

8050 Zurich, 31 July 2020, 1705, MM

Pfandbriefbank Pool

30 June 2020, 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

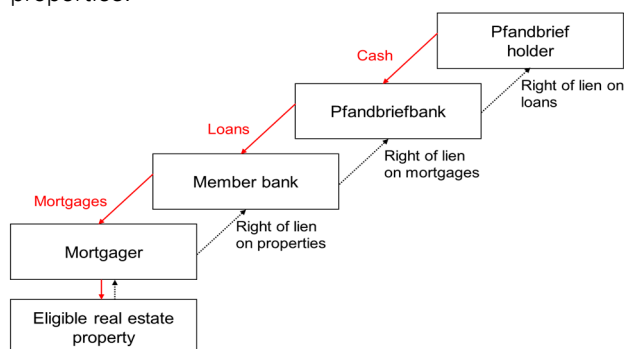
Pfandbriefbank

- 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
- Approximately 13 % 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 11/08, 08/09, 01/10, 10/11, 01/12/2020 and 05/01/2021
General meeting 28/05/2021

2 Swiss Economics

2.1 General

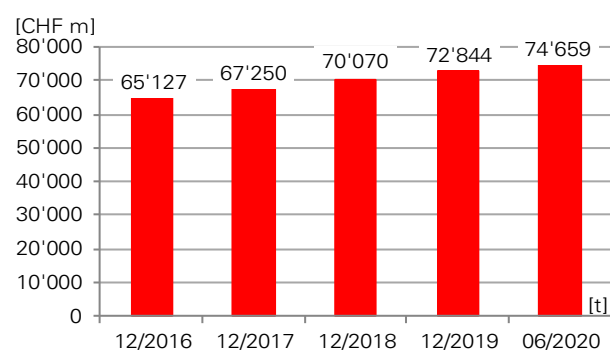
	Source, units	06/2020	12/2019	12/2018	12/2017
Issuer Rating Switzerland	Moody's	Aaa	Aaa	Aaa	Aaa
Gross domestic product (GDP)	SNB, CHF bn	n/a (20Q1: -2.6 %)	699	690	669
Unemployment rate ¹⁹	Seco, Ø %	3.0	2.5	2.5	3.1
Eidgenossen (Gov), 10Y rate	SNB, %	-0.439	-0.456	-0.154	-0.095

2.2 Mortgage market

Mortgage volume of banks	SNB, CHF bn	(04/2020) 1'059	1'053	1'022	988
Swiss Pfandbriefe ¹	CHF bn	137	131	125	119
SWX IAZI Price Indices					
Private Real Estate	CH0030532342	190	187	184	182
Investment Real Estate	CH0030532391	192	192	183	178

3 Market

3.1 Pfandbriefbank - Outstanding Pfandbriefe

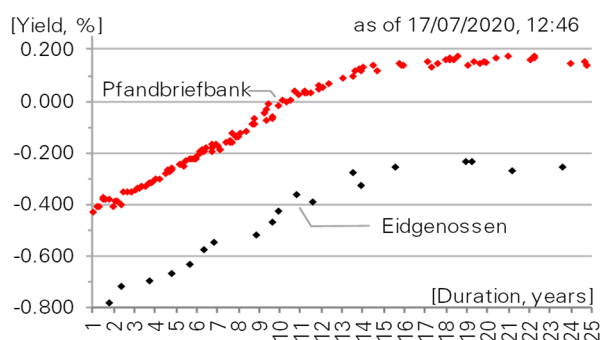


Source: Pfandbriefbank, semi-annual reports

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.

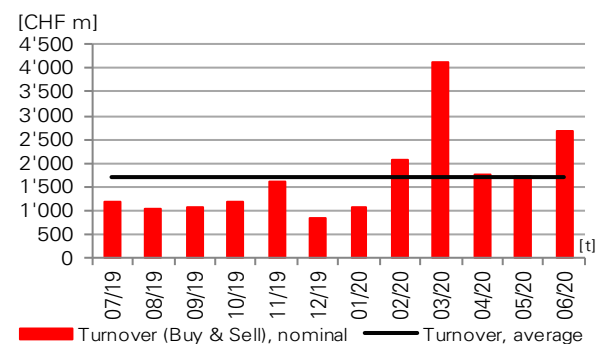
3.2 Pfandbriefbank - Yield per ISIN



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 1'700 m (min/median/max: CHF 865 m/CHF 1'400 m/CHF 4'115 m).

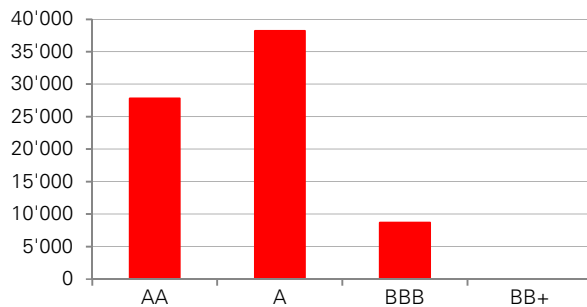
4 Maturity structure

Contractual Cashflows (unaudited MIS view)			Maturity Buckets (in years)					
			≤ 1y	> 1y and ≤ 5y	> 5y and ≤ 10y	> 10y and ≤ 15y	> 15y	
30/06/2020								
CHF m (A/L denominated in CHF)			Total					
Assets (stylised)			76'954					
thereof	Loans to member banks	74'659	6'010	22'337	24'622	10'393	11'297	
	Bonds	1'392	102	371	679	241	0	
	- thereof SNB GC Basket	1'392						
	- thereof pledged	90						
	Share capital not paid in	560	560					
Liabilities (stylised)			-76'954					
thereof	Swiss Pfandbriefe	-74'659	-6'010	-22'337	-24'622	-10'393	-11'297	
	Equity	-1'834						
Net total				662	371	679	241	0

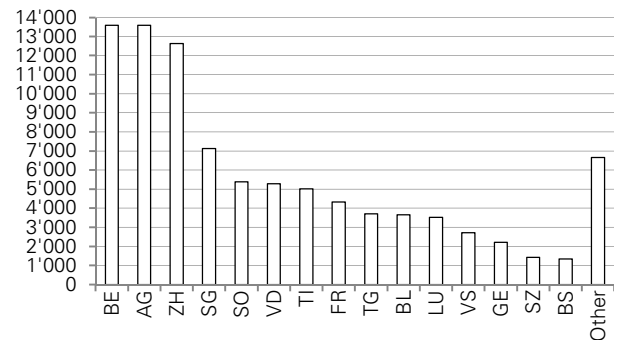
In May 2020, shareholders decided to increase the share capital from nominal CHF 900 m to CHF 1'000 m, resulting in a cash inflow of CHF 127.2 m as of 30 June 2020.

5 Pool - Summary

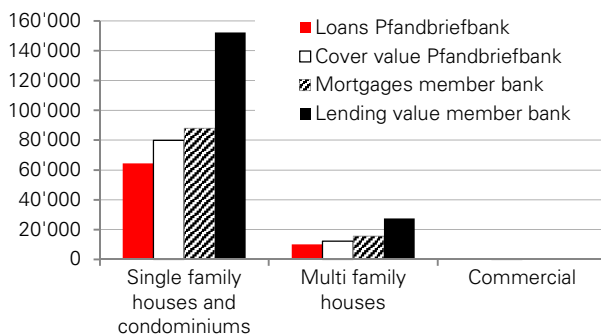
5.1 Loans to member banks (CHF m)



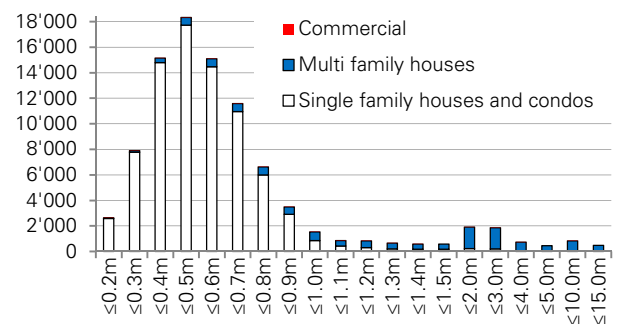
5.2 Cover value by region (CHF m, only CH eligible)



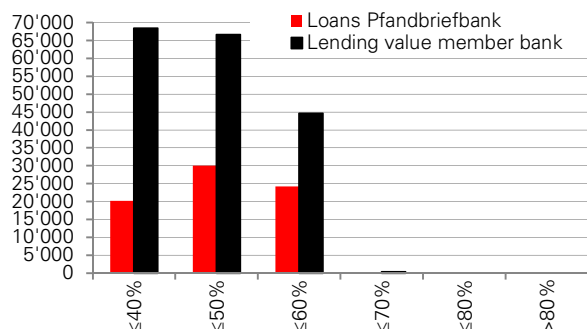
5.3 Property type (CHF m)



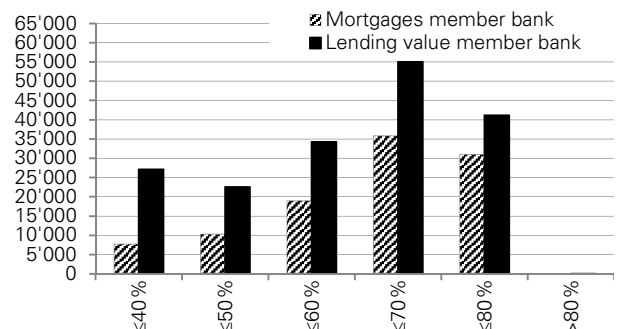
5.4 Cover value by size (CHF m)



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 banks⁸

Rating ⁹	CHF m	%	CHF m	%	CHF m	%	CHF m	%	Number	%
AA	27'780	37	34'441	37	39'213	38	66'514	37	67'167	35
A	38'178	51	46'620	51	51'920	50	90'674	50	105'248	54
BBB	8'700	12	11'119	12	12'686	12	22'866	13	22'057	11
BB+ ¹⁰	0	0	0	0	0	0	0	0	0	0
Total ¹¹	74'659	100	92'179	100	103'820	100	180'055	100	194'472	100

Loan size total	CHF m										
246 bank(s)	≤ 200	20'642	28	26'092	28	29'359	28	50'142	28	52'406	27
27	≤ 400	6'900	9	8'523	9	9'687	9	16'867	9	18'080	9
8	≤ 600	3'821	5	5'070	5	5'841	6	9'774	5	10'183	5
2	≤ 800	1'303	2	1'559	2	1'720	2	3'080	2	3'031	2
1	≤ 1'000	877	1	1'051	1	1'447	1	2'568	1	1'202	1
10	> 1'000	41'116	55	49'884	54	55'766	54	97'624	54	109'570	56
Total		74'659	100	92'179	100	103'820	100	180'055	100	194'472	100

6.2 Region (only Switzerland eligible)

AG	11'287	15	13'575	15	14'923	14	25'466	14	31'200	16
BE	11'268	15	13'588	15	15'355	15	26'225	15	31'398	16
ZH	10'012	13	12'626	14	14'276	14	26'716	15	22'424	12
SG	5'801	8	7'127	8	8'020	8	13'680	8	15'141	8
SO	4'496	6	5'388	6	6'104	6	9'916	6	12'374	6
VD	4'216	6	5'288	6	6'028	6	10'576	6	10'096	5
TI	3'666	5	5'009	5	5'692	5	9'956	6	10'423	5
FR	3'549	5	4'335	5	4'817	5	7'857	4	9'680	5
TG	2'968	4	3'713	4	4'163	4	6'946	4	7'677	4
BL	2'926	4	3'658	4	4'077	4	7'234	4	7'178	4
LU	2'904	4	3'525	4	3'938	4	6'677	4	7'062	4
VS	2'186	3	2'720	3	3'088	3	5'282	3	7'153	4
GE	1'746	2	2'207	2	2'627	3	4'947	3	3'426	2
SZ	1'174	2	1'422	2	1'595	2	2'941	2	2'471	1
BS	1'073	1	1'339	1	1'556	1	2'858	2	2'132	1
Other cantons, each < 1.4 %	5'386	7	6'659	7	7'560	7	12'778	7	14'637	8
Total	74'659	100	92'179	100	103'820	100	180'055	100	194'472	100

6.3 Property type^{12, 13, 14}

Overview										
Residential										
Single family houses and condominiums ¹⁵	64'406	86	79'802	87	88'105	85	152'260	85	183'046	94
Multi family houses	10'178	14	12'294	13	15'579	15	27'521	15	11'330	6
Total residential	74'584	100	92'096	100	103'684	100	179'782	100	194'376	100
Commercial	75	0	83	0	136	0	273	0	96	0
Total	74'659	100	92'179	100	103'820	100	180'055	100	194'472	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	2'578	3	2'716	3	9'204	5	16'470	8
	≤ 300'000	7'767	8	8'182	8	17'120	10	29'420	15
	≤ 400'000	14'782	16	15'859	15	28'065	16	41'295	21
	≤ 500'000	17'733	19	19'243	19	31'592	18	39'094	20
	≤ 600'000	14'477	16	15'817	15	24'977	14	26'294	14
	≤ 700'000	10'952	12	12'276	12	18'944	11	16'785	9
	≤ 800'000	5'993	7	7'036	7	10'924	6	8'036	4
	≤ 900'000	2'912	3	3'532	3	5'497	3	3'434	2
	≤ 1'000'000	867	1	1'099	1	1'884	1	905	0
	≤ 1'100'000	431	0	559	1	900	0	408	0
	≤ 1'200'000	309	0	400	0	657	0	268	0
	≤ 1'300'000	217	0	273	0	460	0	173	0
	≤ 1'400'000	175	0	223	0	368	0	129	0
	≤ 1'500'000	175	0	242	0	431	0	118	0
	≤ 2'000'000	236	0	283	0	515	0	135	0
	≤ 2'500'000	199	0	365	0	722	0	82	0
	≤ 3'000'000	0	0	0	0	0	0	0	0
Total		79'802	87	88'105	85	152'260	85	183'046	94
Average as per cover object		0.436		0.481		0.832			
Residential: Multi family houses									
Cover value Pfandbriefbank	≤ 1'000'000	4'244	5	5'205	5	10'112	6	7'405	4
	≤ 2'000'000	3'876	4	4'807	5	8'141	5	2'761	1
	≤ 3'000'000	1'668	2	2'121	2	3'503	2	687	0
	≤ 4'000'000	743	1	964	1	1'598	1	216	0
	≤ 5'000'000	449	0	591	1	986	1	101	0
	≤ 10'000'000	843	1	1'132	1	1'878	1	123	0
	≤ 15'000'000	470	1	760	1	1'302	1	37	0
	≤ 20'000'000	0	0	0	0	0	0	0	0
	≤ 25'000'000	0	0	0	0	0	0	0	0
Total		12'294	13	15'579	15	27'521	15	11'330	6
Average as per cover object		1.085		1.375		2.429			
Commercial									
Cover value Pfandbriefbank	≤ 1'000'000	38	0	60	0	127	0	73	0
	≤ 2'000'000	25	0	39	0	82	0	18	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		83	0	136	0	273	0	96	0
Average as per cover object		0.869		1.414		2.846			
Total		92'179	100	103'820	100	180'055	100	194'472	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 %	20'231	27	26'249	28	30'713	30	68'413	38	61'158	31
> 40 % to ≤ 50 %	30'034	40	37'112	40	41'968	40	66'655	37	70'797	36
> 50 % to ≤ 60 %	24'190	32	28'596	31	30'897	30	44'653	25	62'016	32
> 60 % to ≤ 70 %	204	0	222	0	241	0	334	0	501	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	74'659	100	92'179	100	103'820	100	180'055	100	194'472	100
Overcollateralisation		100		123		139		241		
LTV ¹⁶		41		51		58		100		

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

> 0 % to ≤ 40 %	7'591	10	9'399	10	11'010	11	32'693	18	28'648	15
> 40 % to ≤ 50 %	15'272	20	18'975	21	22'591	22	40'919	23	34'723	18
> 50 % to ≤ 60 %	25'394	34	31'372	34	35'304	34	56'277	31	59'655	31
> 60 % to ≤ 70 %	26'402	35	32'433	35	34'914	34	50'166	28	71'446	37
> 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	74'659	100	92'179	100	103'820	100	180'055	100	194'472	100

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

> 0 % to ≤ 40 %	6'152	8	7'629	8	7'717	7	27'096	15	26'019	13
> 40 % to ≤ 50 %	8'083	11	10'013	11	10'284	10	22'538	13	23'504	12
> 50 % to ≤ 60 %	14'604	20	18'060	20	18'986	18	34'213	19	37'079	19
> 60 % to ≤ 70 %	26'044	35	32'072	35	35'777	34	55'037	31	61'604	32
> 70 % to ≤ 80 %	19'770	26	24'397	26	31'042	30	41'152	23	46'250	24
> 80 % ¹⁸	6	0	7	0	15	0	18	0	16	0
Total	74'659	100	92'179	100	103'820	100	180'055	100	194'472	100

6.8 Energy efficiency

Certified as energy efficient (e.g. Minergie)	3'575	3	5'877	3	5'201	3
Not certified as energy efficient	23'156	22	40'219	22	41'438	21
No data provided	77'089	74	133'959	74	147'833	76
Total	103'820	100	180'055	100	194'472	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 294 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 74'659 m are covered by the cover value determined by Pfandbriefbank of CHF 92'179 m for eligible mortgages of CHF 103'820 m with a lending value set up by member banks of CHF 180'055 m (194'472 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 108 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.
- ¹⁹ In the reporting period, the lost working hours from paid short-time work (including from COVID-19 measures) rose from 0.2 million hours in December 2019 to 90.2 million hours in April 2020 (last available indicator). Short-time workers are not considered unemployed.

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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