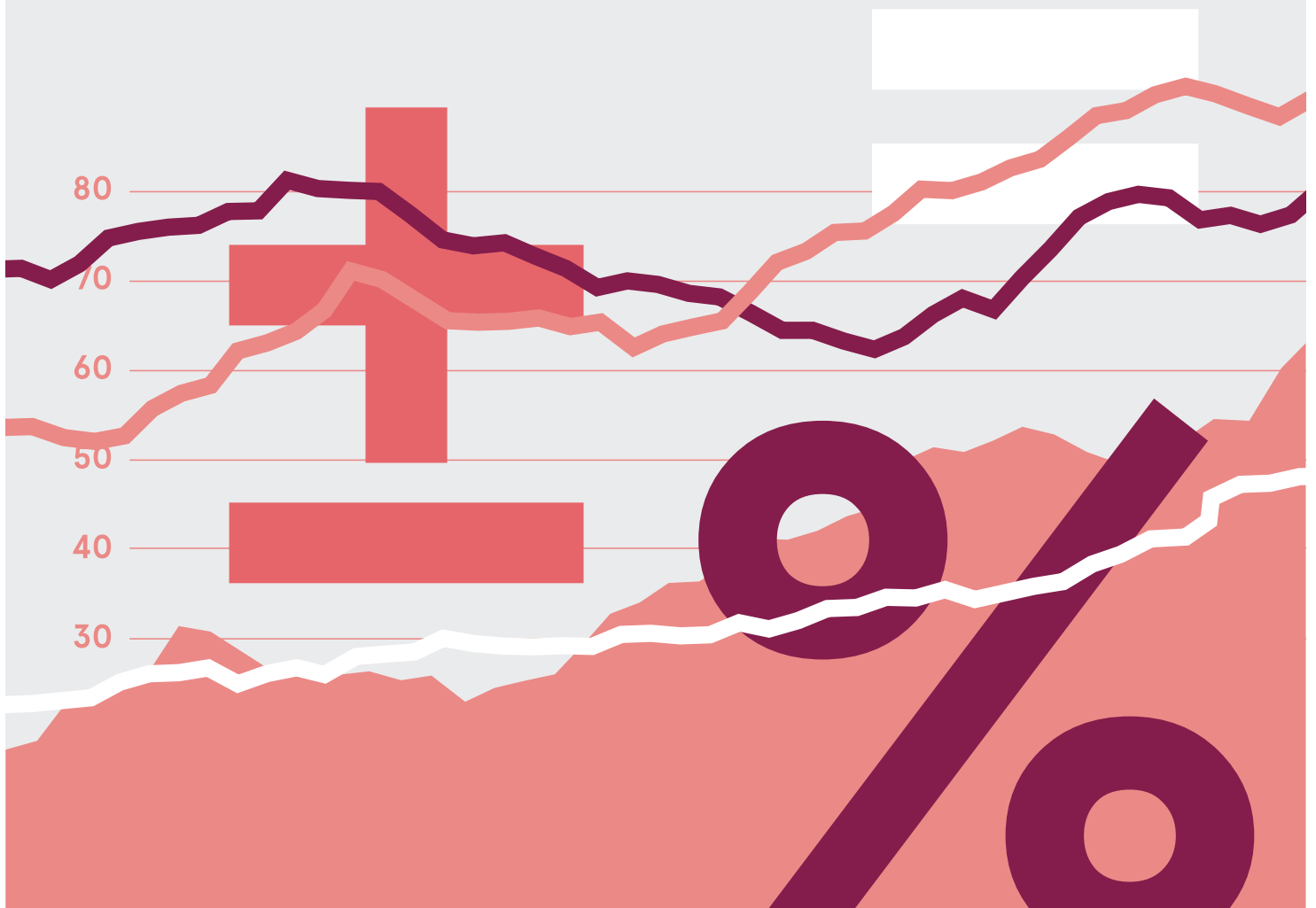


FACTS

The Pfandbrief banks' business figures

2018

Pfandbrief and Lending business in 2018: An overview



Pfandbrief Market

Issue volume

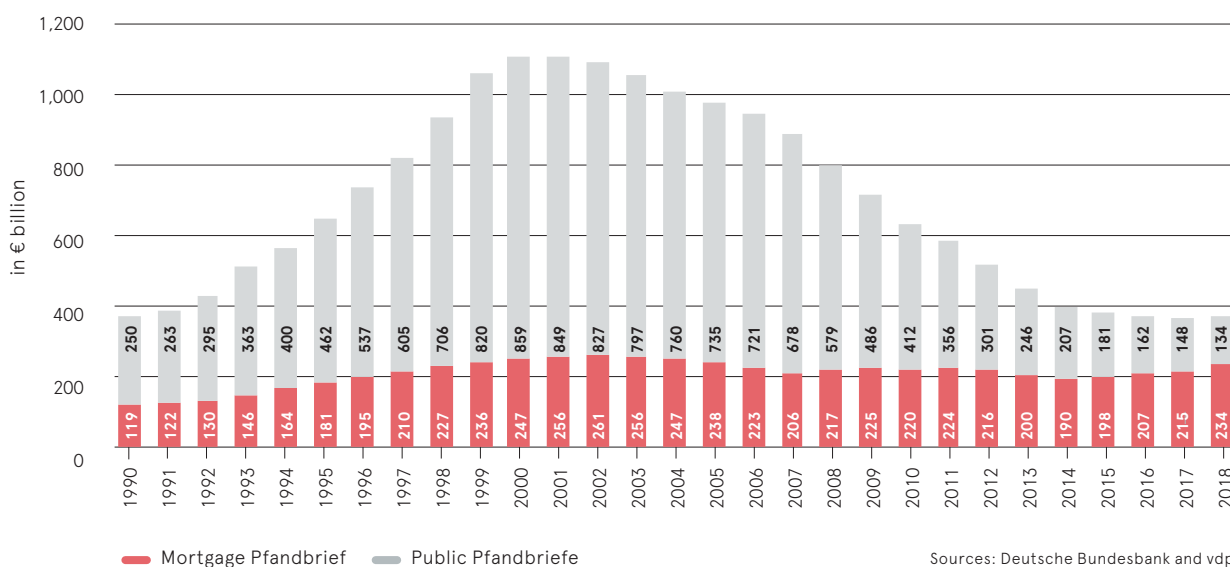
	New issues		Volume outstanding	
	2017	2018	Ultimo 2017	Ultimo 2018
Pfandbriefe total	€ 48.8 billion	€ 50.4 billion	€ 366.2 billion	€ 369.1 billion
Public Pfandbriefe	€ 11.9 billion	€ 7.2 billion	€ 148.1 billion	€ 133.7 billion
Mortgage Pfandbriefe	€ 36.9 billion	€ 43.2 billion	€ 215.2 billion	€ 233.7 billion
Ship Pfandbriefe	€ 0.0 billion	€ 0.0 billion	€ 2.4 billion	€ 1.2 billion
Aircraft Pfandbriefe	€ 0.0 billion	€ 0.0 billion	€ 0.5 billion	€ 0.5 billion

Benchmark Pfandbriefe

	2017	2018
Number of issues	25	46
of which: Jumbos	4	7
of which: benchmark issues	21	39
Summe (Mrd. €)	17.050	29.650
of which: Mortgage Pfandbriefe	14.250	27.000
of which: Ship Pfandbriefe	-	-
of which: Aircraft Pfandbriefe	-	-
of which: Public Pfandbriefe	2.800	2.650

Development of the volume of Pfandbriefe outstanding

Mortgage Pfandbriefe back on growth path.
Consolidation of Public Pfandbriefe continues.

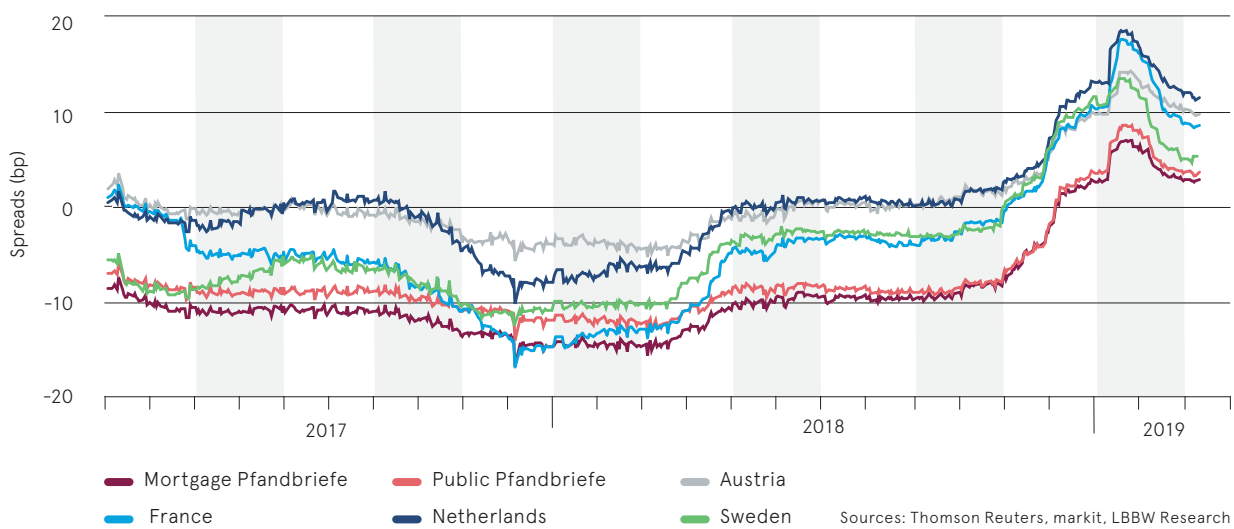


Sources: Deutsche Bundesbank and vdp



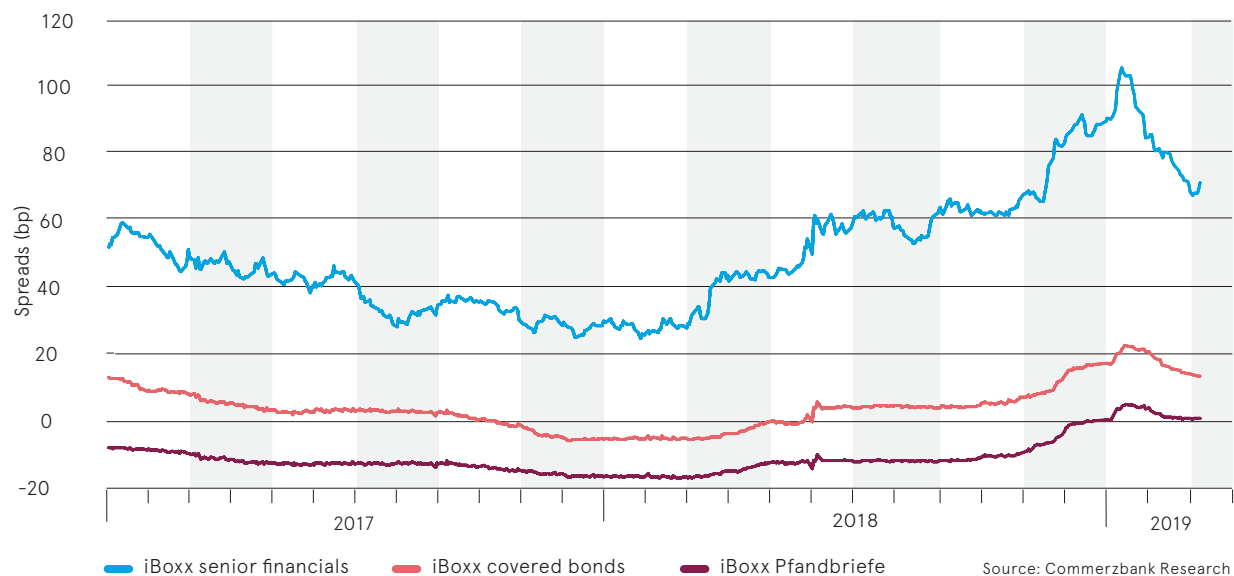
Development of Pfandbrief swap spreads compared with those of other covered bonds

Expected end of the ECB intervention causes swap spreads to expand in the 4th quarter of 2018 – spreads contract again at the beginning of 2019 as expected interest rate hike fails to materialize.



Uncovered bank bonds compared with covered funding

Risk markups on uncovered bonds compared with covered funding increase, in some cases appreciably, in 2018.

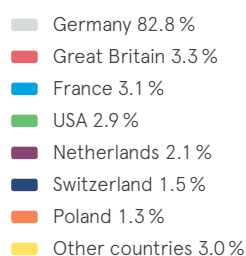


Structure of the Cover Pools

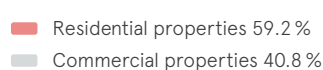
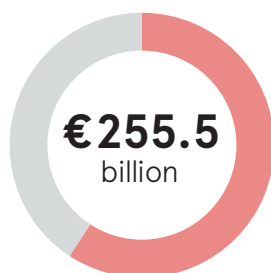
vdp member institutions

Cover assets 2018

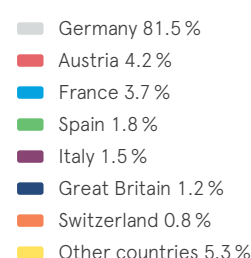
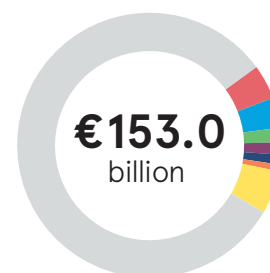
Mortgage Pfandbriefe by country



Public Pfandbriefe by type of property



Public Pfandbriefe by country



Cover assets and loan portfolios 2018

Real estate financing

	Mortgage Loans in € billion	Cover assets in € billion	Included in cover in %
Total	826.4	255.5	30.9
Germany	709.8	211.5	29.8
Foreign business	116.6	44.0	37.7
(Share foreign business in %)	(14.1)	(17.2)	-

Of the cover assets, 59.2% are accounted for by residential properties (single-family houses, condominiums and multi-family houses) and 40.8% by commercial properties. Office and retail premises dominate in the latter category.

Public sector lending

	Public Sector Loans in € billion	Cover assets in € billion	Included in cover in %
Insgesamt	284.3	153.0	53.8
Germany	231.6	124.7	53.8
Foreign business	52.7	28.3	53.7
(Share foreign business in %)	(18.5)	(18.5)	-

Similar to the structure of cover assets for Mortgage Pfandbriefe, foreign cover assets for Public Pfandbriefe are also widely spread: The largest shares were accounted for by Austria (4.2%) and France (3.7%), followed by Spain, Italy, Great Britain and Switzerland.

Lending Business

vdp member institutions

Loan commitments 2018



- Real estate financing 87,1%
- Public sector lending 7,2%
- Ship financing 2,3%
- Aircraft financing 3,4%

	2017	2018	Change
	in € million	in € million	in %
Real estate financing	157,118	160,868	2.4
of which: Residential property financing	86,458	91,006	5.3
of which: Commercial property financing	70,660	69,862	-1.1
Public sector lending	15,598	13,228	-15.2
Ship financing	4,223	4,261	0.9
Aircraft financing	3,462	6,289	81.7
Loan commitments total	180,401	184,646	2.4

- Real estate financing benefits from a stable macro-economic setting and persistently low interest rates
- Public sector lending reflects budget consolidation at federal and federal state level
- Aircraft finance sees robust recovery from low level
- Ship finance moves sideways in difficult market setting

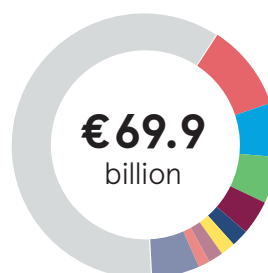
New business 2018

Real estate financing by type of property



- Residential properties 56.6%**
 - Single-family and two-family houses 28.2%
 - Owner-occupied housing 11.6%
 - Multi-family houses 15.1%
 - Other residential properties 1.7%
- Commercial properties 43.4%**
 - Office buildings 21.9%
 - Retail buildings 11.2%
 - Hotel buildings 3.6%
 - Industrial buildings 1.1%
 - Other commercial properties 5.6%

Commercial properties by country

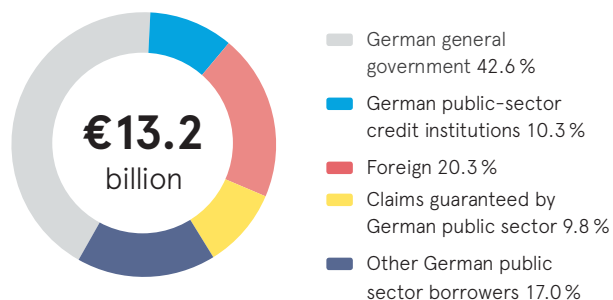


- Germany 60.0%
- USA 10.6%
- France 6.6%
- Great Britain 5.7%
- Netherlands 4.2%
- Poland 2.1%
- Spain 1.8%
- Luxembourg 1.8%
- Italy 1.4%
- Other countries 5.8%

- More than half of new business is accounted for by residential property finance
- Single-family and semi-detached houses most important residential property type
- Offices and retail buildings dominate commercial property finance
- 60% of commercial property finance in Germany
- Most important foreign markets in commercial property finance are the USA, France and Great Britain

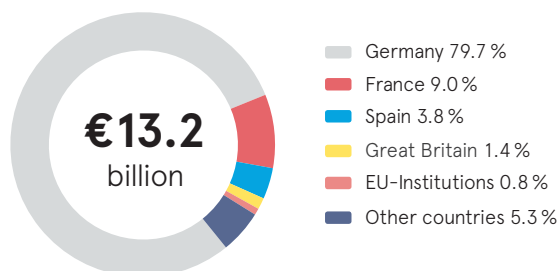
New business 2018

Public sector lending by borrower



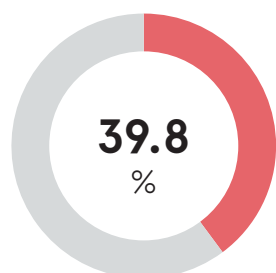
→ Public sector lending clearly dominated by German business activities

Public sector lending by country



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

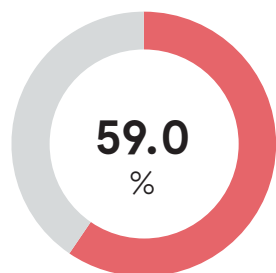
Pfandbrief Banks' market shares in Germany in 2018



Residential property financing

Pfandbrief Banks' market share in residential property financing

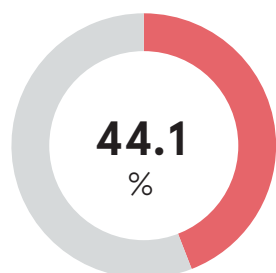
The total volume of residential property loans to borrowers in Germany as at the end of 2018 was € 1,391 billion according to Deutsche Bundesbank figures. Of this amount, the Pfandbrief Banks belonging to the vdp accounted for € 553 billion; this is equivalent to a market share of around 39.8 %.



Commercial property financing

Pfandbrief Banks the 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-2018, their overall loan portfolio totaled € 157 billion. According to the Deutsche Bundesbank, the total volume of commercial property loans granted in Germany came to € 266 billion. Of this, the Pfandbrief Banks belonging to the vdp took a market share of 59.0 %.



Public sector lending

Pfandbrief Banks' public sector lending in Germany

As at 31 December 2018, the member banks of the vdp posted total loans to German general government (excluding securities) of € 116 billion. Figures published by the Deutsche Bundesbank show that total lending to German general government as at end-2018 amounted to € 263 billion, thus giving the vdp member banks a 44.1 % share of the market,

Association of German Pfandbrief Banks

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