

Pfandbriefbank Pool

31 December 2019, 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

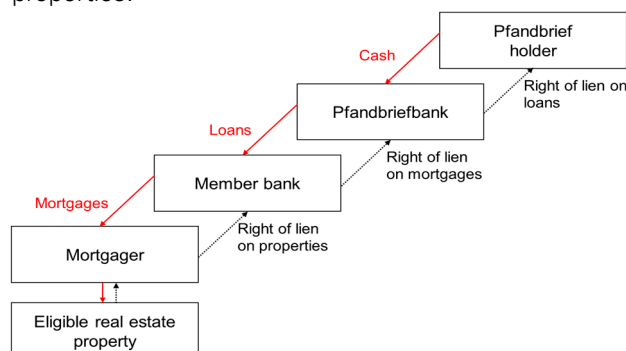
- Founded 1930, incorporated 1931
- Based on Pfandbrief act, which came into effect in 1930
- Special institute with limited scope (issuance of Swiss Pfandbriefe, loans to member banks and investment of own funds)
- No currency risk, no maturity mismatch, no interest rate risk
- Swiss Federal Council 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 42 % (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
- Approximately 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 18/02, 10/03, 01/04, 28/04, 16/06, 07/07 and 11/08/2020
General meeting 28/05/2020

2 Swiss Economics

2.1 General

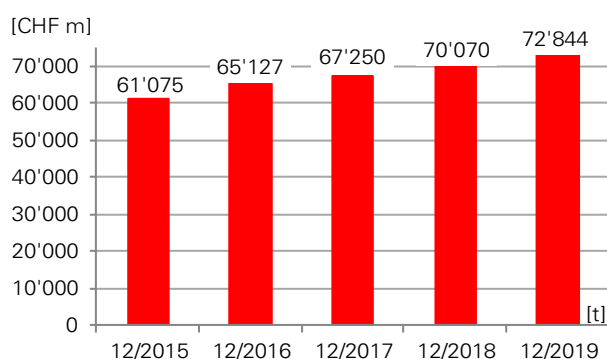
	Source, units	12/2019	12/2018	12/2017	12/2016
Gross domestic product (GDP)	SNB, CHF bn	not available yet	690	669	660
Unemployment rate	Seco, Ø %	2.3	2.5	3.1	3.3
Eidgenossen (Gov), 10Y rate	SNB, %	-0.456	-0.154	-0.095	-0.135

2.2 Mortgage market

Mortgage volume of banks	SNB, CHF bn	(10/2019) 1'049	1'022	988	962
Swiss Pfandbriefe ¹	CHF bn	131	125	119	113
SWX IAZI Price Indices					
Private Real Estate	CH0030532342	187	184	182	178
Investment Real Estate	CH0030532391	192	183	178	168

3 Market

3.1 Pfandbriefbank - Outstanding Pfandbriefe

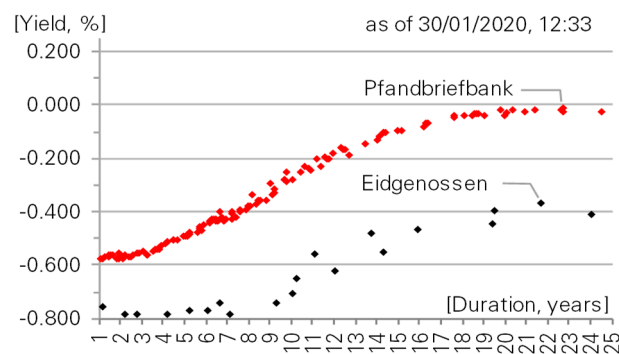


Source: Pfandbriefbank, semi-/annual reports

In 2019 Pfandbriefbank issued Swiss Pfandbriefe of CHF 8'104 m. CHF 5'330 m matured. Net growth amounts to CHF 2'774 m.

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

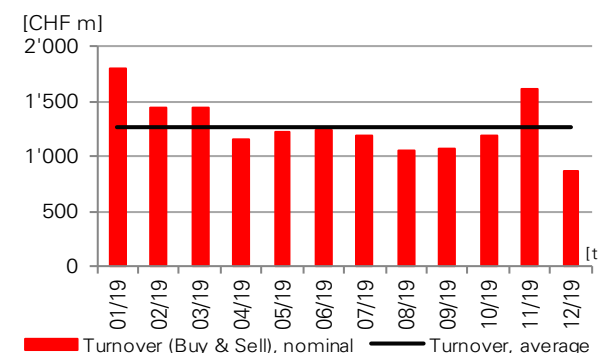
3.2 Pfandbriefbank - Yield per ISIN



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

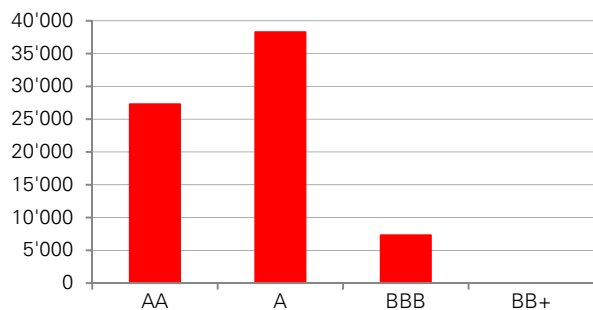
The joint lead banks are requested to organise the market making in the secondary market at SIX Swiss Exchange AG. For the last 12 months average monthly nominal turnover exceeded CHF 1'200 m (min/median/max: CHF 865 m/CHF 1'211 m/CHF 1'792 m).

4 Maturity structure

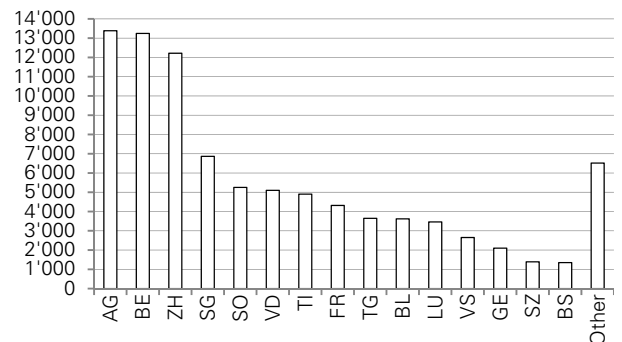
Contractual Cashflows		Maturity Buckets (in years)					
		Total	> 1y and ≤ 1y	> 1y and ≤ 5y	> 5y and ≤ 10y	> 10y and ≤ 15y	> 15y
31/12/2019							
CHF m (A/L denominated in CHF)		Total					
Assets (stylised)		74'873					
thereof	Loans to member banks	72'844	5'590	22'277	22'905	10'762	11'310
	Bonds	1'299	67	359	633	240	0
	- thereof SNB GC Basket	1'299					
	- thereof pledged	0					
	Share capital not paid in	504	504				
Liabilities (stylised)		-74'873					
thereof	Swiss Pfandbriefe	-72'844	-5'590	-22'277	-22'905	-10'762	-11'310
	Equity	-1'653					
Net total			571	359	633	240	0

5 Pool - Summary

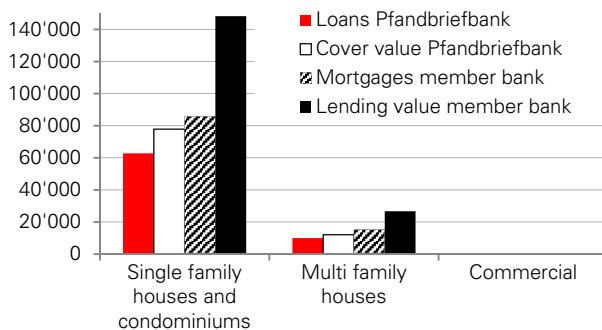
5.1 Loans to member banks (CHF m)



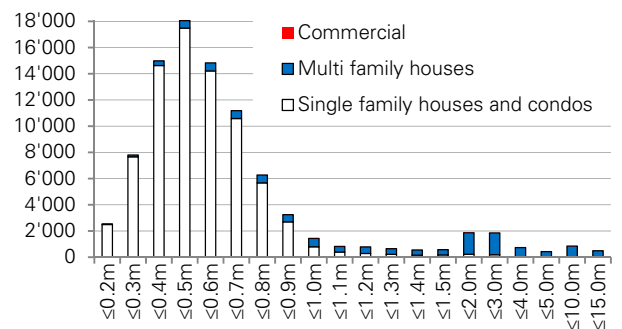
5.2 Cover value by region (CHF m, only CH eligible)



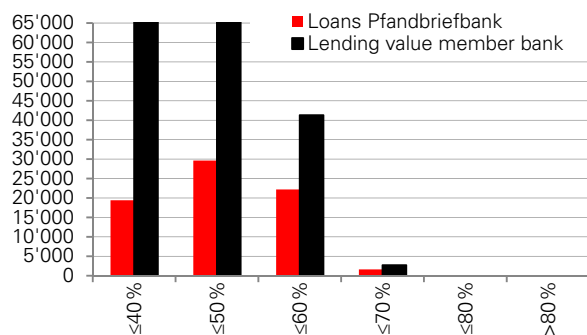
5.3 Property type (CHF m)



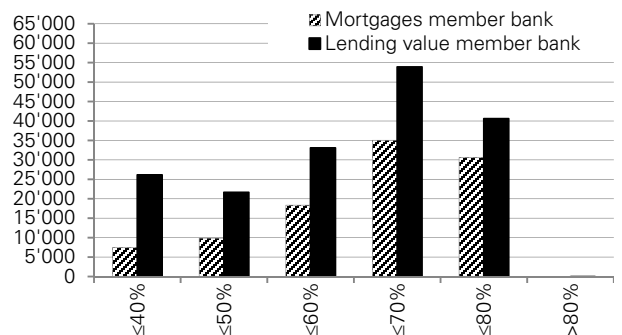
5.4 Cover value by size (CHF m)



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	27'281	37	33'925	38	38'648	38	65'126	37	65'959	35
A	38'261	53	46'737	52	51'855	51	90'930	52	106'217	56
BBB	7'302	10	9'359	10	10'783	11	19'204	11	18'349	10
BB+ ¹⁰	0	0	0	0	0	0	0	0	0	0
Total ¹¹	72'844	100	90'021	100	101'286	100	175'260	100	190'525	100

Loan size total	CHF m	CHF m	%	CHF m	%	CHF m	%	CHF m	%	Number	%
250 bank(s) ≤ 200	20'442	28	25'956	29	29'251	29	49'715	28	51'970	27	
25 ≤ 400	6'268	9	7'709	9	8'745	9	15'180	9	16'458	9	
9 ≤ 600	4'268	6	5'572	6	6'408	6	10'785	6	10'983	6	
1 ≤ 800	651	1	768	1	828	1	1'468	1	1'665	1	
2 ≤ 1'000	1'764	2	2'153	2	2'621	3	4'881	3	3'668	2	
9 > 1'000	39'450	54	47'864	53	53'432	53	93'232	53	105'781	56	
Total	72'844	100	90'021	100	101'286	100	175'260	100	190'525	100	

6.2 Region (only Switzerland eligible)

BE	11'049	15	13'245	15	14'946	15	25'459	15	30'727	16
AG	10'961	15	13'385	15	14'701	15	25'046	14	30'819	16
ZH	9'627	13	12'218	14	13'833	14	25'837	15	21'809	11
SG	5'589	8	6'864	8	7'713	8	13'136	7	14'651	8
SO	4'392	6	5'254	6	5'952	6	9'641	6	11'961	6
VD	4'104	6	5'099	6	5'792	6	10'097	6	9'809	5
TI	3'624	5	4'904	5	5'581	6	9'739	6	10'223	5
FR	3'524	5	4'318	5	4'780	5	7'783	4	9'684	5
TG	2'923	4	3'647	4	4'083	4	6'775	4	7'530	4
BL	2'892	4	3'620	4	4'027	4	7'139	4	7'140	4
LU	2'864	4	3'461	4	3'861	4	6'520	4	6'968	4
VS	2'143	3	2'652	3	3'004	3	5'152	3	6'968	4
GE	1'688	2	2'099	2	2'509	2	4'754	3	3'279	2
SZ	1'133	2	1'390	2	1'563	2	2'881	2	2'404	1
BS	1'086	1	1'350	1	1'569	2	2'868	2	2'145	1
Other cantons, each < 1.4 %	5'244	7	6'516	7	7'371	7	12'434	7	14'408	8
Total	72'844	100	90'021	100	101'286	100	175'260	100	190'525	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	62'806	86	77'860	86	85'888	85	148'233	85	179'366	94
Multi family houses	9'957	14	12'070	13	15'249	15	26'731	15	11'054	6
Total residential	72'763	100	89'930	100	101'137	100	174'964	100	190'420	100
Commercial	81	0	91	0	149	0	296	0	105	0
Total	72'844	100	90'021	100	101'286	100	175'260	100	190'525	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	2'493	3	2'670	3	9'019	5	16'045	8
	≤ 300'000	7'662	9	8'069	8	16'833	10	29'013	15
	≤ 400'000	14'627	16	15'683	15	27'657	16	40'869	21
	≤ 500'000	17'481	19	18'967	19	31'037	18	38'548	20
	≤ 600'000	14'216	16	15'522	15	24'460	14	25'822	14
	≤ 700'000	10'582	12	11'845	12	18'263	10	16'224	9
	≤ 800'000	5'672	6	6'649	7	10'323	6	7'607	4
	≤ 900'000	2'695	3	3'267	3	5'088	3	3'178	2
	≤ 1'000'000	794	1	1'009	1	1'729	1	829	0
	≤ 1'100'000	394	0	511	1	828	0	373	0
	≤ 1'200'000	284	0	367	0	604	0	246	0
	≤ 1'300'000	216	0	273	0	463	0	173	0
	≤ 1'400'000	156	0	200	0	333	0	115	0
	≤ 1'500'000	173	0	244	0	431	0	117	0
	≤ 2'000'000	225	0	271	0	485	0	129	0
	≤ 2'500'000	189	0	341	0	681	0	78	0
	≤ 3'000'000	0	0	0	0	0	0	0	0
Total		77'860	86	85'888	85	148'233	85	179'366	94
Average as per cover object		0.434		0.479		0.826			
Residential: Multi family houses									
Cover value Pfandbriefbank	≤ 1'000'000	4'117	5	5'027	5	9'750	6	7'197	4
	≤ 2'000'000	3'798	4	4'696	5	7'906	5	2'701	1
	≤ 3'000'000	1'664	2	2'110	2	3'410	2	685	0
	≤ 4'000'000	731	1	948	1	1'547	1	213	0
	≤ 5'000'000	427	0	568	1	928	1	96	0
	≤ 10'000'000	845	1	1'120	1	1'868	1	124	0
	≤ 15'000'000	489	1	780	1	1'322	1	38	0
	≤ 20'000'000	0	0	0	0	0	0	0	0
	≤ 25'000'000	0	0	0	0	0	0	0	0
Total		12'070	13	15'249	15	26'731	15	11'054	6
Average as per cover object		1.092		1.379		2.418			
Commercial									
Cover value Pfandbriefbank	≤ 1'000'000	41	0	67	0	137	0	79	0
	≤ 2'000'000	29	0	45	0	95	0	21	0
	≤ 3'000'000	8	0	12	0	25	0	3	0
	≤ 4'000'000	3	0	4	0	8	0	1	0
	≤ 5'000'000	0	0	0	0	0	0	0	0
	≤ 10'000'000	10	0	21	0	31	0	1	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		91	0	149	0	296	0	105	0
Average as per cover object		0.868		1.421		2.820			
Total		90'021	100	101'286	100	175'260	100	190'525	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 %	19'420	27	25'169	28	29'424	29	65'716	37	59'142	31
> 40 % to ≤ 50 %	29'615	41	36'607	41	41'351	41	65'567	37	69'960	37
> 50 % to ≤ 60 %	22'187	30	26'448	29	28'551	28	41'280	24	57'138	30
> 60 % to ≤ 70 %	1'622	2	1'798	2	1'960	2	2'697	2	4'285	2
> 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	72'844	100	90'021	100	101'286	100	175'260	100	190'525	100
Overcollateralisation		100		124		139		241		
LTV ¹⁶		42		51		58		100		

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

> 0 % to ≤ 40 %	7'283	10	9'051	10	10'636	11	31'523	18	27'836	15
> 40 % to ≤ 50 %	14'466	20	17'996	20	21'384	21	38'809	22	33'321	17
> 50 % to ≤ 60 %	24'676	34	30'481	34	34'288	34	54'690	31	57'849	30
> 60 % to ≤ 70 %	26'419	36	32'494	36	34'977	35	50'238	29	71'519	38
> 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	72'844	100	90'021	100	101'286	100	175'260	100	190'525	100

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

> 0 % to ≤ 40 %	5'917	8	7'356	8	7'437	7	26'119	15	25'314	13
> 40 % to ≤ 50 %	7'762	11	9'634	11	9'869	10	21'628	12	22'739	12
> 50 % to ≤ 60 %	14'111	19	17'478	19	18'346	18	33'055	19	36'077	19
> 60 % to ≤ 70 %	25'503	35	31'455	35	35'033	35	53'880	31	60'636	32
> 70 % to ≤ 80 %	19'549	27	24'096	27	30'597	30	40'573	23	45'753	24
> 80 % ¹⁸	2	0	2	0	4	0	5	0	6	0
Total	72'844	100	90'021	100	101'286	100	175'260	100	190'525	100

6.8 Energy efficiency

Certified as energy efficient (e.g. Minergie)	3'181	3	5'192	3	4'642	2
Not certified as energy efficient	20'863	21	36'308	21	37'718	20
No data provided	77'242	76	133'760	76	148'165	78
Total	101'286	100	175'260	100	190'525	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 296 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. Member banks with rating better than BB+ must have 108 % collateralisation.
- ¹¹ Loans of CHF 72'844 m are covered by the cover value determined by Pfandbriefbank of CHF 90'021 m for eligible mortgages of CHF 101'286 m with a lending value set up by member banks of CHF 175'260 m (190'525 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 105 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 42 %.
- 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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