

8050 Zurich, 20 July 2018, 1705, MM

Pfandbriefbank Pool

30 June 2018, 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 19 July 2018, ratings per ISIN are published shortly after issuance)

1.3 Business model

Pfandbriefbank

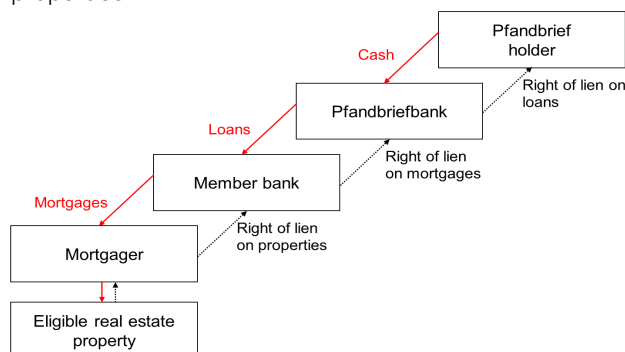
- Founded 1930, incorporated 1931
- Based on Pfandbrief act, which came into effect in 1930
- Special institute with limited scope (issuance of Swiss Pfandbriefe, loans to member banks and investment of own funds)
- No currency risk, no maturity mismatch, no interest rate risk
- Swiss Federal Council 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 41 % (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 23/08, 25/09, 09/10, 06/11, 29/11, 11/12 and 11/01/2019
General meeting 29/05/2019

2 Swiss Economics

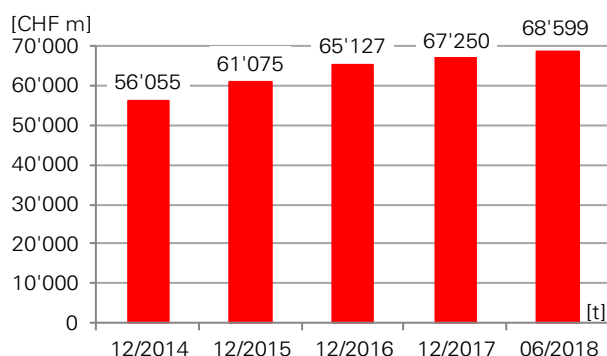
2.1 General	Source, units	12/2017	12/2016	12/2015	12/2014
Gross domestic product (GDP)	SNB, CHF bn	668	659	654	650
Unemployment rate	Seco, Ø %	3.2	3.3	3.2	3.0
Eidgenossen (Gov), 10Y rate	SNB, %	-0.10	-0.14	-0.04	0.38

2.2 Mortgage market

Mortgage volume of banks	SNB, CHF bn	988	962	938	913
Swiss Pfandbriefe ¹	CHF bn	119	113	104	94
SWX IAZI Price Indices					
Private Real Estate	CH0030532342	182	178	173	171
Investment Real Estate	CH0030532391	178	168	168	169

3 Market

3.1 Pfandbriefbank - Outstanding Pfandbriefe

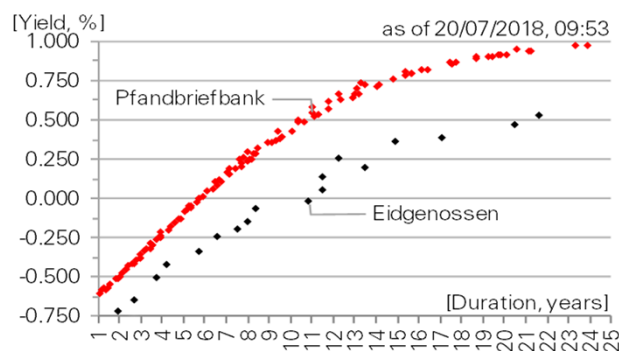


Source: Pfandbriefbank, semi-annual reports

In 2017 Pfandbriefbank issued Swiss Pfandbriefe of CHF 7'132 m. CHF 5'009 m matured. Net growth amounts to CHF 2'123 m.

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

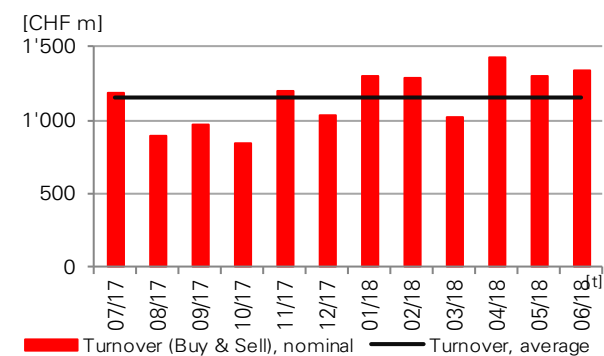
3.2 Pfandbriefbank - Yield per ISIN



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

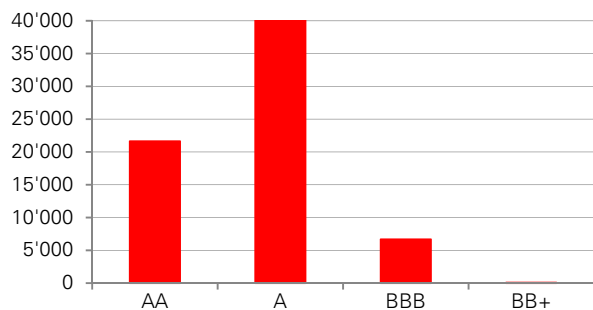
The joint lead banks are requested to organise the market making in the secondary market at SIX Swiss Exchange AG. For the last 12 months average monthly nominal turnover exceeded CHF 1'148 m (min/median/max: CHF 838 m/CHF 1'191 m/CHF 1'430 m).

4 Maturity structure

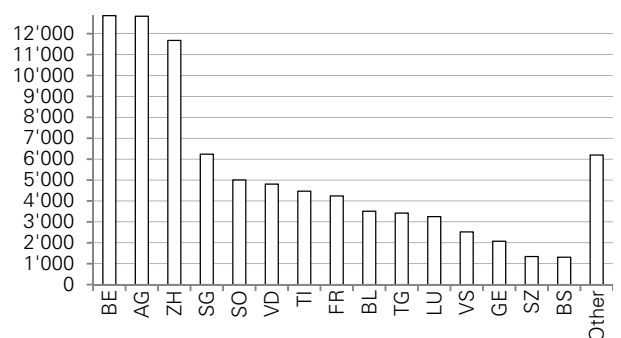
Contractual Cashflows		Maturity Buckets (in years)					
		Total	≤ 1y	> 1y and ≤ 5y	> 5y and ≤ 10y	> 10y and ≤ 15y	> 15y
30/06/2018							
CHF m (A/L denominated in CHF)		Total					
Assets (stylised)		70'682					
thereof	Loans to member banks	68'599	5'633	22'067	20'702	9'404	10'793
	Bonds	1'307	180	269	558	300	0
	- thereof SNB GC Basket	1'307					
	- thereof pledged	1					
	Share capital not paid in	504	504				
Liabilities (stylised)		-70'682					
thereof	Swiss Pfandbriefe	-68'599	-5'633	-22'067	-20'702	-9'404	-10'793
	Equity	-1'614					
Net total			684	269	558	300	0

5 Pool - Summary

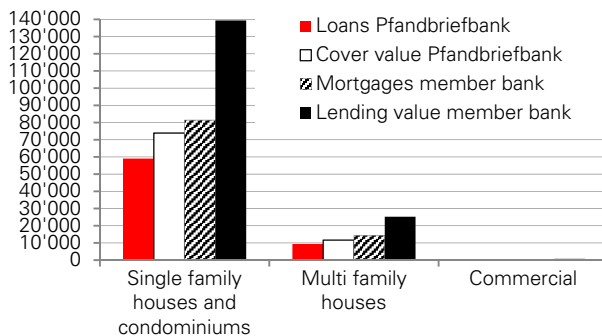
5.1 Loans to member banks (CHF m)



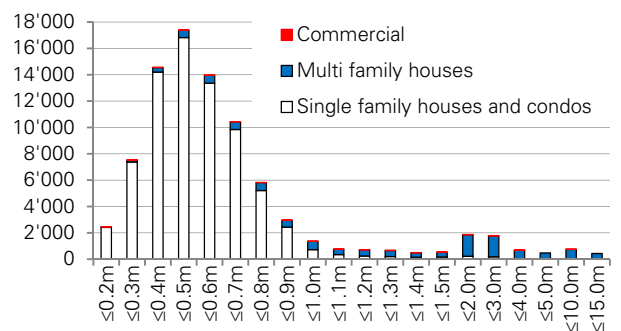
5.2 Cover value by region (CHF m, only CH eligible)



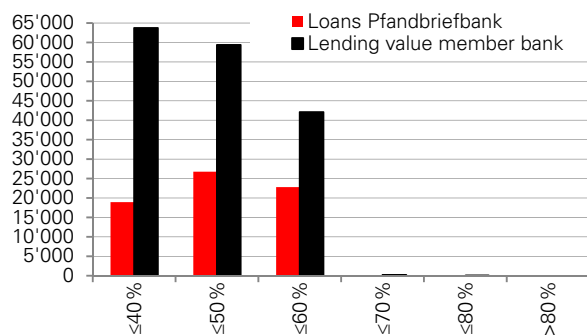
5.3 Property type (CHF m)



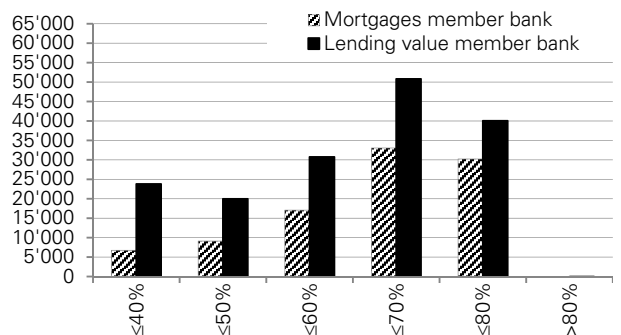
5.4 Cover value by size (CHF m)



5.5 Loan LTV (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	21'628	32	27'556	32	31'097	32	51'504	31	53'740	29
A	40'233	59	49'590	58	55'237	57	96'260	58	111'642	61
BBB	6'668	10	8'514	10	9'783	10	17'392	11	16'781	9
BB+ ¹⁰	70	0	97	0	107	0	178	0	278	0
Total ¹¹	68'599	100	85'756	100	96'224	100	165'334	100	182'441	100

Loan size total	CHF m	CHF m	%	CHF m	%	CHF m	%	CHF m	%	Number	%
274 bank(s)	≤ 200	20'111	29	25'699	30	28'973	30	49'061	30	51'056	28
20	≤ 400	5'329	8	6'834	8	7'691	8	12'973	8	15'002	8
6	≤ 600	2'873	4	3'493	4	3'990	4	6'741	4	6'604	4
3	≤ 800	2'101	3	2'754	3	3'225	3	5'902	4	4'981	3
1	≤ 1'000	957	1	1'065	1	1'212	1	2'224	1	1'601	1
8	> 1'000	37'229	54	45'912	54	51'133	53	88'434	53	103'197	57
Total		68'599	100	85'756	100	96'224	100	165'334	100	182'441	100

6.2 Region (only Switzerland eligible)

AG	10'621	15	12'836	15	14'080	15	23'886	14	29'753	16
BE	10'582	15	12'862	15	14'523	15	24'522	15	30'133	17
ZH	8'925	13	11'679	14	13'170	14	24'244	15	21'073	12
SG	4'966	7	6'239	7	6'994	7	11'824	7	13'297	7
SO	4'135	6	5'004	6	5'642	6	9'103	6	11'263	6
VD	3'793	6	4'806	6	5'445	6	9'437	6	9'213	5
FR	3'422	5	4'241	5	4'688	5	7'568	5	9'582	5
TI	3'348	5	4'467	5	5'042	5	8'806	5	9'333	5
BL	2'763	4	3'509	4	3'899	4	6'878	4	6'978	4
TG	2'717	4	3'418	4	3'800	4	6'237	4	7'047	4
LU	2'667	4	3'250	4	3'629	4	6'101	4	6'578	4
VS	2'029	3	2'520	3	2'835	3	4'844	3	6'594	4
GE	1'590	2	2'073	2	2'446	3	4'656	3	3'300	2
SZ	1'073	2	1'343	2	1'508	2	2'765	2	2'350	1
BS	1'021	1	1'311	2	1'515	2	2'745	2	2'074	1
Other cantons, each < 1.4 %	4'948	7	6'198	7	7'007	7	11'718	7	13'873	8
Total	68'599	100	85'756	100	96'224	100	165'334	100	182'441	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	59'042	86	73'886	86	81'436	85	139'377	84	171'372	94
Multi family houses	9'368	14	11'644	14	14'391	15	25'214	15	10'775	6
Total residential	68'410	100	85'530	100	95'827	100	164'590	100	182'147	100
Commercial	189	0	227	0	397	0	744	0	294	0
Total	68'599	100	85'756	100	96'224	100	165'334	100	182'441	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	2'412	3	2'545	3	8'487	5	15'494	8
	≤ 300'000	7'377	9	7'786	8	16'003	10	27'935	15
	≤ 400'000	14'196	17	15'253	16	26'486	16	39'691	22
	≤ 500'000	16'820	20	18'259	19	29'568	18	37'122	20
	≤ 600'000	13'361	16	14'600	15	22'847	14	24'286	13
	≤ 700'000	9'844	11	11'005	11	16'889	10	15'102	8
	≤ 800'000	5'212	6	6'104	6	9'424	6	6'996	4
	≤ 900'000	2'435	3	2'953	3	4'554	3	2'870	2
	≤ 1'000'000	726	1	918	1	1'577	1	757	0
	≤ 1'100'000	350	0	448	0	737	0	331	0
	≤ 1'200'000	241	0	304	0	519	0	209	0
	≤ 1'300'000	199	0	253	0	435	0	159	0
	≤ 1'400'000	150	0	191	0	318	0	110	0
	≤ 1'500'000	164	0	228	0	407	0	111	0
	≤ 2'000'000	222	0	273	0	500	0	126	0
	≤ 2'500'000	177	0	314	0	627	0	73	0
	≤ 3'000'000	0	0	0	0	0	0	0	0
Total		73'886	86	81'436	85	139'377	84	171'372	94
Average as per cover object		0.431		0.475		0.813			
Residential: Multi family houses									
Cover value Pfandbriefbank	≤ 1'000'000	4'028	5	4'827	5	9'363	6	7'053	4
	≤ 2'000'000	3'686	4	4'468	5	7'526	5	2'617	1
	≤ 3'000'000	1'596	2	1'977	2	3'194	2	657	0
	≤ 4'000'000	679	1	865	1	1'370	1	197	0
	≤ 5'000'000	475	1	619	1	994	1	107	0
	≤ 10'000'000	746	1	957	1	1'614	1	110	0
	≤ 15'000'000	434	1	678	1	1'152	1	34	0
	≤ 20'000'000	0	0	0	0	0	0	0	0
	≤ 25'000'000	0	0	0	0	0	0	0	0
Total		11'644	14	14'391	15	25'214	15	10'775	6
Average as per cover object		1.081		1.336		2.340			
Commercial									
Cover value Pfandbriefbank	≤ 1'000'000	109	0	185	0	368	0	233	0
	≤ 2'000'000	62	0	104	0	195	0	45	0
	≤ 3'000'000	22	0	39	0	69	0	9	0
	≤ 4'000'000	16	0	29	0	48	0	5	0
	≤ 5'000'000	0	0	0	0	0	0	0	0
	≤ 10'000'000	17	0	40	0	63	0	2	0
	≤ 15'000'000	0	0	0	0	0	0	0	0
	≤ 20'000'000	0	0	0	0	0	0	0	0
	≤ 25'000'000	0	0	0	0	0	0	0	0
Total		227	0	397	0	744	0	294	0
Average as per cover object		0.771		1.352		2.530			
Total		85'756	100	96'224	100	165'334	100	182'441	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)²

> 0 % to ≤ 40 %	18'922	28	24'985	29	29'127	30	63'717	39	57'615	32
> 40 % to ≤ 50 %	26'771	39	33'567	39	37'687	39	59'365	36	65'390	36
> 50 % to ≤ 60 %	22'798	33	27'087	32	29'281	30	42'076	25	59'162	32
> 60 % to ≤ 70 %	108	0	118	0	128	0	177	0	274	0
> 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	68'599	100	85'756	100	96'224	100	165'334	100	182'441	100
Overcollateralisation		100		125		140		241		
LTV ¹⁶		41		52		58		100		

6.6 Cover value to lending value (cover value LTV)¹⁷

> 0 % to ≤ 40 %	6'453	9	8'168	10	9'541	10	28'520	17	25'699	14
> 40 % to ≤ 50 %	12'843	19	16'232	19	19'195	20	35'003	21	30'760	17
> 50 % to ≤ 60 %	22'849	33	28'558	33	32'161	33	51'206	31	53'679	29
> 60 % to ≤ 70 %	26'454	39	32'798	38	35'328	37	50'605	31	72'303	40
> 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	68'599	100	85'756	100	96'224	100	165'334	100	182'441	100

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

> 0 % to ≤ 40 %	5'296	8	6'679	8	6'750	7	23'789	14	23'299	13
> 40 % to ≤ 50 %	7'080	10	8'897	10	9'115	9	19'971	12	21'045	12
> 50 % to ≤ 60 %	12'998	19	16'284	19	17'069	18	30'730	19	33'903	19
> 60 % to ≤ 70 %	23'947	35	29'876	35	33'052	34	50'802	31	58'155	32
> 70 % to ≤ 80 %	19'275	28	24'016	28	30'233	31	40'037	24	46'031	25
> 80 % ¹⁸	3	0	4	0	5	0	6	0	8	0
Total	68'599	100	85'756	100	96'224	100	165'334	100	182'441	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 There are 312 banks with outstanding loans from Pfandbriefbank.

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 % collateralisation. Their average outstanding loan amounts to CHF 70 m. Member banks with rating better than BB+ must have 108 % collateralisation.

¹¹ Loans of CHF 68'599 m are covered by the cover value determined by Pfandbriefbank of CHF 85'756 m for eligible mortgages of CHF 96'224 m with a lending value set up by member banks of CHF 165'334 m (182'441 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 88 m or 0.1 % of total).

¹⁶ If loans are 100, the lending value of member banks amounts to 241. In other words: the overall loan to value is 41 %.

¹⁷ Ratio: Cover value Pfandbriefbank divided by lending value member bank

¹⁸ 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

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