

Pfandbriefbank Pool

31 December 2016, semi-annual publication (since June 2012), unaudited

1 Pfandbriefbank

1.1 Contact address

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1.2 Rating

Rating agency Moody's Investors Service Ltd, London
Issuance rating Aaa (since 2002, last issuer rating report dated 21 October 2010, ratings per ISIN are published shortly after issuance)

1.3 Business model

Pfandbriefbank

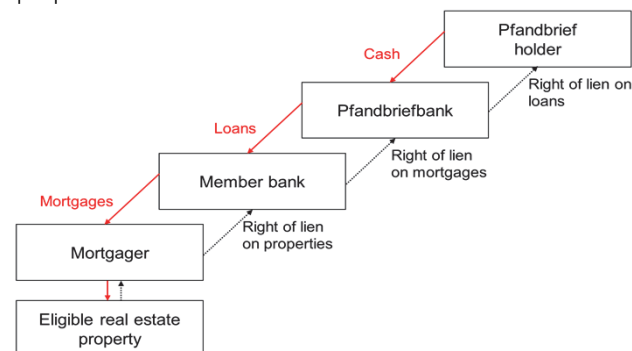
- Founded 1930, incorporated 1931
- Based on Pfandbrief act, which came into effect in 1930
- Special institute with limited scope (issuance of Swiss Pfandbriefe, loans to member banks and investment of own funds)
- No currency risk, no maturity mismatch, no interest rate risk
- Swiss Federal Council authorises bylaws and valuation regulations and nominates one member of the board of directors
- Swiss Financial Market Supervisory Authority (FINMA) supervises Pfandbriefbank and its member banks

Cover pool

- Regulated by law (not only a private agreement)
- Only first-class mortgages in Swiss francs (CHF) on properties located in Switzerland are eligible
- Cover value of each member bank's cover pool must be at least 108 % of the bank's liabilities to Pfandbriefbank
- Loan to value 43 % (by law limited at max. 66 2/3 % for residential properties or lower for other property types)
- More than 99 % of the underlying properties are residential
- Pfandbriefbank supervises eligibility and overcollateralisation daily
- Member bank legally obliged to increase coverage in case of insufficient overcollateralisation and to replace impaired or non-performing loans
- Around 12 % of Swiss mortgages refinanced through Swiss Pfandbriefe
- Pfandbriefbank values the cover value of a mortgage independently
- Mortgages stay on balance sheet of member bank
- Unique historical track: No loss since 1931

Investors' fourfold security

1. The capital of Pfandbriefbank, 2. the capital of the member banks, 3. the capital of the proprietors of the real estate property and 4. the market value of the real estate properties.



1.4 Planned events

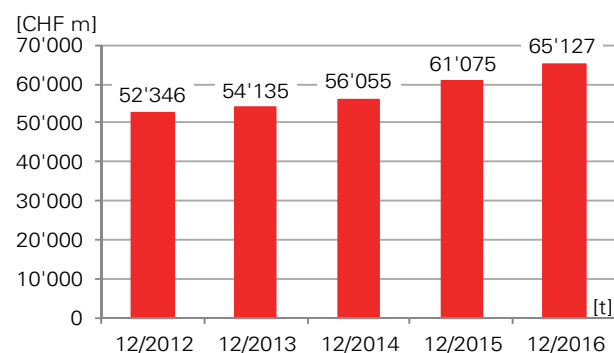
Issuances 01/02, 02/03, 03/04, 10/05, 13/06, 19/07/2017 and 17/08/2017
General meeting 24/05/2017

2 Swiss Economics

2.1 General	Source, units	12/2016	12/2015	12/2014	12/2013
Gross domestic product (GDP)	SNB, CHF bn	not available yet	646	644	635
Unemployment rate	Seco, Ø %	3.3	3.2	3.0	3.2
Eidgenossen (Gov), 10Y rate	SNB, %	-0.14	-0.04	0.38	1.25
2.2 Mortgage market					
Mortgage volume of banks	SNB, CHF bn	(10/2016) 959	938	913	882
Swiss Pfandbriefe ¹	CHF bn	113	104	94	88
SWX IAZI Price Indices					
Private Real Estate	CH0030532342	178	173	171	167
Investment Real Estate	CH0030532391	168	168	169	161

3 Market

3.1 Pfandbriefbank - Outstanding Pfandbriefe

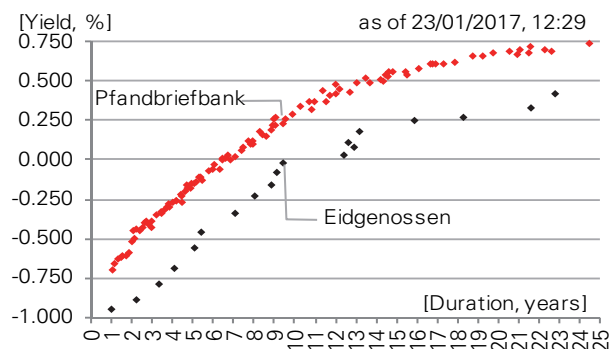


Source: Pfandbriefbank, semi-annual reports

In 2016 Pfandbriefbank issued Swiss Pfandbriefe of CHF 9'018 m. CHF 4'966 m matured. Net growth amounts to CHF 4'052 m.

The three joint lead banks responsible for our primary market issuances are Credit Suisse AG (in charge), UBS AG and Raiffeisen Schweiz Genossenschaft.

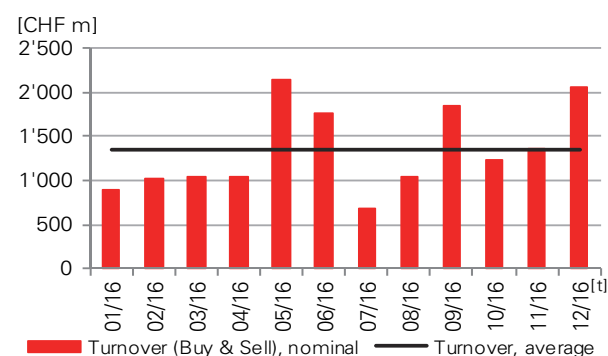
3.2 Pfandbriefbank - Yield per ISIN



Source: SIX Swiss Exchange AG

Pfandbriefbank's yield curve has a high density and supports portfolio duration adjustments in primary or secondary market.

3.3 Pfandbriefbank - Traded nominal volumes on secondary market



Source: SIX Swiss Exchange AG

The joint lead banks are requested to organise the market making in the secondary market at SIX Swiss Exchange AG. For the last 12 months average monthly nominal turnover exceeded CHF 1'300 m (min/median/max: CHF 688 m/CHF 1'137 m/CHF 2'137 m).

4 Balance Sheet

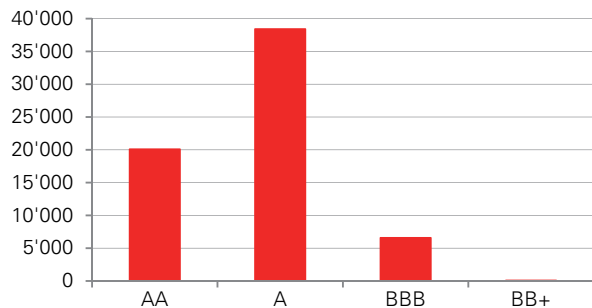
Assets (stylised)	31/12/2016 CHF m	Liabilities (stylised)	31/12/2016 CHF m
Loans to member banks	65'127	Swiss Pfandbriefe (Bonds)	65'127
Free Assets			
Cash	2		
Due from banks on sight	4		
Bonds	1'288		
Prepaid exp. & accrued income	236	Accrued exp. & deferred income	415
Other assets	6	Other liabilities	30
	<u>1'536</u>	Equity	<u>1'596</u>
Share capital not paid in	504	Total	<u>67'167</u>
Total	<u>67'167</u>		

Assets and liabilities are denominated in Swiss Francs. All bonds are repo eligible (SNB GC Basket).

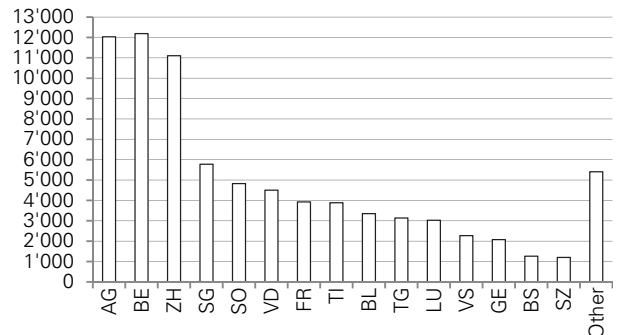
At the ordinary annual general meeting in May 2016, the shareholders agreed to a share capital increase from CHF 800 Mio to CHF 900 Mio, whereas 44 % of each registered share is paid in.

5 Pool - Summary

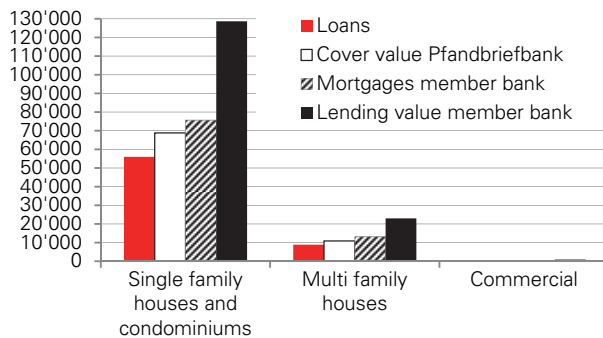
5.1 Loans to member banks (CHF m)



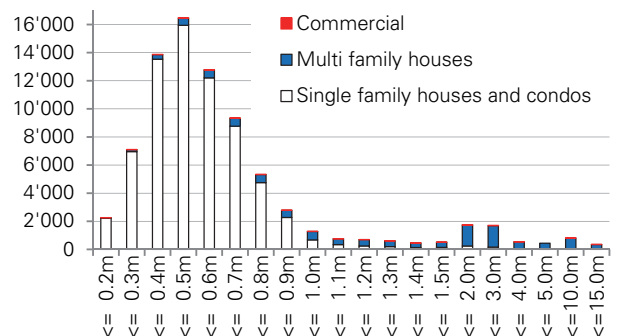
5.2 Cover value by region (CHF m, only CH eligible)



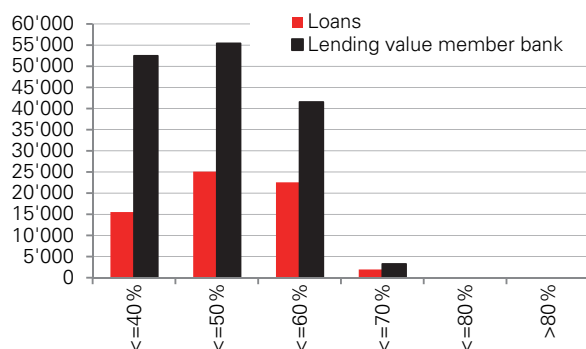
5.3 Property type (CHF m)



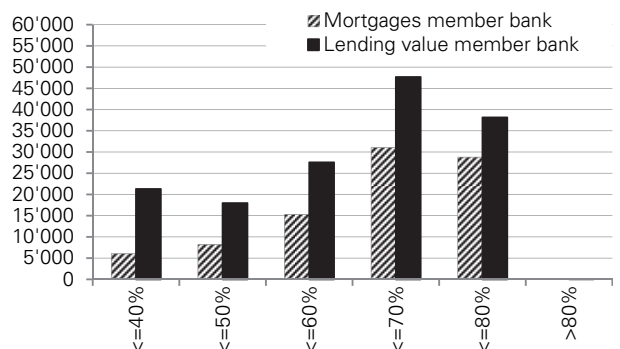
5.4 Cover value by size (CHF m)



5.5 Loan LTV Pfandbriefbank (CHF m)²



5.6 Mortgage LTV member bank (CHF m)³



6 Pool - Details

Criteria for eligible cover pool assets	Pfandbriefbank				Member bank				Cover objects	
	Loans ⁴		Cover value ⁵		Mortgages ⁶		Lending value ⁷		Number	%
	CHF m	%	CHF m	%	CHF m	%	CHF m	%		

6.1 Loans to member banks ⁸

Rating ⁹	CHF m	%	CHF m	%	CHF m	%	CHF m	%	Number	%
AA	20'080	31	24'455	31	27'405	31	44'794	29	47'568	28
A	38'403	59	47'271	59	52'499	59	91'068	60	106'740	63
BBB	6'572	10	8'169	10	9'411	11	16'593	11	16'126	9
BB+ ¹⁰	72	0	93	0	103	0	172	0	278	0
Total ¹¹	65'127	100	79'988	100	89'418	100	152'627	100	170'712	100

Loan size total	CHF m	CHF m	%	CHF m	%	CHF m	%	CHF m	%	Number	%
290 bank(s)	<= 200	19'186	29	23'670	30	26'524	30	44'455	29	46'806	27
20	<= 400	5'107	8	6'144	8	6'889	8	11'566	8	13'633	8
7	<= 600	3'473	5	4'066	5	4'803	5	8'129	5	7'513	4
2	<= 800	1'541	2	1'786	2	1'973	2	3'739	2	3'408	2
0	<= 1'000	0	0	0	0	0	0	0	0	0	0
8	> 1'000	35'820	55	44'323	55	49'228	55	84'738	56	99'352	58
Total		65'127	100	79'988	100	89'418	100	152'627	100	170'712	100

6.2 Region (only Switzerland eligible)

AG	10'135	16	12'033	15	13'136	15	22'097	14	27'698	16
BE	9'982	15	12'190	15	13'669	15	22'942	15	28'815	17
ZH	8'617	13	11'103	14	12'575	14	22'919	15	19'945	12
SG	4'799	7	5'778	7	6'454	7	10'848	7	12'475	7
SO	3'975	6	4'827	6	5'415	6	8'694	6	10'849	6
VD	3'592	6	4'504	6	5'087	6	8'815	6	8'754	5
FR	3'253	5	3'926	5	4'321	5	6'924	5	8'998	5
TI	3'052	5	3'886	5	4'332	5	7'548	5	8'093	5
BL	2'686	4	3'353	4	3'728	4	6'490	4	6'688	4
TG	2'605	4	3'138	4	3'505	4	5'680	4	6'514	4
LU	2'493	4	3'027	4	3'366	4	5'603	4	6'212	4
VS	1'888	3	2'272	3	2'528	3	4'338	3	6'047	4
GE	1'590	2	2'076	3	2'440	3	4'538	3	3'258	2
BS	1'011	2	1'264	2	1'449	2	2'576	2	1'975	1
SZ	983	2	1'203	2	1'346	2	2'455	2	2'127	1
Other cantons, each < 1.5 %	4'466	7	5'408	7	6'066	7	10'160	7	12'264	7
Total	65'127	100	79'988	100	89'418	100	152'627	100	170'712	100

6.3 Property type ^{12, 13, 14}

Overview	CHF m	%	CHF m	%	CHF m	%	CHF m	%	Number	%
Residential										
Single family houses and condominiums ¹⁵	56'002	86	68'820	86	75'696	85	128'681	84	160'256	94
Multi family houses	8'902	14	10'898	14	13'201	15	23'002	15	10'127	6
Total residential	64'904	100	79'719	100	88'897	99	151'683	99	170'383	100
Commercial	223	0	270	0	521	1	944	1	329	0
Total	65'127	100	79'988	100	89'418	100	152'627	100	170'712	100

Criteria for eligible cover pool assets	Pfandbriefbank		Member bank				Cover objects	
	Cover value ⁵		Mortgages ⁶		Lending value ⁷		Number	%
	CHF m	%	CHF m	%	CHF m	%		

6.4 Property type by size ^{12, 13, 14}

Residential: Single family houses and condominiums									
Cover value Pfandbriefbank	<= 200'000	2'218	3	2'330	3	7'745	5	14'295	8
	<= 300'000	6'961	9	7'343	8	14'940	10	26'373	15
	<= 400'000	13'535	17	14'531	16	24'906	16	37'852	22
	<= 500'000	15'944	20	17'273	19	27'709	18	35'213	21
	<= 600'000	12'206	15	13'312	15	20'697	14	22'203	13
	<= 700'000	8'769	11	9'754	11	14'949	10	13'453	8
	<= 800'000	4'754	6	5'542	6	8'514	6	6'380	4
	<= 900'000	2'274	3	2'755	3	4'236	3	2'676	2
	<= 1'000'000	679	1	854	1	1'488	1	707	0
	<= 1'100'000	342	0	440	0	728	0	323	0
	<= 1'200'000	249	0	312	0	532	0	215	0
	<= 1'300'000	200	0	253	0	433	0	160	0
	<= 1'400'000	133	0	166	0	289	0	98	0
	<= 1'500'000	146	0	207	0	362	0	99	0
	<= 2'000'000	244	0	300	0	553	0	140	0
	<= 2'500'000	166	0	322	0	600	0	69	0
	<= 3'000'000	0	0	0	0	0	0	0	0
Total		68'820	86	75'696	85	128'681	84	160'256	94
Average as per cover object		0.429		0.472		0.803			
Residential: Multi family houses									
Cover value Pfandbriefbank	<= 1'000'000	3'815	5	4'488	5	8'724	6	6'653	4
	<= 2'000'000	3'443	4	4'099	5	6'834	4	2'450	1
	<= 3'000'000	1'519	2	1'850	2	2'967	2	625	0
	<= 4'000'000	533	1	652	1	1'048	1	155	0
	<= 5'000'000	443	1	555	1	889	1	100	0
	<= 10'000'000	799	1	1'001	1	1'669	1	117	0
	<= 15'000'000	346	0	555	1	871	1	27	0
	<= 20'000'000	0	0	0	0	0	0	0	0
	<= 25'000'000	0	0	0	0	0	0	0	0
Total		10'898	14	13'201	15	23'002	15	10'127	6
Average as per cover object		1.076		1.304		2.271			
Commercial									
Cover value Pfandbriefbank	<= 1'000'000	125	0	212	0	410	0	263	0
	<= 2'000'000	60	0	99	0	184	0	45	0
	<= 3'000'000	27	0	43	0	81	0	11	0
	<= 4'000'000	20	0	35	0	61	0	6	0
	<= 5'000'000	0	0	0	0	0	0	0	0
	<= 10'000'000	23	0	51	0	87	0	3	0
	<= 15'000'000	15	0	80	0	121	0	1	0
	<= 20'000'000	0	0	0	0	0	0	0	0
	<= 25'000'000	0	0	0	0	0	0	0	0
Total		270	0	521	1	944	1	329	0
Average as per cover object		0.819		1.584		2.870			
Total		79'988	100	89'418	100	152'627	100	170'712	100

Criteria for eligible cover pool assets	Pfandbriefbank				Member bank				Cover objects	
	Loans ⁴		Cover value ⁵		Mortgages ⁶		Lending value ⁷		Number	%
	CHF m	%	CHF m	%	CHF m	%	CHF m	%		

6.5 Loan to lending value (loan LTV Pfandbriefbank)²

> 0 % to <= 40 %	15'534	24	20'068	25	23'300	26	52'462	34	48'106	28
> 40 % to <= 50 %	25'088	39	31'168	39	34'974	39	55'394	36	60'603	36
> 50 % to <= 60 %	22'553	35	26'591	33	28'753	32	41'530	27	56'903	33
> 60 % to <= 70 %	1'952	3	2'161	3	2'390	3	3'241	2	5'100	3
> 70 % to <= 80 %	0	0	0	0	0	0	0	0	0	0
> 80 %	0	0	0	0	0	0	0	0	0	0
Total	65'127	100	79'988	100	89'418	100	152'627	100	170'712	100
Overcollateralization		100		123		137		234		
LTV ¹⁶		43		52		59		100		

6.6 Mortgage to lending value (mortgage LTV member bank)³

> 0 % to <= 40 %	4'825	7	5'993	7	6'053	7	21'287	14	21'098	12
> 40 % to <= 50 %	6'506	10	8'034	10	8'204	9	17'965	12	19'069	11
> 50 % to <= 60 %	11'920	18	14'677	18	15'307	17	27'552	18	30'816	18
> 60 % to <= 70 %	22'962	35	28'173	35	31'044	35	47'673	31	54'963	32
> 70 % to <= 80 %	18'910	29	23'105	29	28'801	32	38'140	25	44'757	26
> 80 % ¹⁷	4	0	5	0	8	0	10	0	9	0
Total	65'127	100	79'988	100	89'418	100	152'627	100	170'712	100
Overcollateralization		100		123		137		234		
LTV ¹⁶		43		52		59		100		

¹ Including private placements as per annual reports of Pfandbrief institutes

² Ratio: Loan Pfandbriefbank divided by lending value member bank

³ Ratio: Mortgage member bank divided by lending value member bank

⁴ Loans from Pfandbriefbank to member banks at nominal value

⁵ Eligibility and value of cover objects determined by Pfandbriefbank independently from member bank based on Pfandbrief act and valuation regulations.

⁶ Mortgage nominal value in the balance sheet of member bank

⁷ Lending value of cover objects set up by member bank to determine maximum mortgage

⁸ Pfandbriefbank has 327 banks with loans.

⁹ Rating by 1. Moody's, 2. S&P, 3. Fitch, 4. independent third party bank rating. According to Moody's bank rating methodology dated 16 March 2015 the Moody's bank deposit rating is selected before Moody's senior unsecured rating, where available.

¹⁰ BB+ rated member banks must have 120 % collateralization. Their average outstanding loan amounts to CHF 72 m. Member banks with rating better than BB+ must have 108 % collateralization.

¹¹ Loans of CHF 65'127 m are covered by the cover value determined by Pfandbriefbank of CHF 79'988 m for eligible mortgages of CHF 89'418 m with a lending value set up by member banks of CHF 152'627 m (170'712 cover objects).

¹² The maximum cover value Pfandbriefbank for single family houses is CHF 2.5 m, for condominiums CHF 1.5 m, for multi family houses and commercial properties CHF 15 m.

¹³ Single family houses and condominiums larger than CHF 1.5 m, multi family houses larger than CHF 3 m and commercial properties larger than CHF 1.2 m are reviewed by the cover pool committee.

¹⁴ Selected single family houses and condominiums, multi family houses larger than CHF 5 m (CHF 3 m, if older than 20 years) and commercial properties larger than CHF 2.5 m (CHF 2 m, if older than 20 years) are visited on-site by the cover pool committee.

¹⁵ Properties with occupancy type 'vacation' are immaterial (loans of CHF 80 m or 0.1 % of total).

¹⁶ If loans are 100, the lending value of member banks amounts to 234. In other words: the overall loan to value is 43 %.

¹⁷ Mortgages with mortgage LTV member bank > 80 % are considered as ETPs (exception to policy). ETPs can be covered by additional collateral, which is not pledged to Pfandbriefbank, but to member bank only.

7 Investment Risks

For consulting refer to your Swiss bank, which will evaluate your individual risk profile and advise you according to your needs. They also will inform you directly about restrictions.

8 Disclaimer

The content of this publication is for informational purposes only and shall not be construed as constituting a solicitation, an offer or a recommendation with respect to the purchase or sale of the "Pfandbriefe". Moreover, this publication is neither a prospectus in terms of art. 652a and art. 1156 CO (Swiss Code of Obligations, SR 220) nor a simplified prospectus pursuant to art. 5 para. 2 CISA (Collective Investment Schemes Act, SR 951.31). No investment decisions, or other kinds of decisions should be reached solely on the basis of information from this publication. Further information, such as the base prospectus for the listing on the SIX Swiss Exchange, can be requested from the "Pfandbriefbank".

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