

Federal Ministry of Finance
Publication of the Issuance terms and conditions
for Federal bonds, five-year Federal notes, Federal Treasury notes
and Treasury discount paper of the German Government

of August 8, 2012

The issuance terms and conditions for Federal bonds, five-year Federal notes, Federal Treasury notes and Treasury discount paper of the German Government as amended in the publication of November 20 2007 (Federal Gazette p. 8154) are amended as follows as of August 22, 2012:

Issuance terms and conditions for Federal bonds, five-year Federal notes,
Federal Treasury notes and Treasury discount paper
of the German Government

The Federal Republic of Germany (hereinafter referred to as the “German Government”) issues Federal bonds, five-year Federal notes, Federal Treasury notes and Treasury discount paper of the German Government (hereinafter referred to as “German Government securities“) subject to the following terms; for Inflation-linked Federal Bonds and Five-year Inflation-linked Federal Notes specific Issuance terms are in place.

Placing:

Federal bonds, five-year Federal notes, Federal Treasury notes and Treasury discount paper of the German Government will be issued by auction through the Auction Group Bund Issues (“Bietergruppe Bundesemissionen”). Such auctions are governed by the “Auction rules for the issue of Federal bonds, five-year Federal notes, Federal Treasury notes and Treasury discount paper of the German Government“.

Volume:

Total volume of an issue (amount allotted and amount set aside for secondary market operations) is stipulated by the German Government after conclusion of the auction procedure in each case. The German Government reserves the right to increase the

volume of an issue of German Government securities by reopening it during the time to maturity.

Nominal amounts:

Federal bonds, five-year Federal notes, Federal Treasury notes and Treasury discount paper of the German Government have a denomination of Euro 0.01 and can be assigned and traded at any nominal amounts.

Nominal interest rate, maturity, calculation of interest:

- (1) The nominal interest rate, the start of the interest payment period and the maturity of the German Government securities are specified in each offer for tender.
- (2) For Federal bonds, five-year Federal notes and Federal Treasury notes, interest is paid annually in arrears; for Treasury discount paper of the German Government, the interest results from the difference between the nominal value and the purchase price. Payment of interest ends at the end of the day prior to the date of maturity; this also applies if performance is effected under Section 193 of the German Civil Code.
- (3) For Federal bonds, five-year Federal notes and Federal Treasury notes, interest are calculated by the exact-day method of calculating interest act/365 or act/366 and for Treasury discount paper of the German Government by the act/360 method of calculating interest.

Redemption:

Federal bonds, five-year Federal notes, Federal Treasury notes and Treasury discount paper of the German Government are repaid at nominal value on the specified date of maturity. Early repayment is not possible.

Eligibility for trusts:

German Government securities are eligible for trusts pursuant to section 1807 (1) number 2 of the German Civil Code.

Eligibility for investment in premium stock reserve:

German Government securities are eligible for the investment of restricted assets pursuant to section 54 (2) number 2 of the Act on the Supervision of Private Insurance Enterprises (VAG).

Eligibly assets:

German Government securities are eligible as collateral for the open market and credit operations of the ESCB in accordance with Article 18.1 of the Protocol on the Statute of the ESCB and of the ECB.

Transfer of rights:

- (1) For the total amount of each issue, a collective debt register claim for Clearstream Banking AG Frankfurt will be entered in the Federal Debt Register (book-entry securities).
- (2) The creditors of German Government securities receive co-ownership rights in the collective debt register claim entered in the Federal Debt Register.
- (3) The creation of an individual Debt Register claim is excluded by the issuance terms and conditions.
- (4) No certificates will be issued throughout the time up to maturity.

Separate trading of registered interest and principal of securities (stripping) in the case of Federal bonds:

- (1) The creditors of certain Federal bonds selected by the Federal Government have the right throughout the life of the bonds to request the institution carrying the safe custody account to have the full amount of their shares in a collective holding separated (stripped) into principal (principal strip) and individual coupons (coupon strips) by the Clearstream Banking AG.
- (2) Only credit institutions, financial services institutions, securities trading houses and securities trading banks are allowed to reconstruct the underlying bond from the principal and coupon strips for their own portfolios. For tax reasons, domestic non-banks do not have the right to do so. They have the possibility of selling the strips in the market and of purchasing the underlying bond.

- (3) Nominal amounts (principal amounts) of EUR 50,000 or more are required for stripping and reconstruction. The minimum denomination of principal and coupon strips is uniformly EUR 0.01.

Listing, secondary market:

- (1) Federal bonds, five-year Federal notes and Federal Treasury notes are listed for regulated market at the German stock exchanges.
- (2) The separate principal and coupon strips of strippable Federal bonds are listed for trading at the Frankfurt stock exchange only.
- (3) After stock market listing, the German Government will conduct market management operations appropriate for the capital market situation within reasonable and justifiable limits – except for principal and coupon strips.

Payments:

- (1) All payments of due interest and principal will be made by the Federal Republic of Germany - Finance Agency.
- (2) The creditors' claims are fulfilled at the time of crediting to the depositors' accounts at the time of transfer to the accounts designated by the creditors concerned.

Publications:

- (1) The issuance terms and conditions and amendments to the same are published in the Federal Gazette.
- (2) The conditions of each issuance and any deviations from these issuance terms and conditions are shown in each offer for tender, which will also be announced by the Deutsche Bundesbank by press notice.

Berlin, August 8, 2012 VII A 2 – WK 2311/0

Federal Ministry of Finance,
By Order
H o l t e r s