⁴</p> <p>On December 31, 2008, Citigroup received US\$20 billion under this program.</p> <p>Bank of America:</p> <p>On January 16, 2009, the U.S. Treasury Department and the Federal Deposit Insurance Corporation announced that</p>

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		<p>assets eligible to be sold to the MMIFF, to enable the program to remain a viable source of backup liquidity for money market investors even at very low levels of money market interest rates.</p> <p>Primary Dealer Credit Facility ("PDCF"):</p> <p>The PDCF, effective September 15, 2008, is an overnight loan facility that will provide funding to primary dealers, who will participate through their clearing banks, in exchange for tri-party eligible collateral. It is scheduled to expire October 30, 2009.⁷</p> <p>Term Securities Lending Facility ("TSLF"):</p> <p>The TSLF is a 28-day facility that offers general Treasury collateral, such as Treasury bills, notes, bonds and inflation-indexed securities, to primary dealers of the New York Federal Reserve Bank in exchange for other eligible collateral. It is scheduled to expire October 30, 2009.⁸</p> <p>Term Auction Facility ("TAF"):</p> <p>The TAF, established in December 2007, is a temporary credit facility that allows a depository institution to place a bid for an advance from its local Federal Reserve Bank at an interest rate determined as a</p>			<p>they will provide protection against the possibility of unusually large losses on an asset pool of approximately US\$ 118 billion of loans, securities backed by residential and commercial real estate loans, and other such assets, all of which have been marked to current market value. The large majority of these assets were assumed by Bank of America as a result of its acquisition of Merrill Lynch. The assets will remain on Bank of America's balance sheet. In addition and if necessary, the Federal Reserve stands ready to backstop residual risk in the asset pool through a non-recourse loan.</p> <p>The U.S. Treasury will invest US\$ 20 billion in Bank of America from the Troubled Assets Relief Program in exchange for preferred stock with an 8 percent dividend to the Treasury. Bank of America will comply with enhanced executive compensation restrictions and implement a mortgage loan modification program.²⁵</p>

GUARANTEES OF BANK DEBT	DEPOSIT GUARANTEES	SPECIAL CENTRAL BANK ASSISTANCE MEASURES	RECAPITALIZATION MEASURES	OTHER ASSISTANCE TO THE INTER-BANK MARKET OR TO OTHER MONEY MARKETS	ASSISTANCE TO INDIVIDUAL INSTITUTIONS
		<p>result of the auction. The first auction took place on December 17, 2007.⁹</p> <p>Federal Reserve intends to conduct bi-weekly TAF auctions as long as necessary. Only depository institutions are eligible.</p> <p>Foreign Exchange Swap Lines:</p> <p>On October 13, 2008, the U.S. Federal Reserve announced the expansion of swap lines with, among others, the BoE, the ECB¹⁰ and the Swiss National Bank. These three European central banks will conduct tenders of U.S. dollar funding at 7-day, 28-day and 84-day maturities.¹¹ Swap lines with the U.S. Federal Reserve will be increased to accommodate whatever quantity of U.S. dollar funding is demanded.</p> <p>Temporary 23A Exemption:</p> <p>The U.S. Federal Reserve temporarily exempt certain bank-to-affiliate financings from limits under section 23A of the Federal Reserve Act and the Fed's regulation W.¹²</p> <p>Term Asset-Backed Securities Loan Facility ("TALF"):</p> <p>Under the TALF announced on November 25, 2008 the Federal Reserve Bank of New York ("FRBNY") will lend up to</p>			

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		<p>US\$ 200 billion on a non-recourse basis to holders of certain AAA-rated Asset-Backed Securities ("ABS") backed by newly and recently originated consumer and small business loans. The FRBNY will lend an amount equal to the market value of the ABS less a haircut and will be secured at all times by the ABS. The U.S. Treasury Department—under the Troubled Assets Relief Program ("TARP") of the Emergency Economic Stabilization Act of 2008—will provide US\$ 20 billion of credit protection to the FRBNY in connection with the TALF.¹³</p> <p>On February 10, 2009, the Federal Reserve announced that it is prepared to undertake a substantial expansion of the TALF. The expansion could increase the size of the TALF to as much as \$1 trillion and could broaden the eligible collateral to encompass other types of newly issued AAA-rated asset-backed securities, such as commercial mortgage-backed securities, private-label residential mortgage-backed securities, and other asset-backed securities. An expansion of the TALF would be supported by the provision by the Treasury of additional funds from the Troubled Asset Relief Program.²⁶</p> <p>Under the TALF, any entity controlled by a foreign</p>			

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		government or managed by an investment manager controlled by a foreign government may not be an eligible borrower. A foreign government is considered to control a company if, among other things, it owns, controls, or holds with power to vote 25 percent or more of a class of voting securities of the company.			

¹ Invoked through the systemic risk exception provisions of the FDIC Improvement Act of 1991. See the FAQ's at <http://www.fdic.gov/regulations/resources/TLGP/faq.html>.

² The FDIC's TLGP final rules were issued on November 21, 2008. See <http://www.fdic.gov/news/board/08BODtlgp.pdf>.

³ The FDIC Insurance Program is effective from October 3, 2008 until December 31, 2009. See <http://www.treas.gov/initiatives/eesa/>.

⁴ Expires April 30, 2009. See http://www.newyorkfed.org/markets/cpff_terms_conditions.html.

⁵ Expires October 30, 2009. See <http://www.frbdiscountwindow.org/mmmf.cfm?hdrlD=14>.

⁶ Expires October 30, 2009. See http://www.newyorkfed.org/markets/mmiff_terms.html.

⁷ Expires October 30, 2009. See <http://www.newyorkfed.org/markets/pdcf.html>.

⁸ Expires October 30, 2009. See <http://www.newyorkfed.org/markets/tslf.html>.

⁹ In September 2008 the U.S. Federal Reserve announced (1) an increase in the size of the 84-day maturity TAF auctions from US\$ 25 billion to US\$ 75 billion per auction beginning on October 6, 2008; (2) two forward TAF auctions amounting to US\$ 150 billion and (3) an increase in swap authorization limits with foreign central banks. See <http://www.federalreserve.gov/monetarypolicy/taffaq.htm>.

¹⁰ The swap line amount with the ECB was increased from US\$ 120 billion to US\$ 240 billion.

Other foreign country swap lines include: Australia, Canada, Denmark, England, Japan, New Zealand, Norway, Sweden, and Switzerland. See <http://www.federalreserve.gov/newsevents/press/monetary/20081013a.htm>, <http://www.federalreserve.gov/newsevents/press/monetary/20080924a.htm>, <http://www.federalreserve.gov/newsevents/press/monetary/20081028a.htm>, and <http://www.federalreserve.gov/newsevents/press/monetary/20080918a.htm>.

¹¹ In August 2008 the ECB, in conjunction with the U.S. Federal Reserve, began operating 84-day operations in addition to its operations with a 28-day maturity.

¹² The exemption is available from September 14, 2008 until January 30, 2009. See <http://edocket.access.gpo.gov/2008/pdf/E8-22701.pdf>.

¹³ Expires December 31, 2009. See <http://www.federalreserve.gov/newsevents/press/monetary/monetary20081125a1.pdf>.

¹⁴ The rescue package involves a plan to buy stakes of circa: US\$ 25 billion each in Citigroup, JPMorgan and Wells Fargo; US\$ 25 billion between Bank of America and Merrill, which agreed last month to be acquired by Bank of America; US\$ 10 billion each in Goldman Sachs and Morgan Stanley; US\$ 3 billion for Bank of New York Mellon; and US\$ 2 billion for State Street.

¹⁵ The Treasury Department has listed all completed transactions on its website. See <http://www.ustreas.gov/initiatives/eesa/docs/001-06-09-CPP-Report.pdf>.

¹⁶ Expires December 31, 2009. See http://www.ustreas.gov/press/releases/reports/mbs_factsheet_090708hp1128.pdf.

¹⁷ Secretary Paulson's full statement can be viewed at <http://www.ustreas.gov/press/releases/hp1265.htm>.

¹⁸ Expires December 31, 2009. See <http://fpc.state.gov/documents/organization/110096.pdf>.

- ¹⁹ The Federal Reserve's full press release can be viewed at <http://www.federalreserve.gov/newsevents/press/monetary/20081125b.htm>.
- ²⁰ The Treasury Department's full statement on the program can be viewed at http://www.ustreas.gov/press/releases/reports/gsecf_factsheet_090708.pdf.
- ²¹ The joint press release among the Treasury Department, FDIC, and Federal Reserve on Citigroup can be viewed at <http://www.federalreserve.gov/newsevents/press/bcreg/20081123a.htm>.
- ²² The lists of the banks are available at <http://www.fdic.gov/regulations/resources/TLGP/optout.html>.
- ²³ Guidelines for the AIFP are published on Treasury's website. See <http://www.treasury.gov/initiatives/eesa/program-descriptions/aifp.shtml>.
- ²⁴ Program guidelines for the TIP were published on Treasury's web site on January 2, 2009 as required by section 101(d) of the EESA. See <http://www.treasury.gov/press/releases/hp1338.htm>.
- ²⁵ The term sheet for this deal can be viewed at <http://www.fdic.gov/news/news/press/2009/pr09004a.pdf>.
- ²⁶ The Federal Reserve's full press release can be viewed at <http://www.federalreserve.gov/newsevents/press/monetary/20090210b.htm>.
- ²⁷ The Federal Reserve's full press release can be viewed at <http://www.ustreas.gov/press/releases/tg21.htm>. See also <http://financialstability.gov/>.

This publication is intended only as a general discussion of the issues covered in it. It should not be regarded as legal advice. The description of state action given is not intended to be a comprehensive summary or discussion of states' activities and may be subject to further changes.

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