

Brussels, 16 January 2009

**Circulation:** Task Force on the Financial Turmoil

**For info:** Legal Committee  
EMAC  
Global Banking Issues Committee

**Subject:** *Overview of national measures in support of the banking industry (an update)*

Dear Sir or Madam,

Please find enclosed for your information a paper prepared by UNICREDIT and kindly shared with the EBF providing an overview of the different national measures in support of the banking industry. This paper is more detailed than the overview that had been previously prepared by the Secretariat: it includes a larger number of countries and, also an overview of central banks' actions. Hence, you are kindly invited to refer to this paper in your future communications with the EBF Secretariat with the purpose of its update.

Yours faithfully,

Robert Priester  
Head of Department

Enrique Velázquez  
Adviser

Encl.: 1 (D0061B-2009)

a.i.s.b.l.



# **Sovereign initiatives to tackle financial turmoil**

## **Main facts**

Update: 15 January 2009

# Table of contents

## Section 1 – Government interventions

- Table 1: Central bank - Liquidity-enhancement profile;
- Table 2: Government guarantees;
- Table 3: Government equity;
- Table 4: Deposit Schemes.

### Main sources:

The current version draws mainly from:

- ✚ [www.europa.eu](http://www.europa.eu) (State aid: Overview of national rescue measures and guarantee schemes);
- ✚ RZB, Document prepared by Debt Investor Office, 21 November 2008;
- ✚ UniCredit Group – IRSA network.

Other main sources of previous versions:

- National governments;
- [www.europa.eu](http://www.europa.eu)
- European Commission, *State aid: Overview of national rescue measures and deposit guarantee schemes*, Memo/08/614;
- Financial Times;
- Bank of America, *Summary of selected government guarantee initiatives – as of 23 Oct 2008*;
- Unicredit Group - Global Research; *An overview of recent Rescue Plans*, November 12 2008
- UniCredit Group – CEE Research, *Governments' rescue plans*, version received on 30<sup>th</sup> October;
- UniCredit Group – IRSA network.

**Table 1a - Central bank**

Country	Central bank			
	Liquidity-enhancement profile (open market operations - OMOs)			
	Type	Eligible assets/measure description	Overall size	Time span
Austria	-	-	-	-
Bosnia and Herzegovina	Reserve requirement	Reduction of mandatory reserve requirement for commercial banks from 18% to 14% to boost liquidity	-	-
	<u>Additional general info:</u> on 11 Nov. Bosnia announced that it will discuss a possible stand-by loan with the IMF as a cushion against further economic troubles.			
Bulgaria	Reserve requirement	Approved change in obligatory minimum reserve requirements: for reserve assets of banks will also be accepted 50% of their cash holdings	-	-
	Increased commercial banks access to liquidity	Cutback of the penalty rates that commercial banks pay to BNB in case of reserve balance shortages	BGN 500 ml	-
	Marginal Reserve Requirement cuts	a) from 12% to 10% (effective from Dec 1st 2008 ); b) from 10% to 5% (effective from Jan 1, 2009)	Approx BGN 2 bn	-
Croatia	Marginal Reserve Requirement abolishment	Placing back at banks' disposal an amount of foreign exchange reserves accumulated with the central bank serving as a source of required liquidity approximate	Approx. EUR 355m and USD 129m	-
Czech Republic	Government-backed 2-week repo tenders	The interest rate paid for liquidity has been set at the official repo rate (currently at 3.50%) plus 10bp	Unlimited amounts	-
	(6th Nov): the Czech central bank slashed its benchmark interest rate more than expected to 2.75 percent, by three-quarters of a percentage point to the lowest since June 2007. The size of the cut is the largest since at least 2004.			
France	Short term bank refinancing support provided by the central bank.	-	-	-
	Change in tier one capital composition	This is expected to raise from 25 per cent to 35 per cent the proportion of tier one capital than can be a hybrid of equity and debt instruments	-	-
Germany	-	-	-	-
Greece	Dividend payout	Central bank wants banks to limit their 2008 dividend payouts to 35% of profits in order to be able to deal with the global financial crisis		
	Core tier one	The central bank asked banks to strengthen their core capital by the first half of 2009, to maintain credit expansion at levels of at least 10% (so that Greek households and businesses have adequate funding) and to have Tier 1 capital of at least at 8 percent by the end of 2009		
Hungary	2 new lending facilities	to improve liquidity, NBH will introduce: a) a weekly tender for 2-week, fixed rate secured loans; b) a regular tender for 6M, variable rate secured loans.	a) unlimited amount; b) pre-specified amount	-
	FX-loan relief	Banks will lower the monthly instalments without additional fees by extending the maturity of FX loans	-	-
	Discount rate	Raised from 8.5 to 11.5%	-	-
	Overnight euro swap tender	To boost euro liquidity	€150 mln	-
Italy	Loans qualified for refinancing	Minimum loan-asset threshold to access Bank of Italy re-financing lowered from 1,000,000 to 500,000 eur	-	-
	Swap transactions of italian government bonds owned by the Bol against assets owned by Italy's banks	Debt instruments, also denominated in foreign currency, and even with a rating lower than the securities used for ECB transactions	€ 40bn	-
Latvia	Reserve requirement	The minimum level was further reduced from 6% to 5% for bank liabilities with a maturity of over 2 years, while for all other liabilities included in the reserve base from 8% to 7%	-	-
Netherlands	Special credit	Financial groups could be provided with special credit against collateral if needed	-	-

# Table 1b - Central bank

Country	Central bank			
	Liquidity-enhancement profile (open market operations - OMOs)			
	Type	Eligible assets/measure description	Overall size	Time span
Poland	"Confidence Pact"	The main actions listed in the package include: open market operations in the form of repo transaction up to 3M, FX swaps, foreign currency deposits as collateral in refinancing loans.	-	-
Romania	Reserve requirement	Reduction for leu-denominated liabilities of credit institutions; unchanged for foreign currency-denominated liabilities	-	-
	Discount rate and interbank deposit market	a) interventions to temper national currency leu's depreciation; b) changes in the norms on interbank money market operation	-	-
Russia	Repo auctions	The list of banks includes also institutions classified as having problems. Central bank has said it can offer the indicated amount a day in its twice-daily repo auctions & collateral-free loans to around 100 of Russia's top banks.	1 trillion roubles	-
		Expansion of activities in terms of repo auctions	-	from 1 to 9M
	Collateral-free loans	CBR said it had issued collateral-free loans to commercial banks out of the RUB 100 bn on offer.	RUB 27.5 bn (\$1bn)	-
	Guaranteed financing	CBR financing of B+ rated debt securities and loans available against guarantees of banks rated B+ or higher.	up to RUB 700 bn	-
	Reserve requirement	On Oct 14th, CBR slashed all reserve requirements for banks to 0.5% in order to promote stability on domestic financial markets	-	-
	Interbank lending	The central bank will partially compensate Sberbank, VTB and Gazprombank for any losses sustained as a result of lending money on the interbank market	-	-
	Overnight fund raising without collateral	The Central Bank will also start to finance on the overnight with no collateral	-	-
Serbia	FX mandatory reserve	Banks no longer required to set aside reserves against new foreign borrowing, subordinated debt and companies' borrowing through leasing; moreover, CB increased the share of FX mandatory reserves which are to be deposited in local currency from 10% to 20%	-	-
Slovak Republic	Regulatory proposal for ALM	Central bank proposed new Decree on the liquidity of banks to ensure the proper process of banks' ALM to make the mutual ratio be in compliance with continuous liquidity and to ensure the capacity of each bank to fulfill its financial obligations	-	-
	More flexible collateral rules	Central Bank will take measures to make it easier for banks to refinance, with collateral rules to be made "more flexible"	-	-
Slovenia	-	-	-	-
Spain	-	-	-	-
Turkey	Central Bank as an intermediary in the FX deposit markets in Foreign Exchange and Banknotes Markets	-	-	Until the uncertainties are eliminated in the international markets
UK	US dollar repo operations	i) securities listed as eligible collateral for the Bank of England's extended collateral sterling long-term repo OMOs, on the established terms (including margin ratios); ii) bank debt that is guaranteed under HM Government's bank debt guarantee scheme will be accepted.	-	up to three years
	Special liquidity scheme: i) long-term asset swaps; ii) Credit risk stays with the banks	As collateral also bank debt that is guaranteed under HM Government's bank debt guarantee scheme will be accepted ( <i>for more detail, see Table 2</i> )	Usage of the Scheme will depend on market conditions. Initial use: around £50bn.	

# Table 2.a - Government guarantees

Sovereign support scheme approved by EC in accordance with the state aid rules of the EC Treaty

Country	Intervention's stated objectives	Government			
		Liquidity/lending guarantee profile			
		Type	Description/Eligible assets	Overall size	Time span
Austria	i) <u>Assumption of guarantees</u> : to stabilize the interbank market	Creation of a Clearingbank, which is guaranteed by the state (source: law "Interbankmarktstärkungsgesetz")	The Clearingbank will collect deposits from financial institutions and raise funds on the markets and distribute these funds to other financial institutions in need of funding; Beneficiaries: commercial banks, insurance companies;  In addition, the state can give a guarantee for the issuance of financial instruments from financial institutions	€75bn	Limited period
	ii) <u>Recapitalisation</u> : to resolve a disruption of economic life; to safeguard overall economic balance; to protect the Austrian economy	State guarantees on the liability and asset side, loans and recapitalisations (source: "Finanzmarktstabilitätsgesetz" law)	With regard to the guarantee for the asset side of the balance sheet, two types of guarantees are possible: 1) if the guarantee is granted for balance sheet items which are = the book (or a more recent) value, then the remuneration for the asset guarantee follows the remuneration for liability guarantees; 2) if asset guarantees are given which are > the book (or a more recent) value, then the difference between the guarantee value and the book value is interpreted as a <i>capital injection</i> and has to be remunerated accordingly and be accompanied by a restructuring plan. This system of remuneration reduces the incentive for using this type of guarantee and avoids abuses. Furthermore, the guarantee can only be called if the bank fails.	€15bn	
Bosnia and Herzegovina	-	-	-	-	-
Bulgaria	-	Government's deposits (which are part of the fiscal reserves) from BNB to local commercial banks.	Government can influence money supply by shifting government's deposits from BNB to local commercial banks. Some mid-size banks, which experience significant funding shortages, may have received support in the form of increased access to fiscal reserve money.	-	-
		Capitalization of the government entity aimed to improve access of SME to lending.	The state-owned lender, Bulgarian Development Bank (BDB) was capitalised to improve access of SME to lending. BDB does not possess its own sales infrastructure and is going to allocate the money to local commercial banks under different funding schemes.	Approx BGN 800 mln	-
Croatia	-	-	-	-	-
Czech Republic	-	Guarantee on Central Bank repo tenders	Czech Government bonds	Unlimited amounts	-
France	- To restore confidence in the banking and financial system;  - To ensure adequate financing for the French economy.	Set up of a dedicated public entity to facilitate refinancing of banks. The new entity will operate under the supervision of the French Treasury and benefit from the explicit guarantee of the French Republic and French banks are likely to be the shareholders of the new entity.	The entity will raise cash in the bond market with maturities no longer than 5 years and lend the proceeds to banks.	€320bn (including EUR 50-55 bn guarantee given to Dexiabank)	until 31st December 2009
			Financial institutions requesting the involvement of the new mechanism, will have to comply with a code of conduct (management compensation, regulatory capital).		

# Table 2.b - Government guarantees

Sovereign support scheme approved by EC in accordance with the state aid rules of the EC Treaty

Country	Intervention's stated objectives	Government			
		Liquidity/lending guarantee profile			
		Type	Description/Eligible assets	Overall size	Time span
Germany	Erection of a state-operated emergency fund "Financial Market Stabilization Fund" to secure the existence of battered banks, payment transactions and credit granting.	Guarantee scheme	Banks to pay a minimum fee of 2% per annum on guaranteed debt. Banks have to pay risk adjusted yield on the loan. The maximum amount an institution can draw is dependent on its amount of capital. The Fund will guarantee newly issued senior unsecured debt upon request from a financial institution or special purpose vehicle with financial assets. Fund will decide about eligibility of institutions on a case by case basis. Eligible: domestic financial institutions, German solvent subsidiaries of foreign institutions, insurance companies.	Up to a maximum amount of € 400bn	Fund shall exist until 2009
		Asset swap	The state will take over the assets but not bear their risk, as the assets need to be bought back after 36 months maximum for essentially the initial sales price. Moreover, a minimum premium similar to that of the guarantee and the costs for the provision of liquidity must be paid by the beneficiary.	€ 5bn <i>(to be checked further)</i>	
		Guarantee package to NordLB	The guarantee programme is structured around a SPV that supplies financing to NordLB via securities with a maximum maturity of 3 to 5yrs, backed by a very good, diversified guarantee pool of assets that is constantly reviewed.	Guarantee limited to new, short or medium term debt	Securities may be issued within 6 months
		Guarantee to IKB	Grant of a guarantee on IKB's newly issued debt. Germany will receive a market-orientated remuneration in accordance with the ECB recommendations	up to €5 bn	-
Greece	-	Guarantee scheme	Covering against remuneration new debt with a maturity between three months and three years. Subordinated debt and interbank deposits are excluded from the scheme. The remuneration is aligned with the ECB. Potential beneficiaries: all financial institutions in the country	€ 15bn	Issues during maximum six months after 19 Nov 2008
		Securities scheme	Providing against remuneration government bonds to eligible credit institutions to enhance their access to liquidity in particular with the ECB. The bonds are borrowed by the credit institutions against collateral, which has been subject to significant haircuts and against a fee similar to that of the guarantee. Issuance of special bonds to financial institutions, in order to inject liquidity	€ 8bn	-

## Table 2.c - Government guarantees

Sovereign support scheme approved by EC in accordance with the state aid rules of the EC Treaty						
Country	Government					
	Intervention's stated objectives	Liquidity/lending guarantee profile				
		Type	Description/Eligible assets	Overall size	Time span	
Hungary	On 11 Nov. government submitted its draft bank bailout bill to Parliament, reportedly allocating \$2.8bn of the \$25.8bn IMF/World Bank/EU support package to the financial system. According to reports, the bailout plan is evenly split between recapitalizing banks in exchange for shares and refinancing guarantees. Under plans submitted to parliament, a Capital Base Fund aims to raise the adequacy ratio of eligible banks to 14 percent. Capital would be made available in return for preferred convertible stock and, according to the press, veto rights – amount: \$1.4bn (1.0% of GDP) of the \$25.8bn IMF/World Bank/EU support package. The Guarantee Fund will be available through the end of next year to guarantee the rollover of loans and wholesale debt securities with an initial maturity of more than three months and up to five years					
	On 17 Nov. the parliament's budget committee voted down the bill on financial support to the banking sector - against putting the bill on the fast track. The general parliamentary debate will take place in December.					
	-	Reduction in currency risk	9 banks signed up for a deal with the government to ease the risks for borrowers who took out foreign currency loans and have been suffering as the local currency plummets in value (this is one of the criteria for the IMF aid package)	-	-	
Kazakhstan	-	Set up of a Distressed Asset Fund	To purchase problem assets from the banks at a discount to the market price The banks will invest the received money in the real sector of economy.	\$ 1 bn	Unlimited duration	
Ireland	-	Guarantee scheme	The scheme will cover credit institutions authorised in a member state of the EU and their subsidiaries, which are important to the systemic stability of the banking sector in Ireland. The credit institutions will be specified by statutory order. Liabilities eligible for state guarantee: all retail and corporate deposits (to the extent not covered by applicable deposit protection schemes in Ireland or elsewhere) Interbank deposits, Senior unsecured debt, Asset Covered Securities, Dated Subordinated Debt (Lower Tier 2)	-	30 Sept 2008 - 29 Sept 2010	
Italy	To guarantee financial industry as well as continuity in lending to firms and consumers	Guarantee on Bank of Italy's Emergency liquidity assistance (ELA)	State guarantee upon lending granted by Bank of Italy	-	-	
		<i>Note: at the occurrence of serious liquidity shortages</i>				
		State guarantee on new liabilities	Issued by banks for maturities longer than 3 months and up to 5 years	-	31 December 2009	
		Swap scheme on government bonds	a 6-months renewable swap between bank's debt certificates and Treasury bills, whose interest rate and maturity perfectly match, so as to ensure an identical cash flow and straightforward pricing,	-	31 December 2009	
		State guarantee to provide banks with temporary liquidity to engage in repo transactions with ECB	a state guarantee for banks in favour of third parties (like insurance companies) lending them high-grade assets which are in turn used by the banks in the Eurosystem to get refinancing.	-	31 December 2009	
<i>Note: the 3 aforesaid state-guarantee operations are all conditional on Bank of Italy's assessment on capital adequacy of the bank applying for the operation</i>						

## Table 2.d - Government guarantees

Sovereign support scheme approved by EC in accordance with the state aid rules of the EC Treaty					
Country	Government				
	Intervention's stated objectives	Liquidity/lending guarantee profile			
		Type	Description/Eligible assets	Overall size	Time span
Netherlands	Preventing a situation where banks curtailed lending to companies as a result of the drying up of interbank lending had to be avoided "cost what it will", Prime Minister said	Guarantees on interbank lending	Guarantee covers non-complex senior unsecured loans, plain vanilla, commercial paper, certificates of deposit, and medium term notes, with maturities ranging from 3 to 36 months. Must be denominated in GBP, Euro or USD. Fees will be based on historical CDS spreads with an addition of 50bps. Maturities of less than a year will have a fixed fee of 50bps. The scheme will include loans denominated in US Dollars and British Pounds. Both principal and interest will be covered	€ 200bn	Guarantees can be requested until 31 Dec 2009 for a period no longer than 36 months
Poland	-	-	-	-	-
Romania	-	-	-	-	-
Russia	-	Government guarantees	Extra liquidity to banking sector is pledged	€ 100bn	-
		Loans to banks	Government has pledged subordinated loans at 8% p.a. with maturity of 31/12/2009 for the banking sector (RUB 500 bn going to Sberbank and the rest put on deposit at state-owned Vneshekonombank (VEB), to be distributed to other banks.	€ 37bn	-
		Loans to help pay off foreign loans	Addressed to country's debt-laden companies and banks	€ 50bn	-
		Corporate lending	Companies can apply from \$100 million to \$2.5 billion in loans, providing they fulfill certain criteria. Applications for funds from companies in the banking sector total the indicated amount	Around \$20 bn	-
Serbia	-	-	-	-	-
Slovak Republic	-	-	-	-	-
Slovenia	To guarantee the stability of the country's financial system.	Government guarantee facility	Approved measures to enable banks, insurers and other financial institutions to tap into a facility	€12 bn	-
Spain	-	Guarantee on banks' debt	Guarantees apply to new debt issued by commercial banks	up to €100 in 2008, unspecified in 2009	-
		Temporary fund for illiquid assets	To buy AAA-rated but illiquid assets, i.e. covered bonds and mortgage-backed securities, which have become difficult to sell	€ 30-50 bn	-
UK	Provide sufficient liquidity in the short term;	Credit Guarantee Scheme	Instruments eligible to be guaranteed are Certificates of Deposit (CDs); Commercial Paper (CP); and senior unsecured bonds and notes. Eligible currencies: sterling, US dollars, euros, Japanese yen, Australian dollars, Canadian dollars and Swiss francs. The guarantee may be applied to stand-alone debt securities or to instruments issued off programmes, and to plain vanilla, non-complex instruments only, in each case approved by HM Treasury at its sole discretion.	£200bn	3 years. 2-year roll-over is allowed (until April 2014)
	Make available new tier 1 capital to UK banks and building societies				
	Ensure that the banking system has the funds necessary to maintain lending in the medium term				

# Table 3.a. - Government core Tier 1

Sovereign support scheme approved by EC in accordance with the state aid rules of the EC Treaty

Country	Government							
	Target tier 1 capital ratio	Recapitalization profile				Complementary Policy commitments profile		
		Type	Intervention features		Overall size	Time horizon	Corporate governance	Others
Austria	-	Capital boost (to eligible credit and insurance institutions)	<p>Any institution wishing to benefit from the guarantee must: 1. provide a sufficient amount for loans to SMEs and private mortgages; 2. refrain from inappropriate management compensation, which have to be aligned with long term success of the company. Claw back provisions on unjust previous compensation have to be put in place, where legally possible. 3. pay dividends only in line with the actual financial results;</p> <p>4. refrain from any option program as long as guarantee is outstanding; 5. not repurchase or reduce its capital; 6. ensure to maintain current size of workforce; 7. pay reasonable costs for the support , given current market conditions, and in line with EU guidelines; 8. draw a contract with the government setting out all details; 9. give unconditional information access to Austrian Chancellor and Minister of Finance.</p> <p><i>See the reference to "capital injection" in the box under "Liquidity/lending guarantee profile" section</i></p>		€ 15bn (overall considering State guarantees on the liability and asset side, loans and recapitalisations)	With due regard to the capital market situation	-	The adequacy of a recapitalisation is ensured by strict conditions such as a dividend restriction and a remuneration corridor which includes step-up clauses and a higher repayment of capital to the state in some circumstances. An even higher remuneration needs to be asked from distressed banks.
	From 7% last year to in excess of 10%	Capital injection in Erste Group	The Republic of Austria will buy participation capital in exchange for a fixed annual interest payment of 8 percent. The participation capital will be non-listed, non-voting and non-transferable.		EUR 2.7 bn	-	-	Erste pledges to lend, together with the savings banks, at least EUR 6 bn to Austrian citizens and companies over the next three years
Bosnia and Herzegovina	-	-	-		-	-	-	-
Bulgaria	-	-	-		-	-	-	BNB recommend to the mother companies to use the whole profit accumulated in 2008 to recapitalize their subsidiary banks operating in Bulgaria.
Croatia	-	-	-		-	-	-	-

# Table 3.b. - Government core Tier 1

Sovereign support scheme approved by EC in accordance with the state aid rules of the EC Treaty

Country	Government							
	Target tier 1 capital ratio	Recapitalization profile				Complementary Policy commitments profile		
		Intervention features				Overall size	Time horizon	Corporate governance
Type	Tool							
France	9%	Set up of the Société de prise de participation de l'État (SPPE), a state-owned investment company	SPPE will invest in securities issued by the beneficiary banks. These securities will take the form of hybrid capital instruments (subordinated debt securities classified as non-core Tier 1 capital) and be remunerated at a fixed rate for the first five years and at a variable rate thereafter. The remuneration, which will average about 8%, will reflect the degree of solvency of each beneficiary bank via a credit default swap (CDS) component, whereby remuneration is modulated according to the risk of default.		Capped at €21 bn (the French authorities have announced that their intervention will initially be limited to €10.5 bn)	The envisaged safeguards will encourage the beneficiary banks to turn to private operators as soon as conditions permit and thereby prevent any crowding-out effect on the capital markets.	The beneficiary banks must also undertake to adopt measures concerning the remuneration of senior management and market operators (including traders) and to observe ethical rules consistent with the general interest, including restrictions on the remuneration of senior executives. The rules also limit severance payments to senior executives and ban all severance payments where a senior executive or enterprise has failed or where a senior executive leaves voluntarily.	The scheme includes obligations for the beneficiary banks with regard to financing the real economy
	Tier 1 increased by about 50 bp	Capital injections into the six largest institutions	To put them in a position to properly finance the economy. It took the form of subordinated loans, issued by the banks at the risk-free market rate plus 400 basis points, and repayable after other debts have been met		€10.5	-	Financial institutions requesting the involvement of the new mechanism, will have to comply with a code of conduct (management compensation, regulatory capital).	
Germany	-	New direct capital injection made available to banks and insurance companies in exchange for shares to allow them to strengthen their balance sheets against possible losses	This capital injection can be done in any form, i.e. ordinary shares, preference shares, silent participations or other measures. Any subsequent market disposal has to be done in a prudent way. [terms and conditions to be verified upon recent EC approval]		€70 bn (it can be increased by another €10 bn)	Fund shall exist until 2009	The adequacy of the recapitalisation is ensured by strict conditions such as a dividend ban and several behavioural commitments including limiting beneficiaries' future activities and capping managers' remunerations (€ 500,000) . The state will receive proper remuneration for the preference shares it receives in exchange for a capital injection.	
	-	Ad-hoc interventions	Sachsen LB (liquidity facility, guarantee); IKB (capital injections, risk shields, liquidity facilities); Hypo RE Holding AG (loan guarantees)		-	-	-	-
Greece	See "Central Bank" section	Recapitalisation scheme	The State will purchase preference shares which are considered as non core tier 1 capital and will be remunerated with 10 % interest		€ 5bn	-	The Government will appoint a member on the board of banks seeking recapitalisation and will cap executive salaries ( <i>to be checked</i> )	

### Table 3.c. - Government core Tier 1

Sovereign support scheme approved by EC in accordance with the state aid rules of the EC Treaty

Country	Government						
	Target tier 1 capital ratio	Recapitalization profile				Complementary Policy commitments profile	
		Type	Intervention features	Overall size	Time horizon	Corporate governance	Others
Hungary	-	<p>On 6 Nov. Hungarian financial authorities said they are ready to provide local banks up to 600 billion forints (\$3 billion, 2.3 billion euros) to boost banks capital and help them refinance debts. Hungary would get a stake in the banks participating in the state aid. The aid package for banks comes as part of the \$25.1 billion standby loan for Hungary announced by the IMF, the European Union and the World Bank.</p>				-	-
Kazakhstan	-	New state holding company ontributes bank equity	SamrukKazyna (holding strategic national assets) is purchasing shares (25% stake on additional issue of ordinary shares) in first 4 biggest banks in Kazakhstan. Unicredit-ATF had turned down an offer to be included in the scheme and would instead boost the banks' capital themselves	\$5 bn	Unlimited time	-	-
		Law "On Financial Stability" approved by the Parliament	The law vests the government with the right "to decide on acquisition of no less than 10% of bank's authorized shares by a national company in case of financial organization default on prudential standards and other minimal requirements.	-	-		
Italy	-	Subscription of financial instruments issued by Italian banks	Possibility to subscribe subordinated debt instruments, to be counted as bank core tier 1 capital. Only fundamentally sound banks as determined by their credit default swaps spread level, their ratings and the additional assessment to be made by the Bank of Italy will be eligible for the recapitalisation. Capital endowment will be within 2% of the banks' risk weighted assets and in principle within a level of 8% of tier 1 capital.	around €15-20 bn		As remuneration conditions:fixed step-up clauses, increases in remuneration linked to dividend payments,link of the remuneration with the financing cost of the Italian state. To give banks an incentive to redeem the state participation, a redemption price higher than the nominal value and increasing over time has been introduced. Conditions relating to dividend policy, management remuneration, behavioural commitments and an ethical code are included in the conditions of the recapitalisation. The Bank of Italy will regularly monitor how the funds will be put to use to sustain lending to the real economy	
		Application of law for distressed banks	Extraordinary Liquidation (Amministrazione Straordinaria)	-	-	Designated judicial commissioners approves recapitalization measures by the Ministry of Economy	-
Latvia	-	Government's stake Parex banka	Purchase of 51% of the Parex banka.The bank's new owner is reportedly about to inject 200 mn lati of fresh liquidity into the bank. The former owner will be able to repurchase the stake for the same price after one year.	€285 mln	1 year	-	-

## Table 3.d. - Government core Tier 1

Sovereign support scheme approved by EC in accordance with the state aid rules of the EC Treaty									
Country	Government						Complementary Policy commitments profile		
	Target tier 1 capital ratio	Recapitalization profile				Overall size	Time horizon	Corporate governance	Others
		Type	Intervention features						
Netherlands	-	Ad hoc Fund	To recapitalise banks and insurers. To inject funds into financially healthy banks and insurers in return for preference shares or other means of reflecting the investment		€20bn	-	-	-	
	From 6,5% to 8%	Recapitalization of ING	Via a special type of securities that would qualify as core tier 1 capital and produce an annual coupon. In the event that ING decides to repurchase the securities, the state will receive 150% of the issue price		€10bn	-	The an annual coupon equal to the higher of:€ 0.85 per security, non cumulative, payable annually in arrears; 110% of the dividend paid on the ordinary shares in 2009; 120% of the dividend paid on the ordinary shares in 2010; 125% of the dividend paid on the ordinary shares from 2011 onwards.		
	-	Recapitalization of Aegon	Similar scheme to the one adopted for ING		€3bn	-	-	-	
Poland	-	-	-		-	-	-	-	
Romania	-	-	-		-	-	-	-	
Russia	-	Government-led takeover of 3 failed banks	As subordinated loan		\$39bn	-	-	-	
	-	Increase govt stakes in four companies, including bank VTB	-		-	-	-	-	
Serbia	-	-	-		-	-	-	-	
Slovak Republic	-	Gov. is ready to inject capital in banks	Through state borrowings with a right of pledge over shares of banks or capital strengthening of banks by way of increase of their capital or through various measures within forced administration pursuant to the Act on Banks		-	-	-	-	

**Table 3.e. - Government core Tier 1**

Sovereign support scheme approved by EC in accordance with the state aid rules of the EC Treaty								
Country	Government							
	Target tier 1 capital ratio	Recapitalization profile				Complementary Policy commitments profile		
		Intervention features				Overall size	Time horizon	Corporate governance
Type	Tool							
Spain	-	The Spanish Treasury has received authorisation to acquire securities in credit entities to strengthen their equity. The authorisation covers the acquisition of any kind of equity securities, mentioning expressly preference shares (participaciones preferentes) and participating quotas (cuotas participativas) issued by Spanish resident credit entities whose equity needs strengthening and if requested						
UK	In excess of 9%	i) as permanent capital	preference share capital or PIBS		£25bn	The Government is not a permanent investor in UK banks, its intention is, over time, to dispose of all the investment	Remuneration of senior executives - both for 2008 (when no cash bonuses are expected to be paid to board members) and for remuneration policy going forward (where incentive schemes will be reviewed and linked to long-term value creation, taking account of risk; and restricting the potential for "rewards for failure"	Maintenance, over the next three years, of the availability and active marketing of competitively-priced lending to homeowners and to small businesses at 2007 levels
		ii) further stand-by line	preference shares, PIBS or, at the request of an eligible institution, as assistance to an ordinary equity fund-raising		£25bn		Right for the Government to agree with boards the appointment of new independent non-executive directors	Support for schemes to help people struggling with mortgage payments to stay in their homes, and to support the expansion of financial capability initiatives
		iii) capital investments to RBS, and upon successful merger, HBOS and Lloyds TSB	Partial nationalisation		£37bn		Dividend policy	-

## Table 4a - Deposit Schemes details

Country	Guarantees of Deposits	
	Type of commitment (political/legal)	Material scope
Austria	-	Unlimited guarantee on bank deposits of private individuals; this unlimited guarantee is valid until 31 Dec 2009, from 01 Jan 2010 the maximum amount guaranteed is EUR 100,000.
		Coverage of deposits of small and medium sized enterprises: extended coverage for small companies from EUR 20,000 to EUR 50,000; coverage for medium sized enterprises remained at a level of EUR 20,000. Deposits of large corporations are not guaranteed.
Bosnia and Herzegovina	The Central bank demanded the authorities to raise the coverage	The maximum amount of an insured deposit to be reimbursed by the Agency amounts to KM 7,500 or EUR 3,835/client/bank (for private customers as well as for corporate customers) - the Central Bank demanded the authorities to double the limit for the guarantee to EUR 7,700 - funded by the state
Bulgaria	Government decision on 9/10/08.	Increase of bank deposit guarantee to EUR50,000 per depositor per bank - funded by the banks (the Bulgarian Deposit Insurance Fund insures bank deposits of physical persons and legal entities both in levs and in foreign currency)
Croatia	Government intervention	Increased protection up to 400,000 Kuna (around €55,000) for deposits - funded by the banks
Czech Republic	Government decision on 9/10/08. Amendment to the law to be proposed.	Deposit guarantee will be doubled to EUR 50,000. Customers of bankrupt banks will be compensated for 100% of their savings (instead of so far 90%).
France	Announcement by PM (8/10/08). Amendment to finance law to be proposed.	Guarantees up to €70k. "Legal structure" to intervene financially (including through participations) if a bank is in difficulty.
Germany	Political declaration	Blanket guarantee worth € 568bn - All private savings accounts in German banks will be protected by an unlimited guarantee
Greece	-	Cap on deposits guaranteed increased for accounts of individuals is set to EUR 100,000.
		Political commitments also to cover deposits of legal persons for a duration of 3 years
Hungary	Government approved measures	To increase the amount of deposit insurance to HUF 13 million (EUR 52,000)/person/bank and abolish the 10% own part. Above this amount the state will hold a guarantee, so the overall guarantee is unlimited. Finance Minister Janos Veres has said the government would guarantee all deposits with no limit, with an immediate effect - funded by the banks
Italy	Government decree approved (8/10/08).	Second grade guarantee fund for all bank deposits up to EUR103,000.

## Table 4b - Deposit Schemes details

Country	Guarantees of Deposits	
	Type of commitment (political/legal)	Material scope
Kazakhstan	-	The state insurance coverage for retail deposits of physical persons at 5 ml tenge will remain in effect within the next three years. Increase the charter capital of the national deposit insurance scheme to more than \$830 million from \$250 million, increasing minimum coverage for individual account holders to around \$41,000.
Latvia	Government enactment	Increase in the level of guarantees for bank deposits to 50,000 euros from the current 20,000 euros.
Netherlands	Announcement at press conference on 9/10/08	Guarantee deposits of up to €100k to Dutch and non-Dutch banks with a Dutch banking license. Dutch government reserves EUR20bn for the financial sector. Funds will be directly available for fundamentally sound and viable banks that run into problem for liquidity and capital. Not clear yet how the capital will be provided. Fund could be extended if need be.
Poland	-	Increased protection up to €50,000
Romania	Government enactment through an emergency ordinance	The retail deposit guarantee cap has been increased from EUR 20,000 to 50,000 - funded by the banks
Russia	-	Deposit coverage has been increased to \$27,000 (x7 increase)
Serbia	Government intervention	Increased protection up to € 50,000 (from €3,000) - funded by the state
Slovenia	On October 15th 2008 the Slovenian Government has adopted the amendment to the Banking Law and sent it into legislative procedure in Parliament.	Introduction of temporarily unlimited Deposit Guarantee Scheme (until the end of 2009)
Slovak Republic	-	Insurance to the full amount of bank deposits - funded by the banks (Legislation on deposit insurance in Slovakia does not operate with the specification of residents or non residents. It considers legal entities and natural persons operating in SK.)
Spain	-	Increase the cap of the deposit guarantee from EUR 20,000 to EUR100,000
Ukraine	The State is about to change current regulation	Increase in deposit insurance from UAH 50K to UAH 100K (around € 14,000) per account which will be funded from NBU
UK	Political statement	UK is to increase its cap on the amount it will guarantee to savers from 35,000 to 50,000 pounds, starting on 7/10/08.

**Contact person:**

Mr. Riccardo Brogi  
Senior Regulatory Economist  
Regulatory Affairs Unit  
UniCredit Group

e-mail: [Riccardo.Brogi@unicreditgroup.eu](mailto:Riccardo.Brogi@unicreditgroup.eu)  
Phone: +39 02 886 22203