

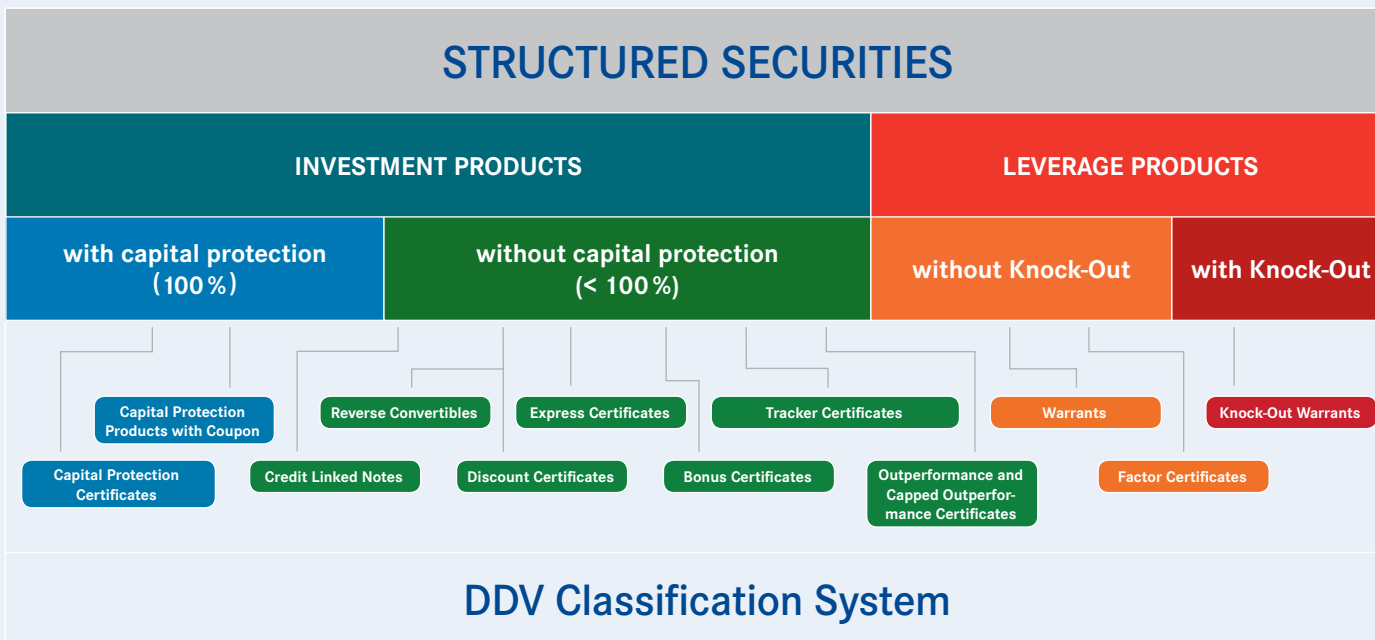
Market Volume

in Derivatives

Difficult market conditions strain the structured products market

Capital Protection Products at about 50 percent

STRUCTURED SECURITIES



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August | 2015

- In August, the total volume of the German structured products market was EUR 70.1 billion. In particular, the negative market environment had an adverse impact.
- Credit Linked Notes was the only popular product category. It recorded growth of 0.6 percent, taking its market volume to EUR 5.3 billion.
- The volume of Capital Protection Products shrank. Uncapped Capital Protection Certificates and Capital Protection Products with Coupon together accounted for almost half of the total market volume with 49.9 percent.
- The market volume of leverage products fell sharply by 23.0 percent to EUR 1.6 billion in August.

Difficult market conditions strain the structured products market

Capital Protection Products at about 50 percent

After a positive start into the second half of the year, the outstanding volume of the German structured products market fell once again in August 2015. Maturities on Capital Protection Products with Coupon and a negative market environment were responsible for this decrease.

Overall, the market volume shrank by 4.2 percent or EUR 2.8 billion compared with the previous month. These trends are shown by the latest figures collected each month from 16 banks by the European Derivatives Group (EDG AG) on behalf of Deutscher Derivate Verband (DDV), the German Derivatives Association. Extrapolating these figures to all issuers puts the **total volume of the German structured products market at EUR 70.1 billion at the end of August 2015.**

Compared with the previous month, the **ratio of investment products to leverage products** shifted in favour of investment products. Their share of the total market volume was 97.6 percent, while leverage products made up 2.4 percent.

Investment products by product category

The volume of **Capital Protection Products** decreased further in the month under review. Compared with the previous month, the market volume of Capital Protection Products with Coupon fell by 5.4 percent to EUR 22.0 billion. This

corresponded to a 35.0 percent share of the investment products market. At 0.9 percent, the decline in Uncapped Capital Protection Certificates was moderate. Their volume stood at EUR 9.4 billion, corresponding to a 14.9 percent share of the investment products market. A total of 49.9 percent of the market volume was invested in these two product categories in August.

The volume of **Reverse Convertibles** fell by 3.4 percent to EUR 7.7 billion. This corresponded to a share of 12.3 percent.

Express Certificates lost 2.9 percent to come in at EUR 5.6 billion. Their share stood at 9.0 percent in August.

Credit Linked Notes bucked the general market trend and upped their market volume with growth of 0.6 percent, taking it to EUR 5.3 billion. They accounted for 8.5 percent of the volume.

Discount Certificates recorded a drop of 2.2 percent to stand at EUR 5.0 billion – a share of 8.0 percent.

The market volume for **Tracker Certificates** dwindled by 5.7 percent to EUR 4.2 billion. Their share of the investment products segment was 6.7 percent.

Bonus Certificates recorded losses of 6.8 percent, taking its market volume to EUR 2.4 billion in August. Their share of the total market was 3.8 percent.

Outperformance and Capped Outperformance Certificates fell considerably by 7.0 percent taking the volume to EUR 120.5 million. However, as it accounted for just 0.2 percent of the total investment products volume, this category had scarcely any impact on the overall trend.

The volume of **other Yield Enhancement Products** fell by 4.5 percent to EUR 1.1 billion. They accounted for 1.7 percent of the volume.

Leverage products by product category

The market volume of **leverage products** shrank by a considerable 23.0 percent and stood at EUR 1.6 billion in August.

The volume invested in **Knock-Out Warrants** dropped by 34.5 percent in comparison with the previous month, taking it to EUR 589.4 million. Their share of the leverage products segment was 37.5 percent.

Warrants lost 14.3 percent to come in at EUR 660.6 million. Their share stood at 42.0 percent. ▶▶

The volume invested in **Factor Certificates** fell by 13.4 percent to EUR 323.3 million. This category accounted for a 20.5 percent share of the leverage products market.

Investment products by underlying

Despite registering some losses, structured products with **interest rates as an underlying** remained the most popular category. Their volume was down 4.2 percent at EUR 28.5 billion mainly due the decrease in Capital Protection Products with Coupon. This took their share of the volume to 45.4 percent.

Investment products with **equities as an underlying** followed in second place. Their volume shrank by 3.3 percent, taking it to EUR 18.0 billion. This corresponded to 28.7 percent of the total volume.

Investment products with **indices as an underlying** were the third most popular investment category. Their share of the total volume dwindled by 2.9 percent, taking it to EUR 14.7 billion. This corresponded to a 23.4 percent share.

Following at a considerable distance behind the other classes were investment products with **commodities as an underlying**. Their outstanding volume fell by 4.0 percent in August, taking it to EUR 950.7 million. Commodities therefore accounted for a 1.5 percent share of the volume.

As in the previous month, investment products with **investment funds as an underlying** made up a 1.0 percent share. Their volume came in at EUR 601.0 million.

Investment products with **currencies as an underlying** were fairly insignificant in relation to the general trend with a share of 0.1 percent. The volume invested in them dropped by 12.5 percent to EUR 72.6 million in the reporting month.

Leverage products by underlying

The market volume of leverage products with **equities as an underlying** fell by 31.1 percent to EUR 745.1 million. They made up 47.4 percent of the total leverage products volume.

Leverage products with **indices as an underlying** were down 18.6 percent at EUR 550.4 million. This corresponded to a 35.0 percent share of the total volume.

Lagging some way behind leverage products based on equities and indices were those with **commodities as an underlying**. Their volume rose by 2.0 percent month on month to EUR 175.2 million. Their share was 11.1 percent.

Leverage products with **currencies as an underlying** lost 18.8 percent. Their market volume stood at EUR 73.8 million, corresponding to a 4.7 percent share of the total volume.

The market volume of leverage products with **interest rates as an underlying** climbed 22.0 percent in August to EUR 28.7 million. Because they accounted for only 1.8 percent of the volume, their impact on the general trend was not significant, however. ■



Deutscher Derivate Verband (DDV)

Deutscher Derivate Verband (DDV), the German Derivatives Association, is the industry representative body for the 16 leading issuers of derivatives in Germany: Barclays, BayernLB, BNP Paribas, Citigroup, Commerzbank, DekaBank, Deutsche Bank, DZ BANK, Goldman Sachs, Helaba, HSBC Trinkaus, HypoVereinsbank, LBBW, Société Générale, UBS and Vontobel. The Association's work is supported by nine sponsoring members, which include the Stuttgart and Frankfurt am Main stock exchanges, finance portals and service providers.

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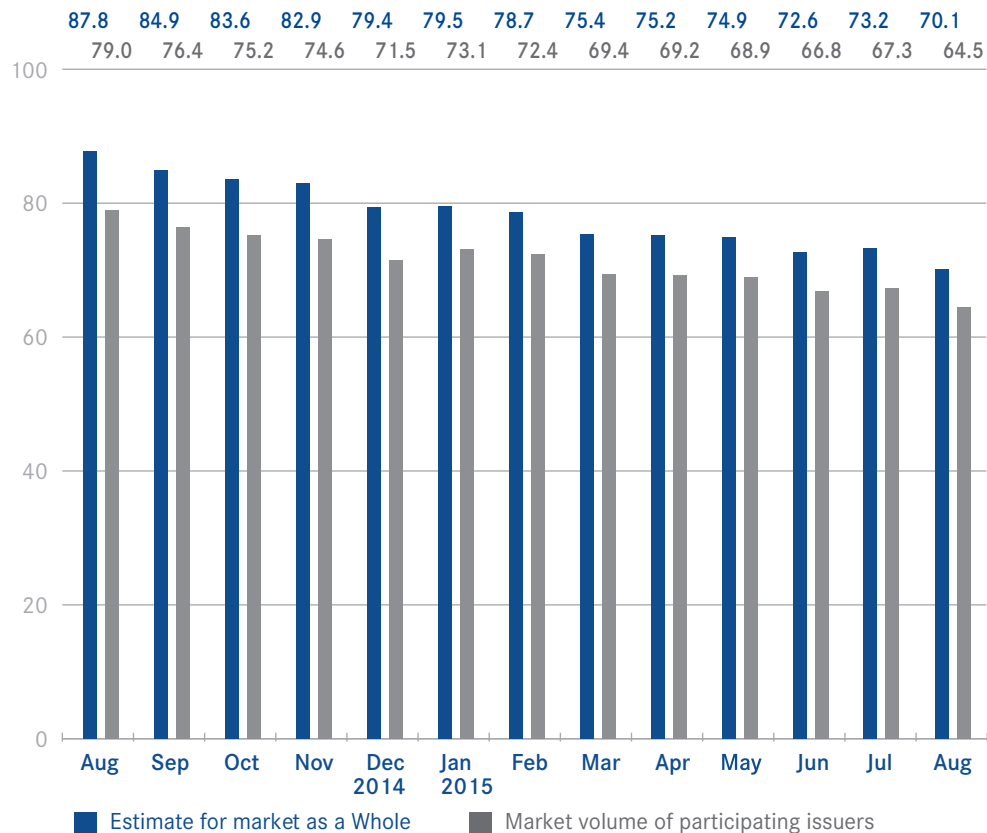
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Market volume since August 2014



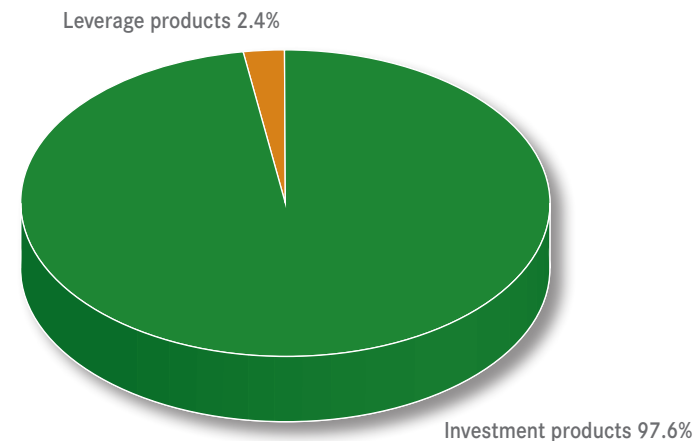
Product classes

Market volume as at 31 August 2015

Product classes	Market volume	Share
	T€	%
Investment products with capital protection	31,394,128	49.9%
Investment products without capital protection	31,527,388	50.1%
Total Investment products	62,921,517	100.0%
Leverage products without Knock-Out	983,887	62.5%
Leverage products with Knock-Out	589,367	37.5%
Total Leverage products	1,573,254	100.0%
Total Investment products	62,921,517	97.6%
Total Leverage products	1,573,254	2.4%
Total Derivatives	64,494,771	100.0%

Product classes

Market volume as at 31 August 2015

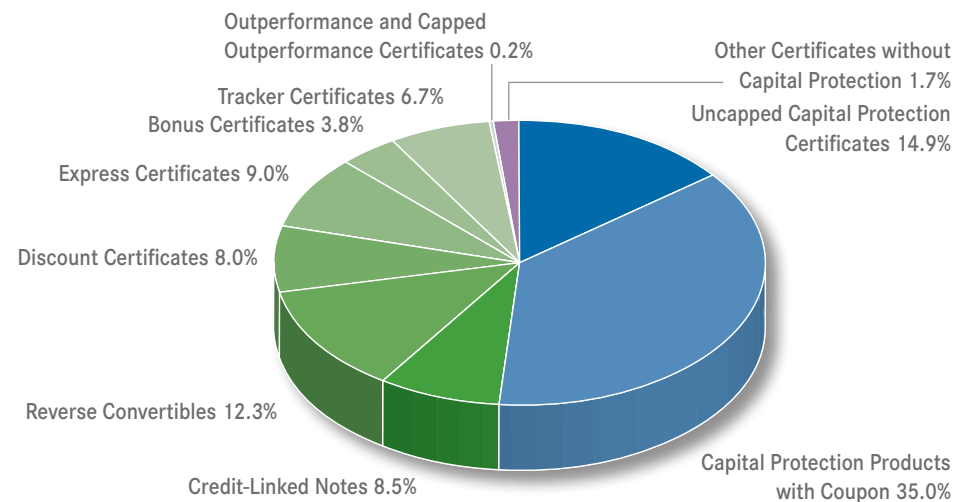


Market volume by product category as at 31 August 2015

Product categories	Market volume		Market volume price-adjusted		Number of Products	
	T€	in %	T€	in %	#	in %
■ Uncapped Capital Protection Certificates	9,379,976	14.9%	9,461,704	14.7%	2,589	0.5%
■ Capital Protection Products with Coupon	22,014,152	35.0%	22,037,445	34.2%	2,059	0.4%
■ Credit-Linked Notes	5,317,747	8.5%	5,345,034	8.3%	1,685	0.3%
■ Reverse Convertibles	7,736,661	12.3%	8,066,341	12.5%	95,317	17.6%
■ Discount Certificates	5,011,586	8.0%	5,210,879	8.1%	175,074	32.3%
■ Express Certificates	5,647,025	9.0%	5,982,975	9.3%	6,298	1.2%
■ Bonus Certificates	2,407,555	3.8%	2,548,005	4.0%	256,007	47.2%
■ Tracker Certificates	4,229,374	6.7%	4,547,691	7.1%	1,945	0.4%
■ Outperformance and Capped Outperformance Certificates	120,462	0.2%	134,147	0.2%	803	0.1%
■ Other Certificates without Capital Protection	1,056,978	1.7%	1,102,396	1.7%	701	0.1%
Investment products total	62,921,517	97.6%	64,436,615	96.8%	542,478	42.2%
■ Warrants	660,614	42.0%	909,607	42.4%	390,423	52.4%
■ Factor Certificates	323,274	20.5%	519,454	24.2%	2,702	0.4%
■ Knock-Out Warrants	589,367	37.5%	718,232	33.4%	351,412	47.2%
Leverage products total	1,573,254	2.4%	2,147,292	3.2%	744,537	57.8%
Total	64,494,771	100.0%	66,583,907	100.0%	1,287,015	100.0%

Investment products by product category

Market volume as at 31 August 2015

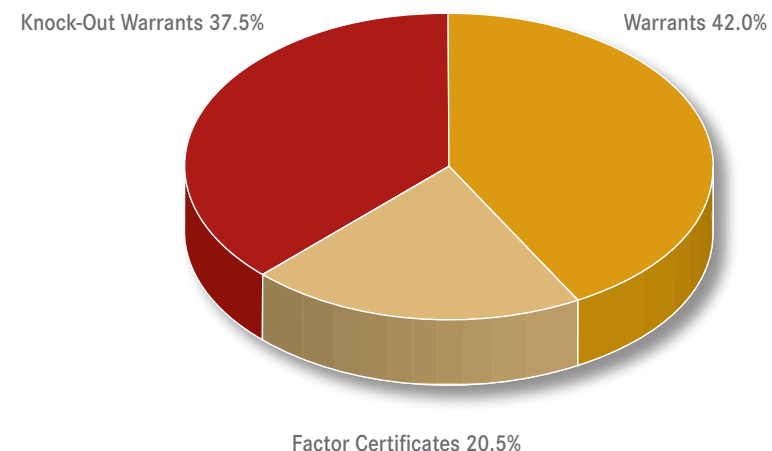


Change in market volume by product category in comparison with previous month

Product categories	Change		Change price-adjusted		Price effect
	T€	in %	T€	in %	in %
■ Uncapped Capital Protection Certificates	-83,668	-0.9%	-1,940	0.0%	-0.9%
■ Capital Protection Products with Coupon	-1,268,207	-5.4%	-1,244,915	-5.3%	-0.1%
■ Credit-Linked Notes	33,021	0.6%	60,308	1.1%	-0.5%
■ Reverse Convertibles	-274,665	-3.4%	55,014	0.7%	-4.1%
■ Discount Certificates	-112,447	-2.2%	86,846	1.7%	-3.9%
■ Express Certificates	-171,598	-2.9%	164,352	2.8%	-5.8%
■ Bonus Certificates	-174,663	-6.8%	-34,214	-1.3%	-5.4%
■ Tracker Certificates	-255,674	-5.7%	62,643	1.4%	-7.1%
■ Outperformance and Capped Outperformance Certificates	-9,071	-7.0%	4,614	3.6%	-10.6%
■ Other Certificates without Capital Protection	-49,237	-4.5%	-3,819	-0.3%	-4.1%
Investment products total	-2,366,210	-3.6%	-851,111	-1.3%	-2.3%
■ Warrants	-109,835	-14.3%	139,158	18.1%	-32.3%
■ Factor Certificates	-49,961	-13.4%	146,219	39.2%	-52.6%
■ Knock-Out Warrants	-310,992	-34.5%	-182,127	-20.2%	-14.3%
Leverage products total	-470,788	-23.0%	103,250	5.1%	-28.1%
Total	-2,836,997	-4.2%	-747,861	-1.1%	-3.1%

Leverage products by product category

Market volume as at 31 August 2015



Market volume by underlying asset as at 31 August 2015

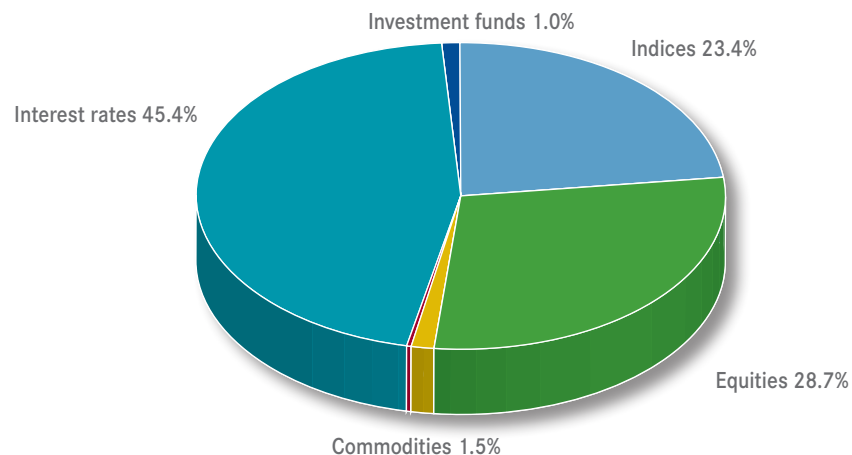
Underlying	Market volume		Market volume price-adjusted*		Number of Products	
	T€	%	T€	%	#	%
Investment products						
Indices	14,719,067	23.4%	15,365,189	23.8%	128,039	23.6%
Equities	18,042,019	28.7%	18,836,290	29.2%	408,181	75.2%
Commodities	950,698	1.5%	951,488	1.5%	2,195	0.4%
Currencies	72,603	0.1%	76,557	0.1%	40	0.0%
Interest rates	28,536,126	45.4%	28,591,079	44.4%	3,917	0.7%
Investment funds	601,004	1.0%	616,012	1.0%	106	0.0%
	62,921,517	97.6%	64,436,615	96.8%	542,478	42.2%
Leverage products						
Indices	550,362	35.0%	798,360	37.2%	204,115	27.4%
Equities	745,114	47.4%	1,032,062	48.1%	474,239	63.7%
Commodities	175,197	11.1%	201,717	9.4%	32,597	4.4%
Currencies	73,848	4.7%	87,960	4.1%	30,482	4.1%
Interest rates	28,708	1.8%	27,166	1.3%	3,094	0.4%
Investment funds	26	0.0%	26	0.0%	10	0.0%
	1,573,254	2.4%	2,147,292	3.2%	744,537	57.8%
Total	64,494,771	100.0%	66,583,907	100.0%	1,287,015	100.0%

*Market volume adjusted for price changes = quantity outstanding as at 31 August 2015 x price as at 31 July 2015

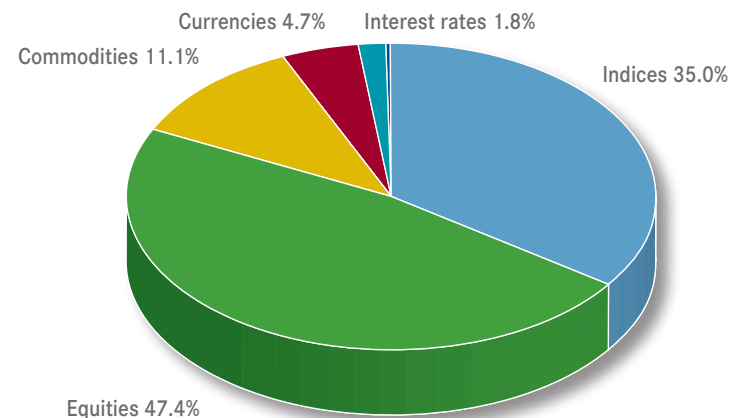
Change in the market volume by underlying asset in comparison with previous month

Underlying	Change		Change price-adjusted		Price effect
	T€	%	T€	%	
Investment products					
Indices	-437,786	-2.9%	208,337	1.4%	-4.3%
Equities	-613,727	-3.3%	180,544	1.0%	-4.3%
Commodities	-39,656	-4.0%	-38,866	-3.9%	-0.1%
Currencies	-10,371	-12.5%	-6,417	-7.7%	-4.8%
Interest rates	-1,243,486	-4.2%	-1,188,533	-4.0%	-0.2%
Investment funds	-21,184	-3.4%	-6,177	-1.0%	-2.4%
	-2,366,210	-3.6%	-851,111	-1.3%	-2.3%
Leverage products					
Indices	-125,647	-18.6%	122,352	18.1%	-36.7%
Equities	-336,557	-31.1%	-49,609	-4.6%	-26.5%
Commodities	3,371	2.0%	29,891	17.4%	-15.4%
Currencies	-17,132	-18.8%	-3,020	-3.3%	-15.5%
Interest rates	5,180	22.0%	3,638	15.5%	6.6%
Investment funds	-2	-6.8%	-2	-6.8%	0.0%
	-470,788	-23.0%	103,250	5.1%	-28.1%
Total	-2,836,997	-4.2%	-747,861	-1.1%	-3.1%

Investment products by underlying asset Market volume as at 31 August 2015



Leverage products by underlying asset Market volume as at 31 August 2015



Collection, validation and analysis methodology

1. Calculation of the market volume

In calculating the outstanding volume, the first step is to establish the market volume for an individual issue by multiplying the quantity outstanding by the market price on the last trading day of the month under review. The total market volume is calculated by adding the individual values. The price-adjusted figure is obtained by valuing the outstanding quantities at the market prices on the last trading day of the previous month. Newly launched products are valued at the price on the last trading day in the month under review.

2. Calculation of the turnover

Turnover is calculated at the relevant exercise price by aggregating the individual trades per issue and period and then adding them up. Purchases and sales are included at their relevant absolute amounts. The only turnover recorded is that relating to end customers. Also, issues are not classified as turnover until their value dates. By contrast, repayments are not included in the turnover figures, since they do not constitute actual trades. This means that there is a natural outflow of funds at the maturity date of the products, although this is offset by new issues if investors continue to invest in these investment classes. This turnover calculation can lead to inflows of funds in one investment class in one month that exceed the turnover recorded for that month in terms of their amounts. Also, large price fluctuations can lead to a change in the market volume that exceeds the turnover amount in terms of its amount.

3. Definition of the retail products covered

The collection and analysis process covers market volume and turnover in retail products that are publicly offered and listed on at least one German stock exchange in the relevant survey period. Private placements, institutional transactions and white-label trading are not covered. The possibility that parts of an issue may be bought by institutional investors, for instance through the stock exchange, cannot be ruled out.

4. DDV classification system (Derivatives League)

The product classification system used is based on DDV's Derivatives League concept. Investment products include Uncapped Capital Protection Certificates, Capital Protection Products with Coupon, Reverse Convertibles, Discount Certificates, Express Certificates, Bonus Certificates, Tracker Certificates, Outperformance and Capped Outperformance Certificates, as well as other investment products without capital protection. Leverage products comprise Warrants and Knock-Out Warrants. (For further details please refer to http://www.derivateverband.de/DE/MediaLibrary/Document/ddv_klassifizierung_final.pdf).

5. Differentiation by investment class

Retail products are differentiated by the investment class of the underlying. All products with an equity component are included among the equity-based investment or leverage products. Products with a purely bond-based underlying (e.g. index certificates based on the German REX bond index, capital protected certificates based on the EURIBOR Euro Interbank Offered Rate) are included in the investment class of bonds. The currencies and commodities investment class comprises products based on goods, commodities and currencies. Hedge fund products are also shown separately.

6. Collection of the data

Each month, the issuers provide the relevant data in a specified scope and format from their internal systems (trading, risk management and pricing systems etc.). The mandatory information comprises ISIN, product type, asset class of the underlying, product category, turnover, market volume, quantity outstanding, maturity date of the products, product name, issue date, issue volume (quantity issued). The optional information includes details of the underlying, the knock-out thresholds, market prices and listings on German stock exchanges.

7. Monitoring of compliance with the self-commitment

Compliance with the code of conduct is monitored by means of on-site and off-site inspection of data and systems. Random sampling and targeted requests for selected information are backed up by cross-checking of data using stock exchange data, information services and the websites of issuers. In particular, the data are reconciled on a regular basis in cooperation with Boerse Stuttgart, with the main focus on stock exchange listing, the categorisation of products and the substantiation of figures for turnover and outstanding volumes.

DISCLAIMER

EDG AG regularly checks the methods and analyses on which this interpretation is based. However, it does not guarantee the correctness of the analyses. By signing up to the voluntary agreement, the issuers have agreed to ensure the correctness of the transaction data provided by them, and on which the analysis is based. However, EDG AG cannot guarantee the correctness or the completeness of the data from the issuers.

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