

Pfandbriefbank Pool

30 June 2016, semi-annual publication, 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

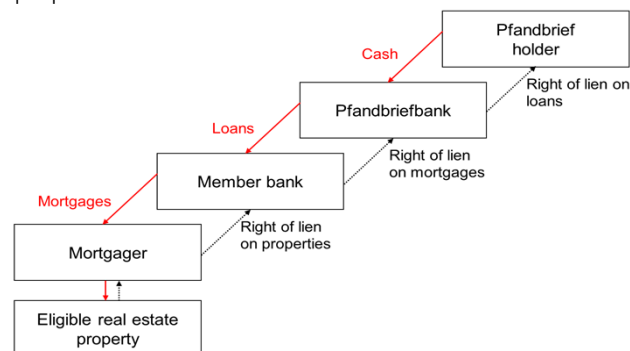
- Founded 1930, incorporated 1931
- Based on Pfandbrief act, which came into effect in 1930
- Special institute with limited scope (issuance of Swiss Pfandbriefe, loans to member banks and investment of own funds)
- No currency risk, no maturity mismatch, no interest rate risk
- Swiss Federal Council 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 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
- 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

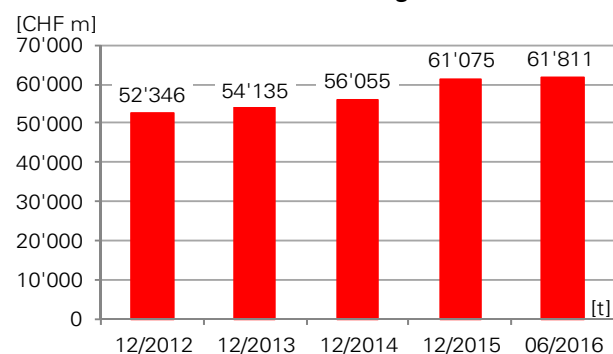
Issuances 16/08, 08/09, 29/09, 20/10, 03/11, 24/11, 12/12/2016 and 09/01/2017
General meeting 24/05/2017

2 Swiss Economics

2.1 General	Source, units	12/2015	12/2014	12/2013	12/2012
Gross domestic product (GDP)	SNB, CHF bn	639	642	635	624
Unemployment rate	Seco, Ø %	3.2	3.0	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	938	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

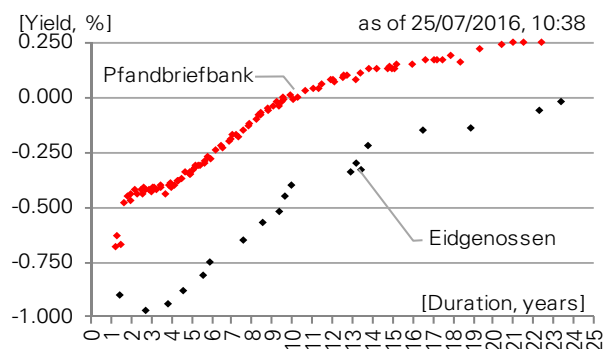


Source: Pfandbriefbank, semi-annual reports

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.

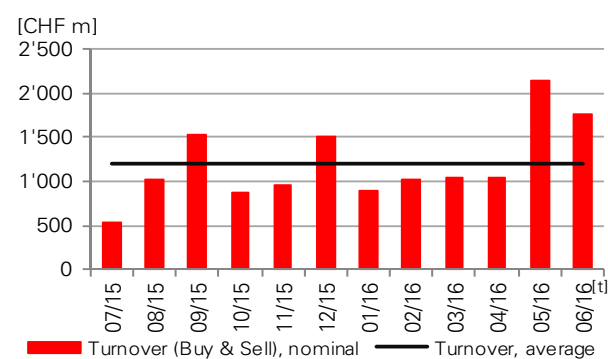
3.2 Pfandbriefbank - Yield per ISIN



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 1'197 m (min/median/max: CHF 538 m/CHF 1'033 m/CHF 2'137 m).

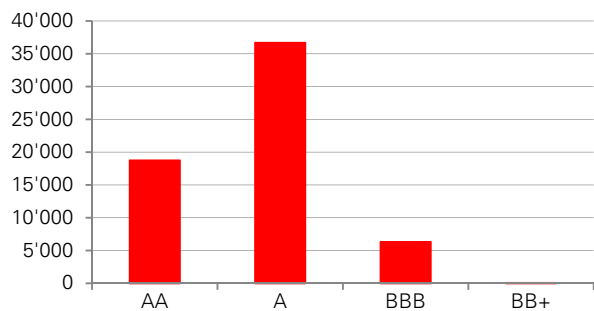
4 Balance Sheet

Assets (stylised)	30/06/2016 CHF m	Liabilities (stylised)	30/06/2016 CHF m
Loans to member banks	61'811	Swiss Pfandbriefe (Bonds)	61'811
Free Assets			
Cash	5		
Due from banks on sight	123	Due to banks on sight	36
Bonds	1'232	Accrued exp. & deferred income	471
Prepaid exp. & accrued income	241	Other liabilities	27
Other assets	6	Equity	1'577
Share capital not paid in	504		
Total	63'922	Total	63'922

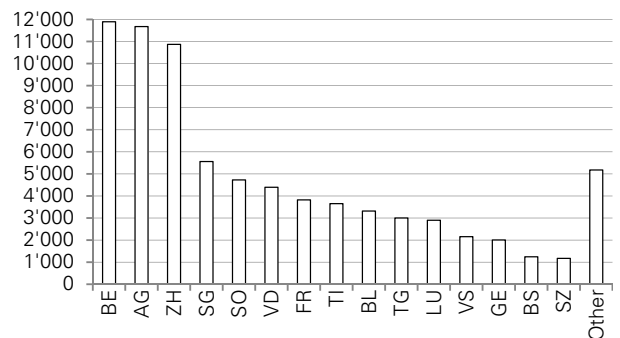
All assets and liabilities are denominated in Swiss Francs. As of 30/06/2016 bonds with a total nominal of CHF 36 Mio were pledged for short term liquidity management. All bonds are repo eligible (SNB GC Basket).
At the ordinary annual general meeting in May 2016, the shareholders agreed to a share capital increase from CHF 800 Mio to CHF 900 Mio, whereas 44 % of each registered share is paid in.

5 Pool - Summary

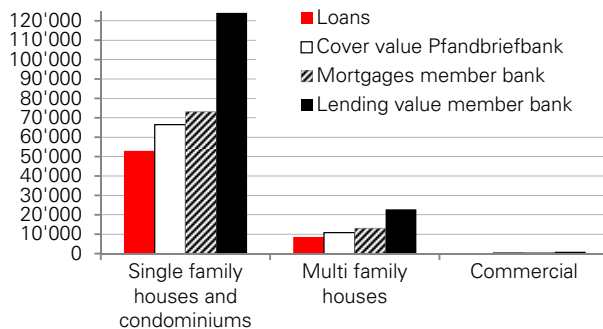
5.1 Loans to member banks (CHF m)



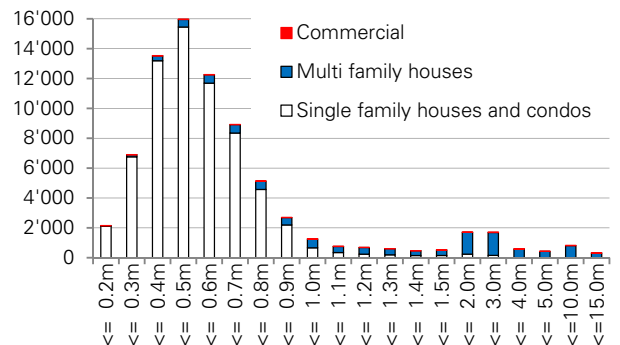
5.2 Cover value by region (CHF m, only CH eligible)



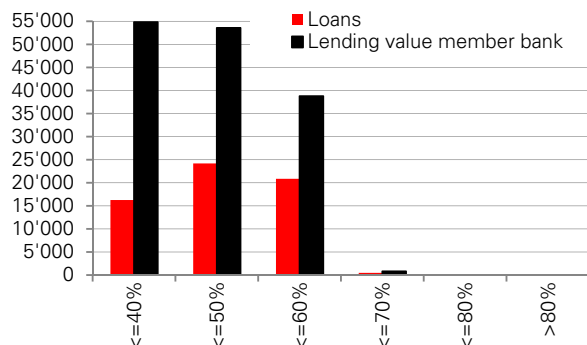
5.3 Property type (CHF m)



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	18'744	30	23'351	30	26'212	30	42'770	29	45'337	27
A	36'686	59	46'125	59	51'262	59	88'791	60	103'695	63
BBB	6'312	10	8'018	10	9'228	11	16'205	11	15'946	10
BB+ ¹⁰	69	0	94	0	104	0	173	0	280	0
Total ¹¹	61'811	100	77'589	100	86'805	100	147'939	100	165'258	100

Loan size total	CHF m	CHF m	%	CHF m	%	CHF m	%	CHF m	%	Number	%
289 bank(s)	<= 200	18'440	30	23'440	30	26'297	30	43'928	30	46'683	28
18	<= 400	4'726	8	5'632	7	6'303	7	10'577	7	12'398	8
6	<= 600	2'902	5	3'474	4	4'160	5	7'034	5	6'264	4
2	<= 800	1'539	2	1'777	2	1'962	2	3'702	3	3'406	2
0	<= 1'000	0	0	0	0	0	0	0	0	0	0
8	> 1'000	34'205	55	43'266	56	48'083	55	82'698	56	96'507	58
Total		61'811	100	77'589	100	86'805	100	147'939	100	165'258	100

6.2 Region (only Switzerland eligible)

BE	9'509	15	11'896	15	13'334	15	22'343	15	28'108	17
AG	9'430	15	11'677	15	12'756	15	21'357	14	26'693	16
ZH	8'366	14	10'871	14	12'316	14	22'476	15	19'511	12
SG	4'556	7	5'561	7	6'214	7	10'433	7	12'007	7
SO	3'874	6	4'729	6	5'308	6	8'524	6	10'600	6
VD	3'441	6	4'394	6	4'969	6	8'586	6	8'544	5
FR	3'127	5	3'823	5	4'210	5	6'742	5	8'780	5
TI	2'790	5	3'654	5	4'084	5	7'107	5	7'549	5
BL	2'606	4	3'319	4	3'684	4	6'414	4	6'613	4
TG	2'486	4	3'003	4	3'365	4	5'443	4	6'291	4
LU	2'328	4	2'902	4	3'225	4	5'336	4	5'965	4
VS	1'761	3	2'156	3	2'409	3	4'141	3	5'686	3
GE	1'491	2	2'006	3	2'371	3	4'376	3	3'127	2
BS	969	2	1'245	2	1'435	2	2'541	2	1'916	1
SZ	932	2	1'174	2	1'312	2	2'389	2	2'086	1
Other cantons, each < 1.5 %	4'147	7	5'179	7	5'812	7	9'729	7	11'782	7
Total	61'811	100	77'589	100	86'805	100	147'939	100	165'258	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	52'988	86	66'486	86	73'154	84	124'121	84	154'881	94
Multi family houses	8'595	14	10'819	14	13'108	15	22'845	15	10'027	6
Total residential	61'582	100	77'305	100	86'262	99	146'966	99	164'908	100
Commercial	229	0	283	0	544	1	973	1	350	0
Total	61'811	100	77'589	100	86'805	100	147'939	100	165'258	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	2'110	3	2'226	3	7'367	5	13'605	8
	<=	300'000	6'761	9	7'127	8	14'467	10	25'610	15
	<=	400'000	13'195	17	14'157	16	24'174	16	36'911	22
	<=	500'000	15'452	20	16'744	19	26'808	18	34'134	21
	<=	600'000	11'693	15	12'746	15	19'802	13	21'275	13
	<=	700'000	8'353	11	9'285	11	14'242	10	12'816	8
	<=	800'000	4'573	6	5'335	6	8'197	6	6'138	4
	<=	900'000	2'199	3	2'671	3	4'105	3	2'589	2
	<=	1'000'000	666	1	837	1	1'464	1	693	0
	<=	1'100'000	348	0	450	1	742	1	329	0
	<=	1'200'000	239	0	305	0	507	0	207	0
	<=	1'300'000	197	0	246	0	423	0	157	0
	<=	1'400'000	148	0	188	0	316	0	109	0
	<=	1'500'000	152	0	218	0	379	0	103	0
	<=	2'000'000	242	0	296	0	549	0	139	0
	<=	2'500'000	158	0	321	0	581	0	66	0
	<=	3'000'000	0	0	0	0	0	0	0	0
Total			66'486	86	73'154	84	124'121	84	154'881	94
Average as per cover object			0.429		0.472		0.801			
Residential: Multi family houses										
Cover value Pfandbriefbank	<=	1'000'000	3'749	5	4'420	5	8'584	6	6'556	4
	<=	2'000'000	3'409	4	4'047	5	6'733	5	2'431	1
	<=	3'000'000	1'530	2	1'873	2	3'014	2	631	0
	<=	4'000'000	581	1	704	1	1'156	1	169	0
	<=	5'000'000	429	1	544	1	871	1	97	0
	<=	10'000'000	808	1	1'018	1	1'680	1	119	0
	<=	15'000'000	314	0	502	1	806	1	24	0
	<=	20'000'000	0	0	0	0	0	0	0	0
	<=	25'000'000	0	0	0	0	0	0	0	0
Total			10'819	14	13'108	15	22'845	15	10'027	6
Average as per cover object			1.079		1.307		2.278			
Commercial										
Cover value Pfandbriefbank	<=	1'000'000	134	0	227	0	433	0	283	0
	<=	2'000'000	58	0	96	0	178	0	44	0
	<=	3'000'000	30	0	48	0	87	0	12	0
	<=	4'000'000	20	0	35	0	60	0	6	0
	<=	5'000'000	4	0	7	0	13	0	1	0
	<=	10'000'000	23	0	51	0	81	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			283	0	544	1	973	1	350	0
Average as per cover object			0.809		1.553		2.779			
Total			77'589	100	86'805	100	147'939	100	165'258	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 %	16'265	26	21'464	28	25'049	29	54'819	37	49'807	30
> 40 % to <= 50 %	24'198	39	30'536	39	33'997	39	53'560	36	59'818	36
> 50 % to <= 60 %	20'866	34	25'059	32	27'176	31	38'769	26	54'469	33
> 60 % to <= 70 %	482	1	529	1	583	1	792	1	1'164	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	61'811	100	77'589	100	86'805	100	147'939	100	165'258	100
Overcollateralization		100		126		140		239		
LTV ¹⁶		42		52		59		100		

6.6 Mortgage LTV member bank³

> 0 % to <= 40 %	4'567	7	5'765	7	5'818	7	20'467	14	20'183	12
> 40 % to <= 50 %	6'160	10	7'765	10	7'927	9	17'358	12	18'348	11
> 50 % to <= 60 %	11'256	18	14'176	18	14'808	17	26'638	18	29'691	18
> 60 % to <= 70 %	21'789	35	27'326	35	30'087	35	46'185	31	53'343	32
> 70 % to <= 80 %	18'031	29	22'548	29	28'152	32	37'276	25	43'676	26
> 80 % ¹⁷	8	0	10	0	14	0	15	0	17	0
Total	61'811	100	77'589	100	86'805	100	147'939	100	165'258	100
Overcollateralization		100		126		140		239		
LTV ¹⁶		42		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 323 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 69 m. Member banks with rating better than BB+ must have 108 % collateralization.

¹¹ Loans of CHF 61'811 m are covered by the cover value determined by Pfandbriefbank of CHF 77'589 m for eligible mortgages of CHF 86'805 m with a lending value set up by member banks of CHF 147'939 m (165'258 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 78 m or 0.1 % of total).

¹⁶ If loans are 100, the lending value of member banks amounts to 239. In other words: the overall loan to value is 42 %.

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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