2014

Benchmark Pfandbriefe: The most active primary market in Europe

	2014	2013
Number of issues	30	26
of which Jumbos	5	2
benchmark issues	25	24
Total (€ billion)	19.600	16.550
of which Mortgage Pfandbriefe	12.375	11.350
Public Pfandbriefe	6.725	5.200
Aircraft Pfandbriefe	0.500	–

Facts and Figures 2014

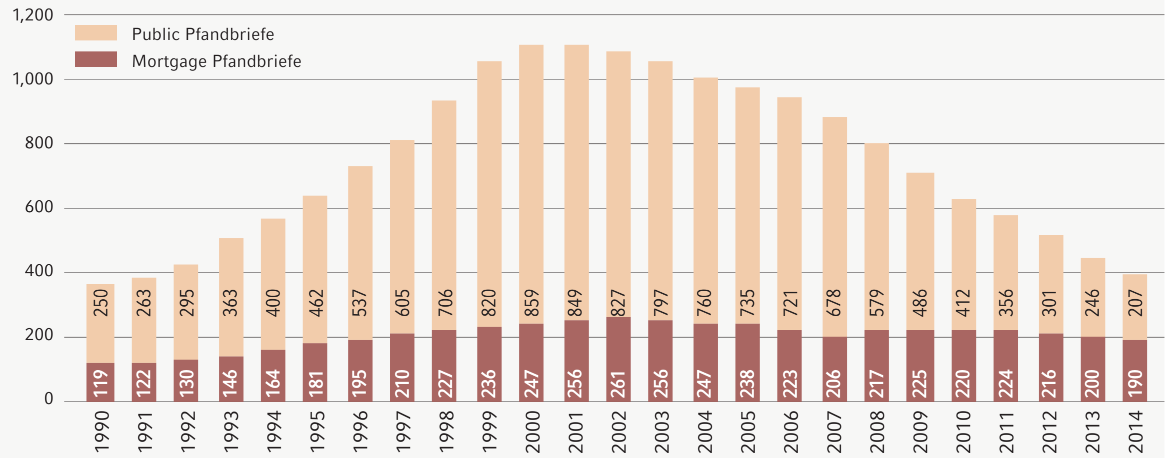
For more and more banks, the Pfandbrief is a strategically important element of a sustainable refinancing mix.

	New issues		Volume outstanding	
	2014	2013	end-2014	end-2013
Pfandbriefe gesamt	**€ 45.8 billion**	**€ 49.5 billion**	**€ 402.2 billion**	**€ 452.2 billion**
of which Public Pfandbriefe	€ 15.3 billion	€ 15.6 billion	€ 206.5 billion	€ 246.0 billion
of which Mortgage Pfandbriefe	€ 29.1 billion	€ 33.6 billion	€ 189.9 billion	€ 200.3 billion
of which Ship Pfandbriefe	€ 0.9 billion	€ 0.3 billion	€ 4.8 billion	€ 5.4 billion
of which Aircraft Pfandbriefe	€ 0.5 billion	€ 0.0 billion	€ 1.0 billion	€ 0.5 billion

Sources: Deutsche Bundesbank and vdp

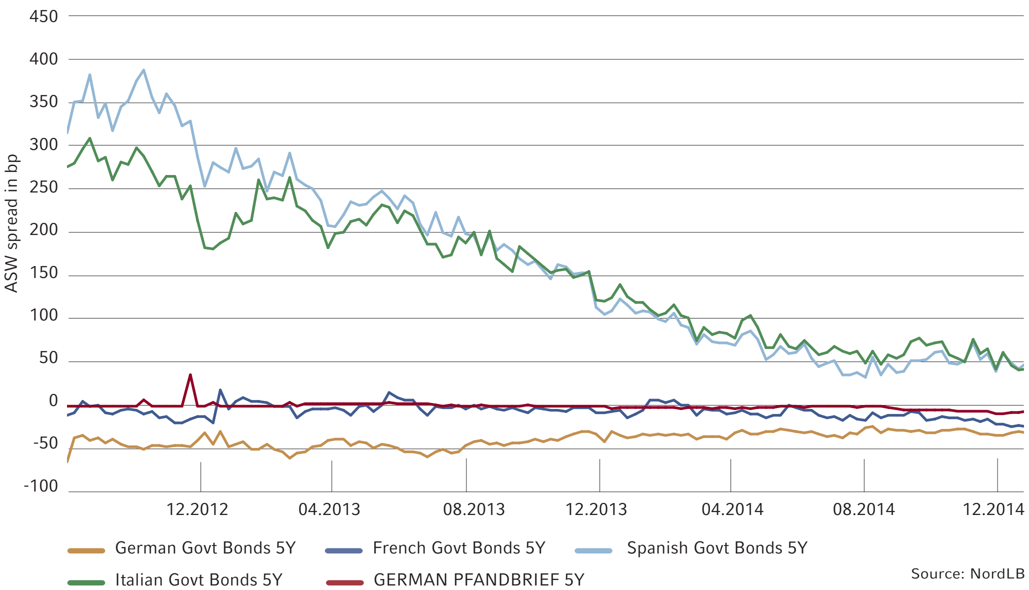
Development of the volume of Pfandbriefe outstanding since 1990 (in € billion)

Public Pfandbriefe see consolidation continue. Development of Mortgage Pfandbriefe remains stable



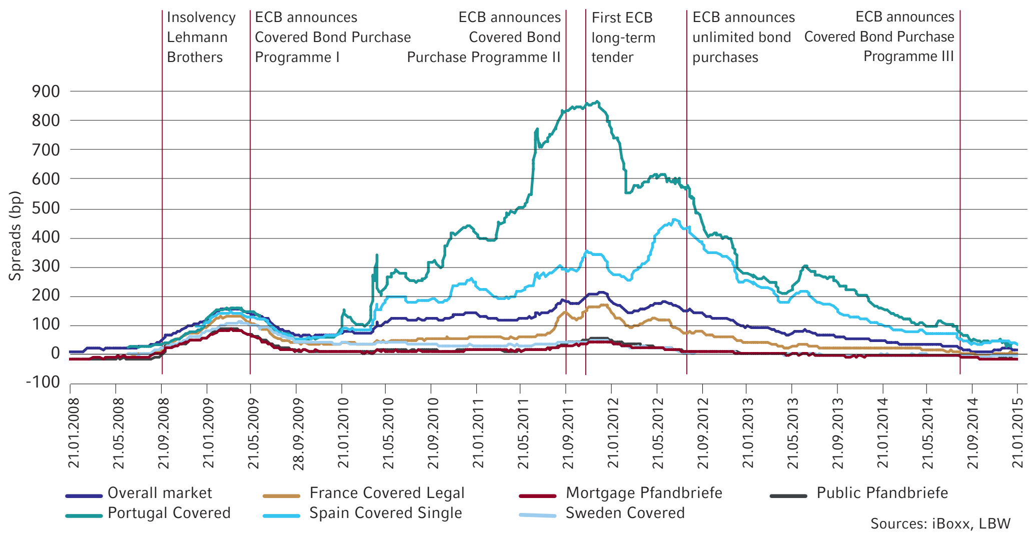
Pfandbriefe, Bunds and other European sovereigns

Pfandbriefe remain a premium product and a benchmark of the covered bond market. Status of the Pfandbrief as a safe haven and an alternative investment to Bunds unchanged.



Source: NordLB

Development of swap spreads of Pfandbriefe and other covered bonds



Sources: iBoxx, LBW

Outlook Pfandbrief market 2015

Based on a survey conducted among its member banks, the vdp is projecting total Pfandbrief sales of € 49.5 billion for the current year. New issues of Mortgage Pfandbriefe are expected to come to € 36.5 billion, Public Pfandbriefe to € 11.4 billion, Aircraft Pfandbriefe to € 1.2 billion and Ship Pfandbriefe to € 0.4 billion.

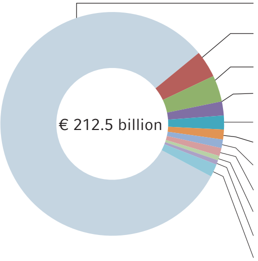
Maturities 2015 (in € billion)	Mortgage Pfandbriefe	Public Pfandbriefe	Ship Pfandbriefe	Aircraft Pfandbriefe	total
Pfandbriefe total	**27.9**	**37.7**	**1.1**	**0.0**	**66.7**
of which Jumbo Pfandbriefe	7.2	9.4	0.0	0.0	16.6
of which benchmark issues of € 500 million and more	3.0	3.6	0.0	0.0	6.6
of which trad. bearer Pfandbriefe	13.7	15.2	1.0	0.0	29.9
of which registered Pfandbriefe	4.0	9.5	0.1	0.0	13.6

Planned new issues 2015 (in € billion)	Mortgage Pfandbriefe	Public Pfandbriefe	Ship Pfandbriefe	Aircraft-Pfandbriefe	total
Pfandbriefe total	**36.5**	**11.4**	**1.2**	**0.4**	**49.5**
of which Jumbo Pfandbriefe	1.0	0.0	0.0	0.0	1.0
of which benchmark issues of € 500 million and more	12.4	5.3	0.0	0.0	17.7
of which trad. bearer Pfandbriefe	13.7	3.6	1.2	0.4	18.9
of which registered Pfandbriefe	9.4	2.5	0.0	0.0	11.9

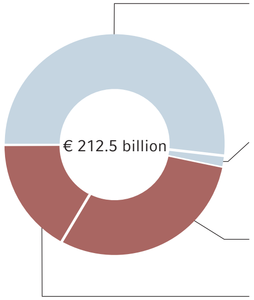
Expected net new issues 2015 (in € billion)	Mortgage Pfandbriefe	Public Pfandbriefe	Ship Pfandbriefe	Aircraft-Pfandbriefe	total
Pfandbriefe total	**8.6**	**-26.3**	**0.1**	**0.4**	**-17.2**
of which Jumbo Pfandbriefe	-6.2	-9.4	0.0	0.0	-15.6
of which benchmark issues of € 500 million and more	9.4	1.7	0.0	0.0	11.1
of which trad. bearer Pfandbriefe	0.0	-11.6	0.2	0.4	-11.0
of which registered Pfandbriefe	5.4	-7.0	-0.1	0.0	-1.7

Cover assets for Mortgage Pfandbriefe

by country

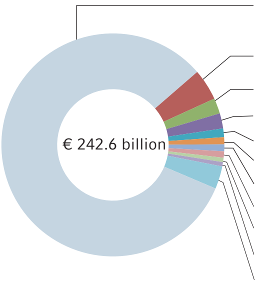


by type of property



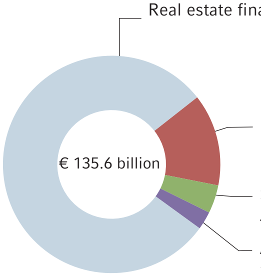
Cover assets for Public Pfandbriefe

by country



As at December 2014

Loan commitments



LOAN COMITMENTS	2014 in € million	2013 in € million	change in %
Real estate financing	107,743	101,355	6.3
Residential property financing	*52,833*	*48,538*	*8.8*
Commercial property financing	*54,910*	*52,817*	*4.0*
Public sector lending	18,564	19,575	-5.2
Ship financing	5,650	4,722	19.7
Aircraft financing	3,677	2,859	28.6
Loan commitments total	135,634	128,511	5.5

— Real estate financing dominates new lending business

— Commercial financing benefits from dynamic market developments

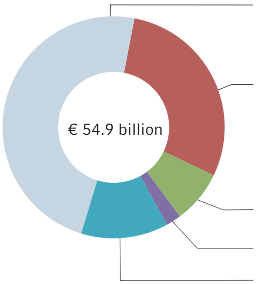
— Consolidation in public sector lending continues

— Ship financing: new commitments up year on year for the first time in a long time

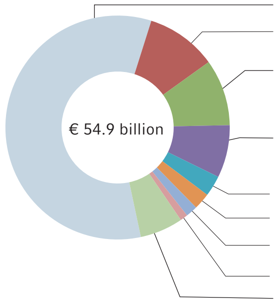
— New aircraft financing commitments risein line with positive trend in global aviation

New business commercial properties

by type of property



by country



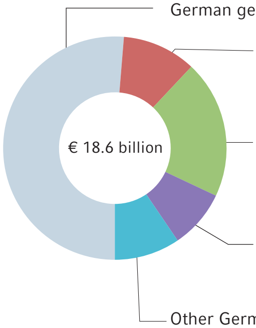
— Offices and retail premises make up three-quarters of new commercial lending in 2014

— All other types of commercial property of much less significance

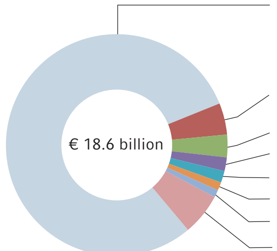
— Germany remains the dominating market (58% share)

New business public sector lending

by borrower



by country



— Lending to German public sector clearly in dominant position

— Pfandbrief Banks remain reliable partners for federal government, federal states and local authorities in Germany

— Conservative foreign exposures

Real estate financing – cover assets and loan portfolios 2014

	Public sector loans in € billion	Cover assets in € billion	Included in cover in %
Total	**601.4**	**212.5**	**35.3**
Germany	494.2	172.8	35.0
Foreign business	107.2	39.7	37.0
(Share foreign business in %)	*(17.8)*	*(18.7)*	

Of the total volume of mortgage loans amounting to €601.4 billion, €212.5 billion (35.3%) was used as cover for Mortgage Pfandbriefe. The percentage share of loans included in cover was roughly the same in domestic as in foreign business (35% and 37% respectively). The share of loans included in cover varies considerably across vdp member banks. It is significantly higher in the case of specialized Pfandbrief Banks, which mainly fund their activities through the Pfandbrief, than of other banks which have only recently begun to issue Pfandbriefe.

Public sector lending – cover assets and loan portfolios 2014

	Public sector loans in € billion	Cover assets in € billion	Included in cover in %
Total	**469.0**	**242.6**	**51.7**
Germany	369.2	199.6	54.1
Foreign business	*99.8*	*43.0*	*43.1*
(Share foreign business in %)	*(21.3)*	*(17.7)*	

A share of 52% (€242.6 billion) of total public sector loans amounting to €469 billion served as cover for Public Pfandbriefe. Loans included in cover as a percentage of total public sector lending came to 54% in Germany and 43% abroad. The cover assets located abroad are widely spread; the percentage shares in Austria, Spain, Italy, France, Switzerland, Belgium and the United Kingdom are the most noteworthy.

Pfandbrief Banks' market shares in Germany in 2014

30.0%

market share in residential property financing

57.2%

market share in commercial property financing

51.4%

market share in public sector lending

| Pfandbrief Banks' market share in residential property financing | At the end of 2014, the total volume of residential property loans to borrowers in Germany was €1.188 billion according to Deutsche Bundesbank figures. Of this amount, the Pfandbrief Banks belonging to the vdp accounted for €356 billion, which is equivalent to a 30% market share.

| Pfandbrief Banks are leading group in commercial property financing | The vdp member banks together make up by far the most important group of commercial property finance providers in Germany. As at end-2014, their overall loan portfolio totaled €138 billion. According to the Deutsche Bundesbank, the total volume of commercial property loans granted in Germany as at end-2014 came to €241 billion. Thus, the vdp member banks held a market share of 57.2%

| Pfandbrief Banks' public sector lending in Germany | As at 31 December 2014, the member banks of the vdp posted total loans to German general government (excluding securities) of €169 billion. According to figures published by the Deutsche Bundesbank, total lending to German general government as at end-2014 amounted to €328 billion, giving the vdp member banks a 51.4% share of the market share.

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