



**VERBAND DEUTSCHER  
PFANDBRIEFBANKEN**  
Association of German Pfandbrief Banks

Verband deutscher Pfandbriefbanken e.V., Postfach 64 01 36, 10047 Berlin

Ms Danièle Nouy

Chairwoman

Committee of European Banking Supervisors

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#### **Capital Requirements Directive**

- **vdp RESPONSE TO CEBS'S QUESTIONNAIRE ON OPTIONS AND NATIONAL DISCRETIONS**

Dear Ms Nouy,

The Association of German Pfandbrief Banks (vdp) and its member institutions welcome the opportunity to comment on CEBS's questionnaire on options and national discretions published on 19 July 2007.

As one of the five top association of the German banking industry, vdp represents 33 members from all German banking groups. The traditional funding instrument of Pfandbrief Banks, the Pfandbrief, is one of the largest segments in the European bond market, representing approximately one trillion Euros in volume outstanding.

The Association's member institutions act internationally as intermediaries between capital markets and real estate sectors as well as public sectors. They number among the most important providers of capital for residential and commercial property markets as well as for the public sector and its institutions. Foreign customers are gaining increasingly in importance to vdp members as they now operate in all main countries of Europe as well as in the USA. Cross-border lending today account for half of commercial loan commitments.

Together vdp member institutions hold sizeable market shares in their core business fields, i.e. 21.6% of home loans, 45.6% of commercial property loans and 47.6% of public-sector lending. The members active in ship finance belong to the top capital providers in this segment worldwide. At the end of 2006, vdp members accounted for 68.4% of Public Pfandbriefe outstanding, 91.4% of Mortgage Pfandbriefe outstanding and for 95% of Ship Pfandbriefe outstanding.

In the context of international business activities vdp welcomes CEBS 's intention to assess the exercise of CRD's options and national discretions within the Member States of the European Union. Continuous achievements during the implementation of the CRD give reason to presume that some options and national discretions turned out to be irrelevant .

Nevertheless vdp would like to underline that most options and national discretions in mortgage and public sector lending derive from specific circumstances in national markets. We therefore like to emphasize that from a Member State perspective the options and national discretions agreed upon are essential and necessary part of the agreement on the CRD. Member States still count on these options and national discretions; otherwise the basis for the acceptance ceases to exist.

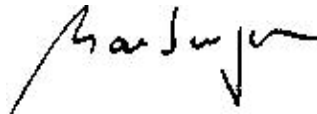
With respect to the specific scope of the Covered Bond business, vdp prefers not to respond to the whole set of questions raised by the questionnaire, but to focus on those areas which are of relevance to Pfandbrief issuing institutions. Our detailed comments please find enclosed (enclosure 1).

For any further information please do not hesitate to contact one of the signatories .

Kind regards



Dr. Louis Hagen  
Executive Manager



Dr. Christian Marburger  
Head of Banking Supervision, Legal Affairs

**Enclosure**