



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

Association of German Pfandbrief Banks, P.O.Box 64 01 36, 10047 Berlin

Mr Claus Tofte-Nielsen
Ms Nathalie Aubry-Stacey

Covered Bond Investor Council

transmission via e-mail only

Berlin, 13. Dezember 2011
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CBIC Transparency Initiative

- Amendment of Art. 28 Pfandbrief Act in order to increase transparency

Dear Mr Tofte-Nielsen,
dear Ms Aubry-Stacey,

The vdp highly appreciates CBIC's initiative to enhance transparency in the Covered Bond market as transparency is of high importance for German Pfandbrief Banks. According to Article 28 of the Pfandbrief Act, all Pfandbrief Banks are obliged to publish on a quarterly basis detailed information about their Pfandbriefe outstanding and the pertaining cover pools.

The vdp and its members are in an ongoing dialogue with investors in order to keep the transparency requirements up to date. Against this background our members have discussed your proposals in several committees very intensely and identified several useful information that you request, which go beyond the legally binding transparency requirements and which should be of interest for a wide range of investor groups.

Therefore, the vdp has decided to ask for an amendment of Article 28 Pfandbrief Act by adding information about interest rate and currency risk to Art. 28. Moreover, the weighted average seasoning of real estate loans in the cover pool and the share of ECB eligible cover assets should be disclosed within the Art. 28-reports.

With these extensions, all relevant information you request should be addressed by Article 28 Pfandbrief Act. On top of that, the maturity structure of Pfandbriefe and cover assets should be disclosed in more detail. We expect the amendment of the Pfandbrief Act in 2012, the changes should come into force in autumn next year.

In 2010 the vdp started its transparency initiative, publishing the transparency reports of vdp member institutions on the vdp's website (www.pfandbrief.de) in a standard format using a uniform understanding of the legal requirements. Each report is available as reading version in pdf format and - suitable for further direct processing - in Excel and csv format as well. All reports are published in English and German language versions. There is also a data history available.

By making available the Art. 28-reports in a central repository, the vdp enables investors to get a comprehensive impression of Pfandbrief cover pool quality in a short period of time. Unsurprisingly, investors highly appreciate this initiative. Almost 11.000 downloads on average each quarter reflect the high acceptance und use of this initiative. Given the strong recognition and establishment of the Art. 28-reports, the German Pfandbrief Banks will adhere to this existing format.

We hope to continue the constructive and close dialogue with the CBIC and are happy to answer any questions.

Kind regards



Jens Tolckmitt



Sascha Kullig