

Pfandbriefbank Pool

31 December 2015, semi-annual publication, unaudited

1 Pfandbriefbank

1.1 Contact address

Website www.pfandbriefbank.ch
E-mail info@pfandbriefbank.ch
Post address CH-8050 Zurich, Nansenstrasse 16
Telephone +41 44 315 44 55

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

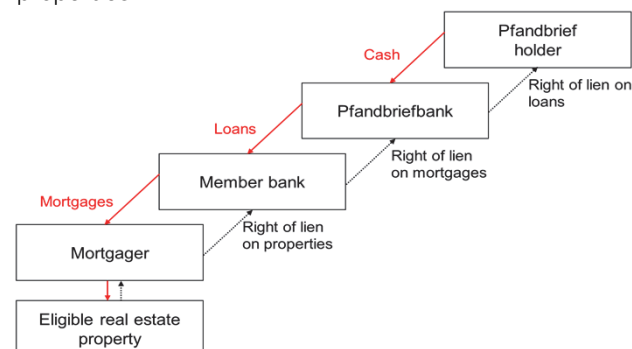
- Founded 1930, incorporated 1931
- Based on Pfandbrief act, which came into effect in 1930
- Special institute with limited scope (issuance of Swiss Pfandbriefe, loans to member banks and investment of own funds)
- No currency risk, no maturity mismatch, no interest rate risk
- Swiss Federal Council 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 %)
- 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
- Only around 11 % 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 08/02/2016, 02/03/2016, 11/04/2016, 10/05/2016, 23/06/2016, 21/07/2016
General meeting 25/05/2016

2 Swiss Economics

2.1 General

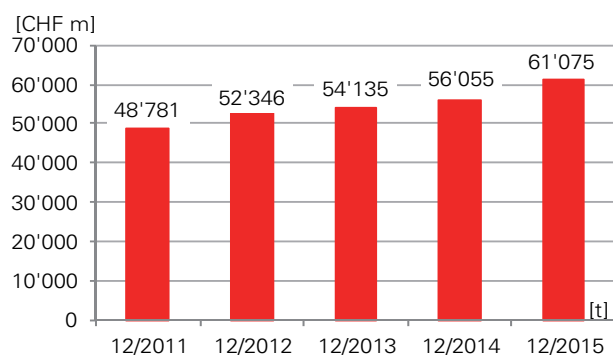
	Source, units	12/2015	12/2014	12/2013	12/2012
Gross domestic product (GDP)	SNB, CHF bn	not available yet	642	635	624
Unemployment rate	Seco, Ø %	3.3	3.2	3.2	2.9
Eidgenossen (Gov), 10Y rate	SNB, %	-0.04	0.38	1.25	0.56

2.2 Mortgage market

Mortgage volume of banks	SNB, CHF bn	(10/2015)	936	913	882	846
Swiss Pfandbriefe ¹	CHF bn		104	94	88	82
SWX IAZI Price Indices						
Private Real Estate	CH0030532342		173	171	167	161
Investment Real Estate	CH0030532391		168	169	161	152

3 Market

3.1 Pfandbriefbank - Outstanding Pfandbriefe

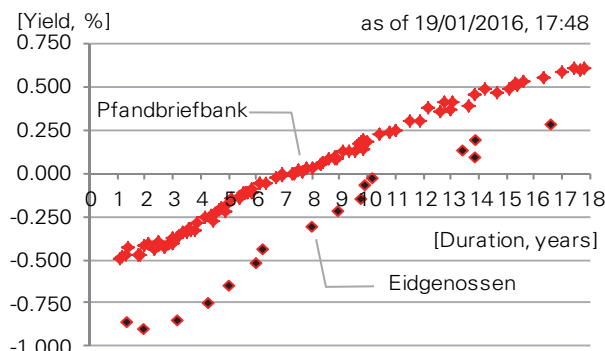


Source: Pfandbriefbank, semi-annual reports

In 2015 Pfandbriefbank issued Swiss Pfandbriefe of CHF 9'529 m. CHF 4'509 m matured. Net growth amounts to CHF 5'020 m.

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

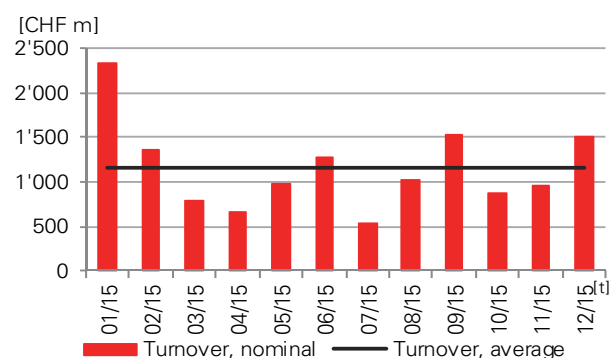
3.2 Pfandbriefbank - Yield per ISIN



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 1'150 m (min/median/max: CHF 538 m/CHF 1'011 m/CHF 2'343 m).

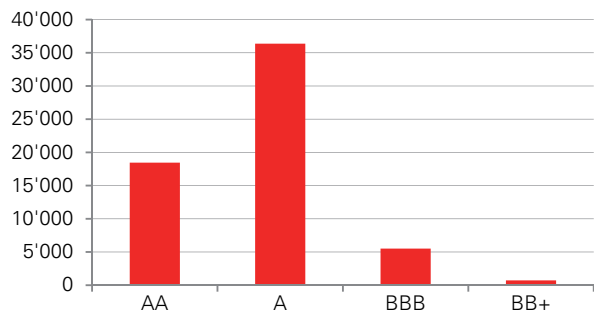
4 Balance Sheet

Assets (stylised)	12/2015 CHF m	Liabilities (stylised)	12/2015 CHF m
Loans to member banks	61'075	Swiss Pfandbriefe (Bonds)	61'075
Free Assets			
Cash and due from banks	5		
Bonds	1'160		
Prepaid exp. & accrued income	237	Accrued exp. & deferred income	432
Other assets	6	Other liabilities	24
Share capital not paid in	448	Equity	1'402
Total	62'932	Total	62'932

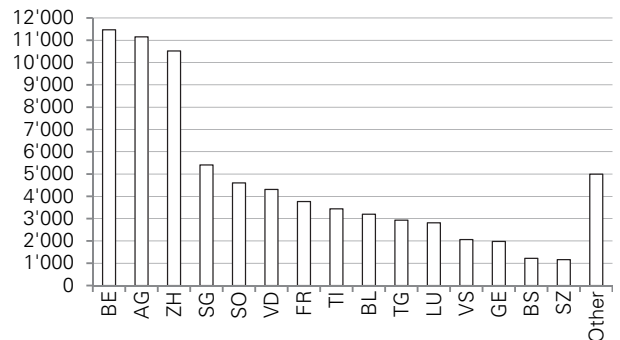
All assets and liabilities are denominated in Swiss Francs. All bonds are repo eligible (SNB GC Basket).

5 Pool - Summary

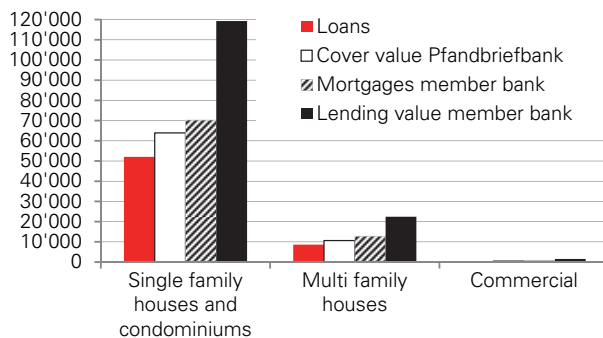
5.1 Loans to member banks (CHF m)



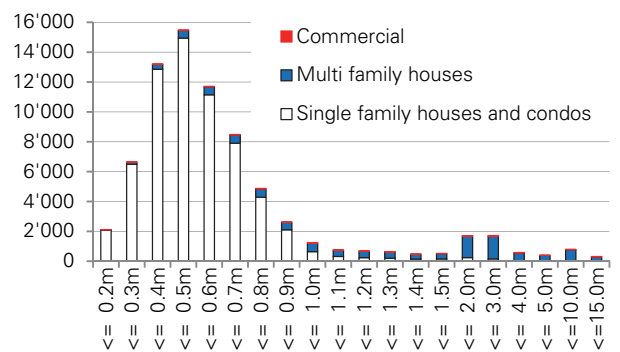
5.2 Cover value by region (CHF m, only CH eligible)



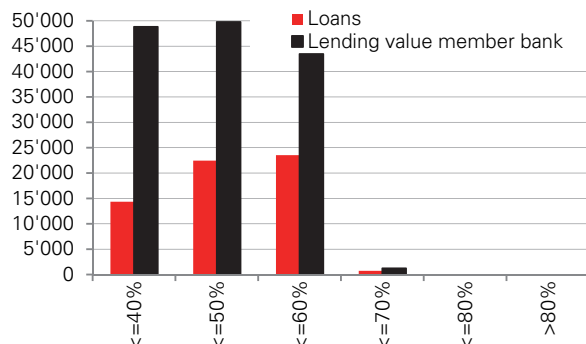
5.3 Property type (CHF m)



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	18'456	30	22'779	30	25'682	31	41'850	29	44'191	28
A	36'374	60	44'577	59	49'487	59	85'925	60	100'409	63
BBB	5'514	9	6'738	9	7'768	9	13'546	9	13'511	8
BB+ ¹⁰	732	1	940	1	1'052	1	1'927	1	1'935	1
Total ¹¹	61'075	100	75'035	100	83'988	100	143'248	100	160'046	100

Loan size total	CHF m	CHF m	%	CHF m	%	CHF m	%	CHF m	%	Number	%
313 bank(s)	<= 200	18'704	31	23'460	31	26'325	31	43'903	31	47'222	30
15	<= 400	4'059	7	4'738	6	5'348	6	8'967	6	10'190	6
6	<= 600	2'831	5	3'338	4	4'021	5	6'772	5	6'016	4
2	<= 800	1'505	2	1'745	2	1'927	2	3'629	3	3'395	2
0	<= 1'000	0	0	0	0	0	0	0	0	0	0
8	> 1'000	33'977	56	41'754	56	46'368	55	79'977	56	93'223	58
Total		61'075	100	75'035	100	83'988	100	143'248	100	160'046	100

6.2 Region (only Switzerland eligible)

BE	9'361	15	11'469	15	12'861	15	21'520	15	27'171	17
AG	9'257	15	11'154	15	12'176	14	20'442	14	25'409	16
ZH	8'317	14	10'521	14	11'939	14	21'825	15	18'980	12
SG	4'489	7	5'408	7	6'055	7	10'156	7	11'765	7
SO	3'841	6	4'603	6	5'164	6	8'281	6	10'248	6
VD	3'443	6	4'310	6	4'866	6	8'440	6	8'394	5
FR	3'121	5	3'768	5	4'157	5	6'625	5	8'652	5
TI	2'749	5	3'439	5	3'848	5	6'735	5	7'117	4
BL	2'566	4	3'199	4	3'549	4	6'186	4	6'408	4
TG	2'445	4	2'932	4	3'278	4	5'310	4	6'174	4
LU	2'267	4	2'813	4	3'144	4	5'197	4	5'748	4
VS	1'716	3	2'063	3	2'309	3	3'981	3	5'512	3
GE	1'524	2	1'977	3	2'322	3	4'332	3	3'113	2
BS	971	2	1'220	2	1'411	2	2'478	2	1'856	1
SZ	941	2	1'161	2	1'305	2	2'367	2	2'063	1
Other cantons, each < 1.5 %	4'067	7	4'996	7	5'604	7	9'372	7	11'436	7
Total	61'075	100	75'035	100	83'988	100	143'248	100	160'046	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	52'073	85	63'913	85	70'293	84	119'276	83	149'461	93
Multi family houses	8'620	14	10'649	14	12'821	15	22'418	16	9'997	6
Total residential	60'692	99	74'562	99	83'114	99	141'694	99	159'458	100
Commercial	383	1	473	1	874	1	1'554	1	588	0
Total	61'075	100	75'035	100	83'988	100	143'248	100	160'046	100

Criteria for eligible cover pool assets	Pfundbriefbank		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	2'070	3	2'188	3	7'256	5	13'464	8
	<= 300'000	6'492	9	6'852	8	13'842	10	24'609	15
	<= 400'000	12'853	17	13'791	16	23'494	16	35'959	22
	<= 500'000	14'944	20	16'196	19	25'868	18	33'018	21
	<= 600'000	11'146	15	12'149	14	18'845	13	20'288	13
	<= 700'000	7'904	11	8'779	10	13'485	9	12'128	8
	<= 800'000	4'289	6	4'989	6	7'688	5	5'755	4
	<= 900'000	2'106	3	2'557	3	3'937	3	2'479	2
	<= 1'000'000	644	1	808	1	1'418	1	670	0
	<= 1'100'000	320	0	412	0	685	0	303	0
	<= 1'200'000	242	0	310	0	518	0	209	0
	<= 1'300'000	201	0	250	0	431	0	160	0
	<= 1'400'000	145	0	183	0	316	0	107	0
	<= 1'500'000	155	0	222	0	382	0	105	0
	<= 2'000'000	245	0	298	0	552	0	141	0
	<= 2'500'000	158	0	308	0	558	0	66	0
	<= 3'000'000	0	0	0	0	0	0	0	0
Total		63'913	85	70'293	84	119'276	83	149'461	93
Average as per cover object		0.428		0.470		0.798			
Residential: Multi family houses									
Cover value Pfandbriefbank	<= 1'000'000	3'738	5	4'371	5	8'515	6	6'573	4
	<= 2'000'000	3'382	5	3'997	5	6'669	5	2'415	2
	<= 3'000'000	1'513	2	1'852	2	2'960	2	624	0
	<= 4'000'000	557	1	664	1	1'088	1	162	0
	<= 5'000'000	392	1	482	1	790	1	88	0
	<= 10'000'000	778	1	969	1	1'643	1	113	0
	<= 15'000'000	288	0	485	1	753	1	22	0
	<= 20'000'000	0	0	0	0	0	0	0	0
	<= 25'000'000	0	0	0	0	0	0	0	0
Total		10'649	14	12'821	15	22'418	16	9'997	6
Average as per cover object		1.065		1.283		2.243			
Commercial									
Cover value Pfandbriefbank	<= 1'000'000	231	0	400	0	738	1	476	0
	<= 2'000'000	102	0	169	0	306	0	76	0
	<= 3'000'000	52	0	83	0	151	0	21	0
	<= 4'000'000	27	0	49	0	82	0	8	0
	<= 5'000'000	8	0	17	0	26	0	2	0
	<= 10'000'000	23	0	51	0	81	0	3	0
	<= 15'000'000	30	0	105	0	170	0	2	0
	<= 20'000'000	0	0	0	0	0	0	0	0
	<= 25'000'000	0	0	0	0	0	0	0	0
Total		473	1	874	1	1'554	1	588	0
Average as per cover object		0.804		1.487		2.643			
Total		75'035	100	83'988	100	143'248	100	160'046	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 LTV Pfandbriefbank²

> 0 % to <= 40 %	14'353	24	18'458	25	21'598	26	48'806	34	44'192	28
> 40 % to <= 50 %	22'451	37	27'736	37	31'192	37	49'761	35	53'124	33
> 50 % to <= 60 %	23'532	39	28'025	37	30'295	36	43'458	30	60'906	38
> 60 % to <= 70 %	739	1	815	1	902	1	1'223	1	1'824	1
> 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	61'075	100	75'035	100	83'988	100	143'248	100	160'046	100
Overcollateralization		100		123		138		235		
LTV ¹⁶		43		52		59		100		

6.6 Mortgage LTV member bank³

> 0 % to <= 40 %	4'550	7	5'614	7	5'660	7	20'016	14	19'624	12
> 40 % to <= 50 %	6'021	10	7'422	10	7'573	9	16'592	12	17'604	11
> 50 % to <= 60 %	11'080	18	13'660	18	14'323	17	25'780	18	28'520	18
> 60 % to <= 70 %	21'557	35	26'455	35	29'124	35	44'706	31	51'748	32
> 70 % to <= 80 %	17'860	29	21'875	29	27'296	32	36'139	25	42'534	27
> 80 % ¹⁷	7	0	9	0	13	0	16	0	16	0
Total	61'075	100	75'035	100	83'988	100	143'248	100	160'046	100
Overcollateralization		100		123		138		235		
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 granted loans to 344 banks.

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 67 m. Member banks with rating better than BB+ must have 108 % collateralization.

¹¹ Loans of CHF 61'075 m are covered by the cover value determined by Pfandbriefbank of CHF 75'035 m for eligible mortgages of CHF 83'988 m with a lending value set up by member banks of CHF 143'248 m (160'046 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 75 m or 0.1 % of total).

¹⁶ If loans are 100, the lending value of member banks amounts to 235. 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

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