FRANKFURT/PARIS/LONDON, January 29 (Fitch) Fitch Ratings has assigned Laender 44 EUR1bn bonds, due 29 January 2021, a final Long-term rating of 'AAA'. The bonds are issued by a group of six German federated states (Laender). This is the 44th joint issue of the German Laender and the 32nd to be rated by Fitch.

KEY RATING DRIVERS

The rating reflects the strong support mechanisms that apply to all members of the German Federation, including the six German federated states involved in the joint issue, and the extensive liquidity facilities they benefit from, which ensure timely debt and debt service payment.

The support mechanisms apply uniformly to all members of the German Federation: the Federal Republic of Germany (AAA/Stable) represented by the federal government (Bund) and the 16 federated states, which include the six states undertaking the issue: Bremen, Hamburg, Mecklenburg-Vorpommern, Rheinland-Pfalz, Saarland and Schleswig-Holstein. All Laender are equally entitled to financial support in the event of financial distress irrespective of differences in economic and financial performance.

Each state is liable for its individual share in the issue, the proceeds of which are to be divided between the participating states as follows:

State of Bremen: EUR175m
State of Hamburg: EUR175m
State of Mecklenburg-Vorpommern: EUR125m
State of Rheinland-Pfalz: EUR175m
State of Saarland: EUR175m
State of Schleswig-Holstein: EUR175m

The State of Hamburg is the paying agent. The issue's liquidity is underpinned by the safe cash management system the Laender operate in, which allows overnight cash exchanges between Laender and the Bund when necessary, and recourse to appropriate short-term credit lines. The issue is zero risk-weighted and European Central Bank repo-eligible.

The objective of the Laender's jumbo joint issue is to offer investors a sizeable and liquid bond with portfolio exposure on several issuers.

RATING SENSITIVITIES

A negative rating action would be triggered by a downgrade of the ratings of Germany. Any change in the support scheme would result in a review of the rating.


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Applicable Criteria and Related Research:

Tax-Supported Rating Criteria
http://www.fitchratings.com/creditrates/reports/report_frame.cfm...

International Local and Regional Governments Rating Criteria
http://www.fitchratings.com/creditrates/reports/report_frame.cfm...

Additional Disclosure

Solicitation Status

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