



VERBAND DEUTSCHER HYPOTHEKENBANKEN
ASSOCIATION OF GERMAN MORTGAGE BANKS

6th Central European Mortgage Bond Conference

7th/8th November, 2002 in Warsaw

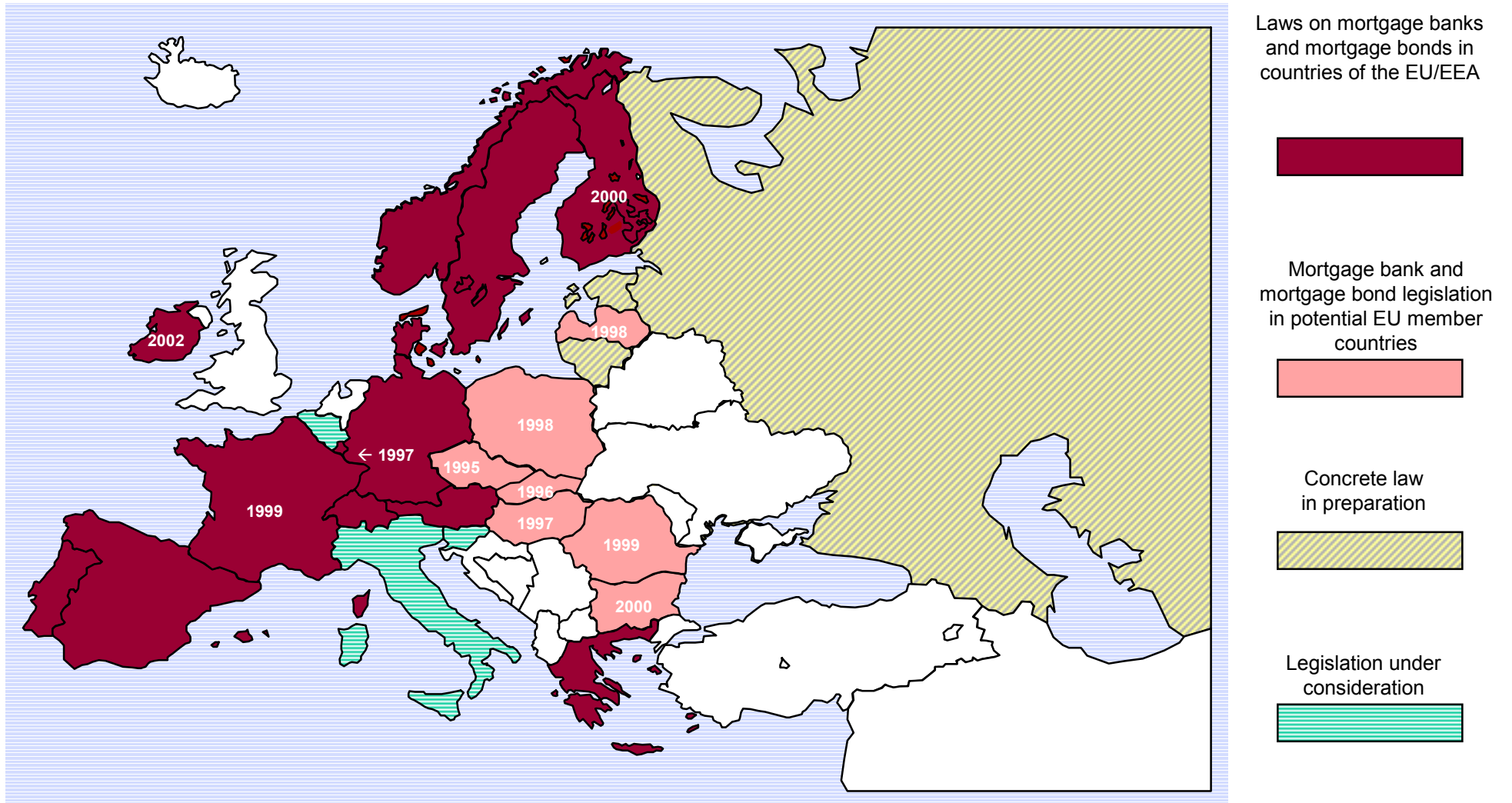
Mortgage Banks and Mortgage Bonds in Central Europe – an Overview

Tim Lassen
Association of
German Mortgage Banks

Geographic overview of legislations on mortgage banks and mortgage bonds (11/2002)



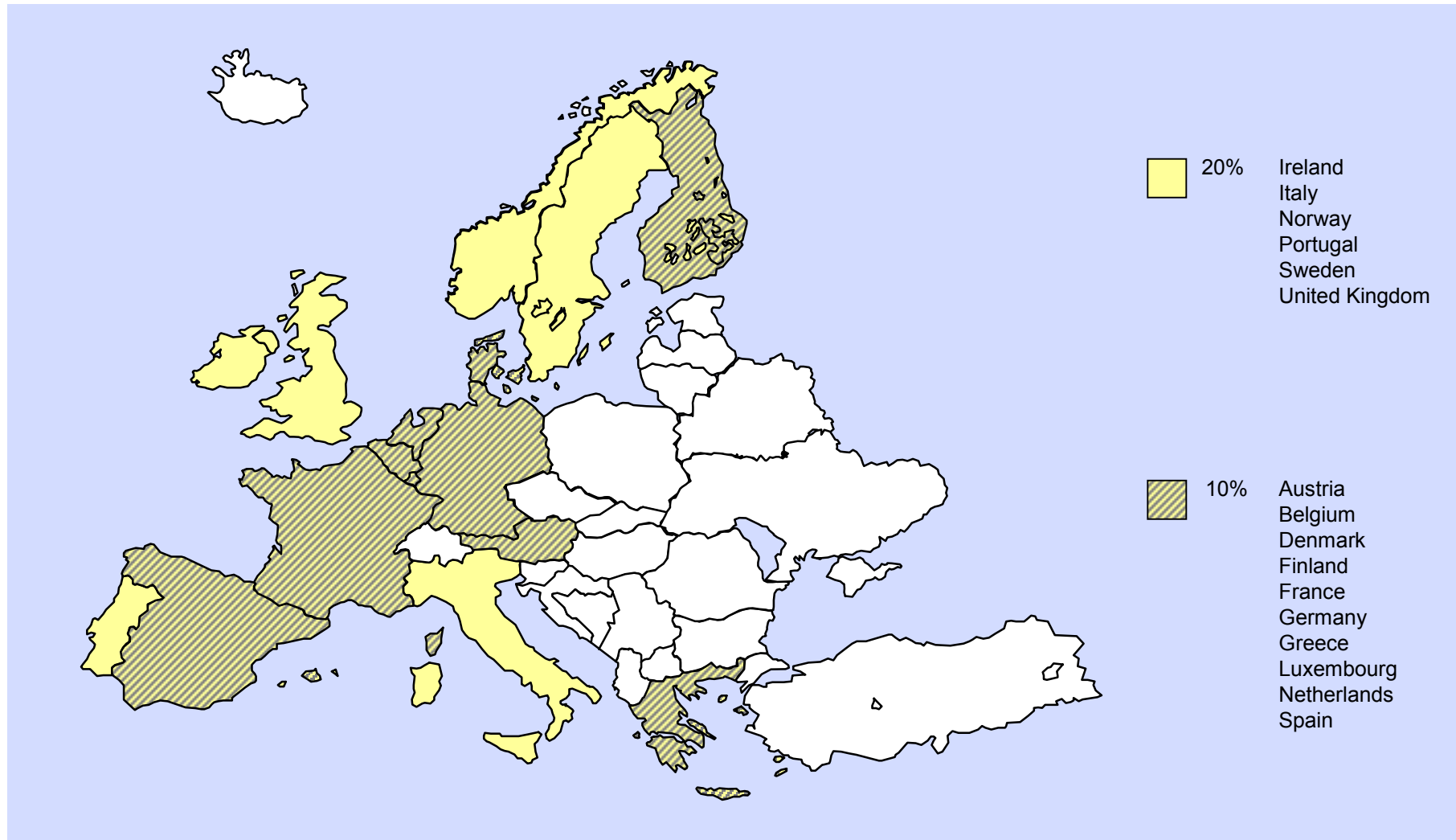
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Weighting of mortgage bonds complying with Art. 63 (2) Consolidated Banking Directive 2000/12/EC (former Art. 11 II Solvency Ratio Directive), as of 5/2001



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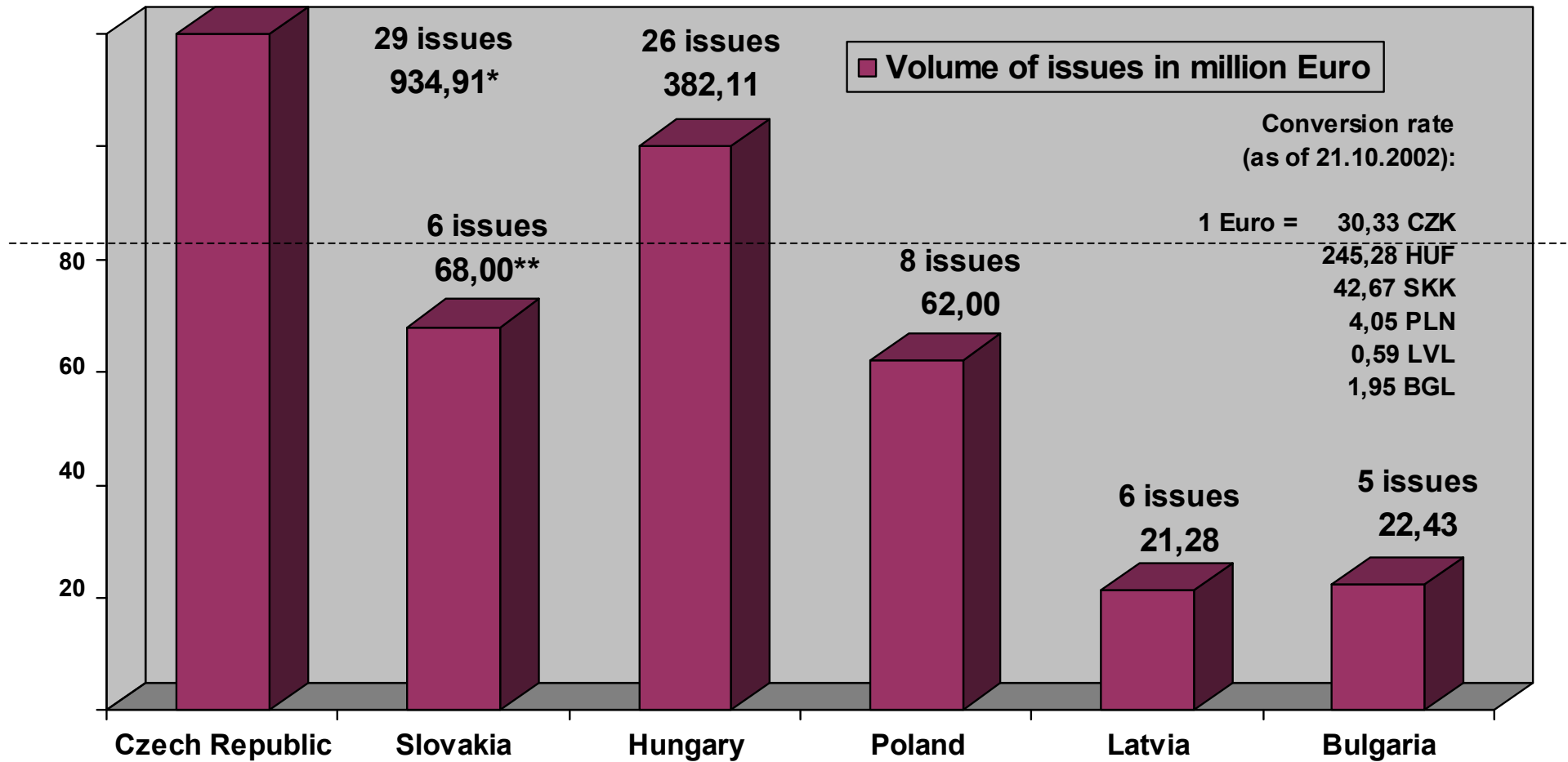
Number of licences granted to mortgage banks (as of 10/2002)



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➤	Czech Republic	8
➤	Slovakia	5
➤	Poland	3
➤	Hungary	3
➤	Latvia	1

Mortgage bond issues in central Europe since 1996: Czech Republic, Slovakia, Hungary, Poland, Latvia, Bulgaria (as of 11/2002)



* Mortgage bonds already due are not considered!

** as of August 2002



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Comparison of Mortgage Bank and Mortgage Bond laws in Europe with German legislation (as of 24.9.2002) (1)

	Germany	Denmark	Greece	Switzerland	Austria	Spain	Norway
Entered into force	1.1.1900	1850 / 1989	1924	01.02.1931	01.01.1939	05.05.1981	1988
Specialist bank principle	yes	yes	yes	yes (central issuing entities)	yes	no	yes
Term protected by law	yes (Pfandbrief)	yes (realkredit-obligation)	unclear (Katharevousa-Text: κτηματοκι ομολογια – Transkribiert: klimatike omolojie Translit.: ktematikai omologiai Neugr.: κτηματικές ομολογίες Transkr.: klimatikes omologies Translit: ktematikos omologies)	yes (Pfandbrief, lettre de gage, obbligazione fondiaria)	yes (Pfandbrief)	yes (cédulas hipotecarias)	no (obligasjon)
Refinanceable through mortgage bonds	mortgage and public sector loans	mortgage and public sector loans	mortgage loans	mortgage loans	mortgage and public sector loans	mortgage and public sector loans	mortgage and public sector loans
Cover register	yes	no	yes	yes	yes	no	no
Legally anchored preferential right in bankruptcy	yes	yes	yes (but uncertain)	yes	yes	yes	no
Valuation regulations	yes	yes	yes	yes	yes	yes	no
(Relative) lending limit for funding through mortgage bonds	60 % of mortgage lending value	40/60/70/80/84 % of mortgage lending value	75 % of market value	2/3 of mortgage lending value	60 % of mortgage lending value	70/80 % of market value	mostly 80 % of market value (?)
Absolute lending limit	basically no (100 % of market value)	yes	75 % of market value	no	no	no	no
Limit for lending beyond the cover (volume above the relative lending limit)	20 %	not permitted	not permitted	no	no	no	no
Trustee	yes	no	no	no	yes	no	yes, for regular issues
Substitute collateral	yes	no	no	yes	yes	no	no
Limit for substitute collateral	10 %	no	no	no	no	no	no
Public-sector bond	yes	no	no	no	yes	yes (but not used)	yes, from other specialized institutions
Special ranking of cover mortgages	no	yes	no	no	no	yes	no
Special public supervision	yes	yes	yes	yes	yes	yes	no
Art. 22 (4) UCITS directive fulfilled	yes	yes	yes (but uncertain)	yes	yes	yes	no



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Comparison of Mortgage Bank and Mortgage Bond laws in Europe with German legislation (as of 24.9.2002) (2)

	Portugal	Sweden	Czech Republic	Slovak Republic	Hungary	Luxembourg	Poland
Entered into force	16.04.1990	1992	1.7.1995	1.3.1996	7.6.1997	19.12.1997	1.1.1998
Specialist bank principle	no	in praxi: yes	limited Pfandbrief licences	limited Pfandbrief licences	yes	yes	yes
Term protected by law	unclear (obrigações hipotecárias)	no (bostads-obligationer)	yes (zástavní list)	yes (záložný list)	yes (jelzáloglevél)	yes (lettre de gage, Pfandbrief, mortgage bond)	yes (list zastawny)
Refinanceable through mortgage bonds	mortgage loans	mortgage loans	mortgage loans	mortgage and mortgage secured public sector loans	mortgage loans and, to a limited extent, public sector loans	mortgage and public sector loans	mortgage and public sector loans
Cover register	yes	no	„independent declaration“	yes	yes	yes	yes
Legally anchored preferential right in bankruptcy	yes	no	yes	yes	yes	yes	yes
Valuation regulations	yes	yes	no	yes	yes	yes	yes
(Relative) lending limit for funding through mortgage bonds	80 % of market value	60 / 75 / 85 % of value of the property	70 % of market value	70 % of mortgage lending value	60 % of mortgage lending value	60 % of mortgage lending value	60 % of mortgage lending value
Absolute lending limit	no	no	no	no	70 % of mortgage lending value	basically no (market value?)	100 % of mortgage lending value
Limit for lending beyond the cover (volume above the relative lending limit)	no	no	no	10 %	no	no	30 %
Trustee	no	no	no	yes	yes	yes	yes
Substitute collateral	yes	no	yes	yes	yes	yes	yes
Limit for substitute collateral	no	no	10 %	10 %	20%	20 %	10%
Public-sector bond	no	no	no	yes	no	yes	yes
Special ranking of cover mortgages	no	no	yes	yes	no	no	yes
Special public supervision	yes	no	yes	yes	yes	yes	yes
Art. 22 (4) UCITS directive fulfilled	yes	no	yes	yes	yes	yes	yes



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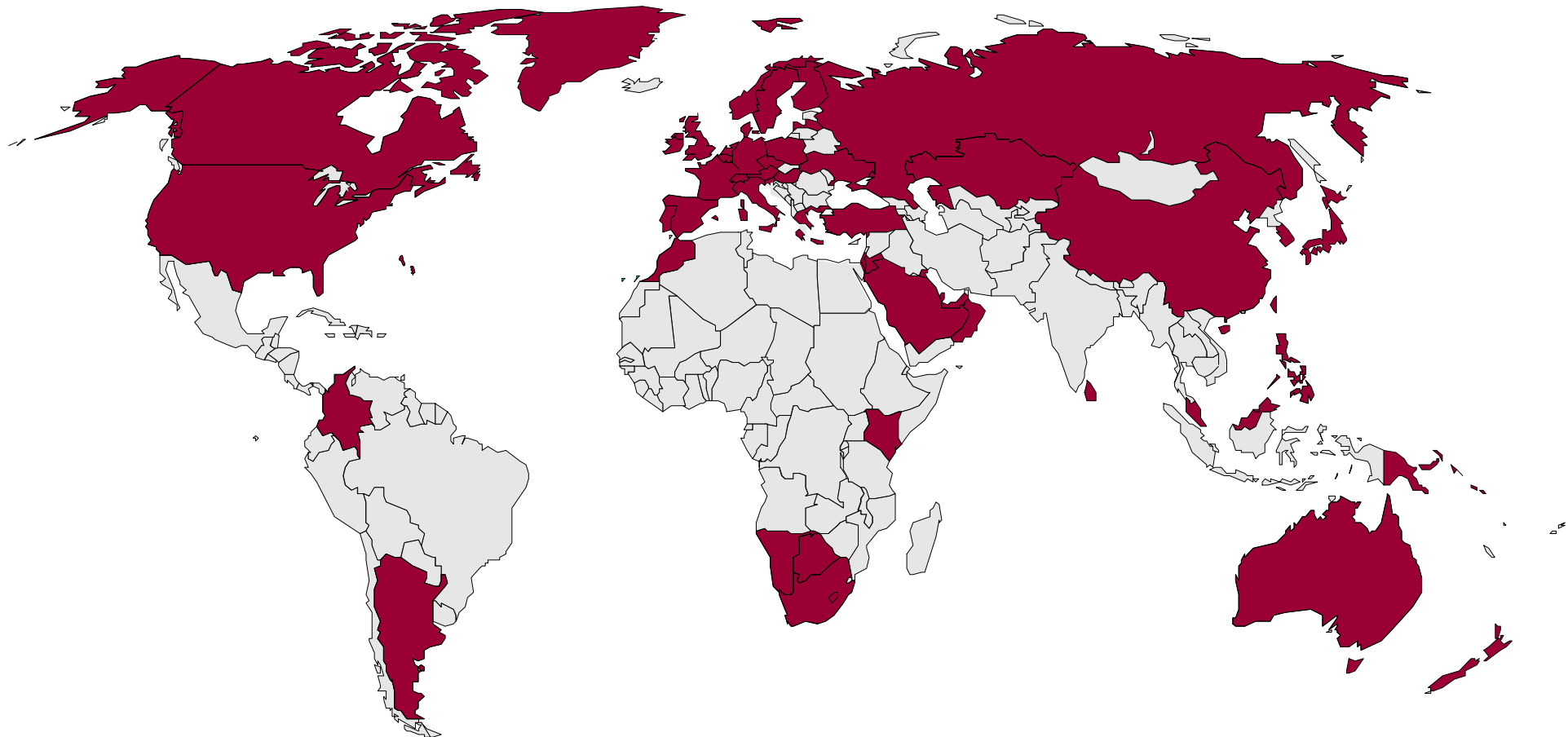
Comparison of Mortgage Bank and Mortgage Bond laws in Europe with German legislation (as of 24.9.2002) (3)

	Latvia	France	Romania	Finland	Bulgaria	Ireland
Entered into force	29.9.1998	27.07.1999	9.12.1999	1.1.2000	13.10.2000	22.3.2002
Specialist bank principle	limited Pfandbrief licences	yes, but no staff permitted	unclear	yes	no	yes
Term protected by law	yes (ķīlu zīme)	yes (obligation foncière)	unclear (obligațiunile ipotecare)	yes (kiinteistövuokullinen joukkovelkakirjeslaina, julkisyhteisöva-kuudellinen joukkovelkakirjeslaina)	yes (ипотечна облигация ипотечна obligaciyes)	yes (mortgage credit covered security, public credit covered security)
Refinanceable through mortgage bonds	mortgage loans	mortgage and public sector loans and loans guaranteed by banks or insurances	mortgage loans	mortgage and public sector loans	mortgage loans	mortgage and public sector loans
Cover register	yes	No	no	yes	yes	yes
Legally anchored preferential right in bankruptcy	yes	yes	no	yes	yes	yes
Valuation regulations	yes	yes	no	yes	yes	yes
(Relative) lending limit for funding through mortgage bonds	60 % of market value	60 / 80 / 100 % of mortgage lending value / market value	60 % of value of portfolio	60 % of mortgage lending value	60 / 80 % of market value	60 / 75 % of the prudent market value
Absolute lending limit	no	60 / 80 / 100 % of mortgage lending value / market value	no	basically no (market value?)	no	yes (80 % of the prudent market value)
Limit for lending beyond the cover (volume above the relative lending limit)	no	no	unlimited	1/6	no	yes (10 %)
Trustee	no	yes	no	no	basically no	yes
Substitute collateral	yes	yes	no	limited in time	yes	yes
Limit for substitute collateral	20 %	20 %	no	no	30 %	20 %
Public-sector bond	no	yes	no	yes	no	yes
Special ranking of cover mortgages	no	no	no	no	no	no
Special public supervision	yes	yes	no	yes	unclear	yes
Art. 22 (4) UCITS directive fulfilled	yes	yes	no	yes	unclear	yes



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Countries with institutional investors in mortgage bonds / covered bonds





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in English:

www.pfandbrief.org

„Europe + G7“

in German:

www.hypverband.de

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