

Pfandbriefbank Pool

31 December 2017, 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 21 October 2010, ratings per ISIN are published shortly after issuance)

1.3 Business model

Pfandbriefbank

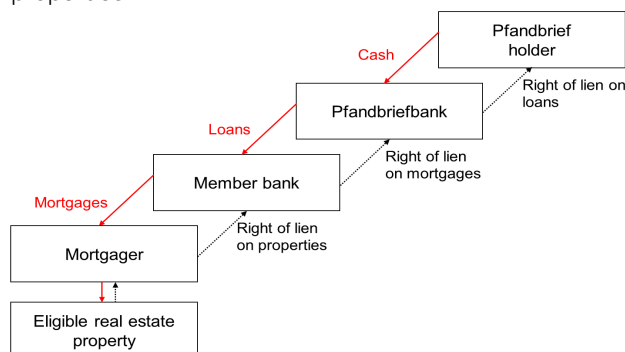
- Founded 1930, incorporated 1931
- Based on Pfandbrief act, which came into effect in 1930
- Special institute with limited scope (issuance of Swiss Pfandbriefe, loans to member banks and investment of own funds)
- No currency risk, no maturity mismatch, no interest rate risk
- Swiss Federal Council 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
- 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 08/02, 01/03, 05/04, 08/05, 25/06 and 20/07/2018
General meeting 18/05/2018

2 Swiss Economics

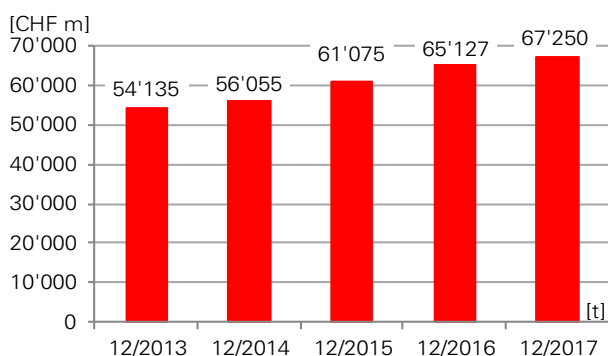
2.1 General	Source, units	12/2017	12/2016	12/2015	12/2014
Gross domestic product (GDP)	SNB, CHF bn	not available yet	659	654	650
Unemployment rate	Seco, Ø %	3.2	3.3	3.2	3.0
Eidgenossen (Gov), 10Y rate	SNB, %	-0.10	-0.14	-0.04	0.38

2.2 Mortgage market

Mortgage volume of banks	SNB, CHF bn	(10/2017) 984	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

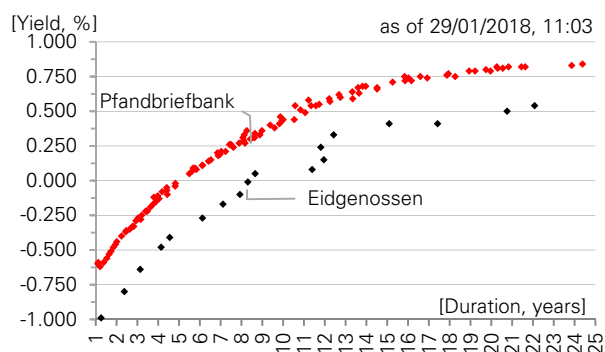


Source: Pfandbriefbank, semi-annual reports

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.

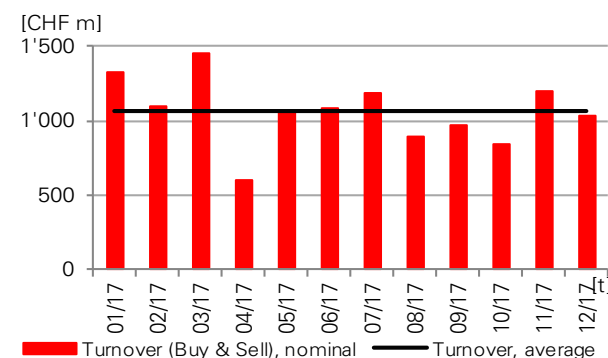
3.2 Pfandbriefbank - Yield per ISIN



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

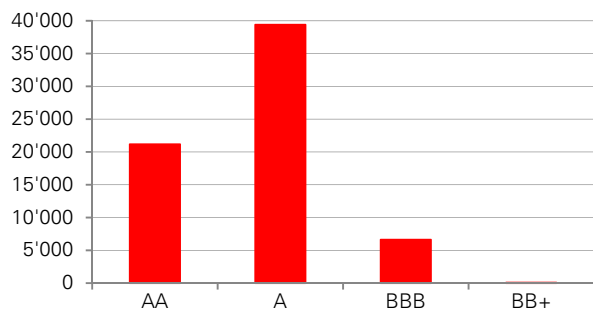
The joint lead banks are requested to organise the market making in the secondary market at SIX Swiss Exchange AG. For the last 12 months average monthly nominal turnover exceeded CHF 1'000 m (min/median/max: CHF 604 m/CHF 1'075 m/CHF 1'452 m).

4 Maturity structure

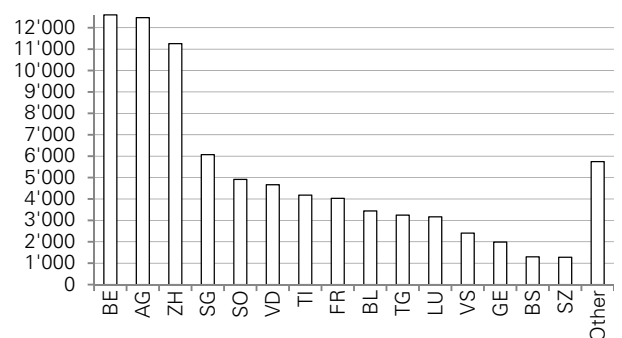
Contractual Cashflows 31/12/2017 CHF m (A/L denominated in CHF)		Total	Maturity Buckets (in years)				
			≤ 1y	> 1y and ≤ 5y	> 5y and ≤ 10y	> 10y and ≤ 15y	> 15y
Assets (stylised)		69'291					
thereof	Loans to member banks	67'250	5'201	22'196	18'912	10'004	10'937
	Bonds	1'292	100	394	463	335	0
	- thereof SNB GC Basket	1'292					
	- thereof pledged	0					
	Share capital not paid in	504	504				
Liabilities (stylised)		-69'291					
thereof	Swiss Pfandbriefe	-67'250	-5'201	-22'196	-18'912	-10'004	-10'937
	Equity	-1'614					
Net total			604	394	463	335	0

5 Pool - Summary

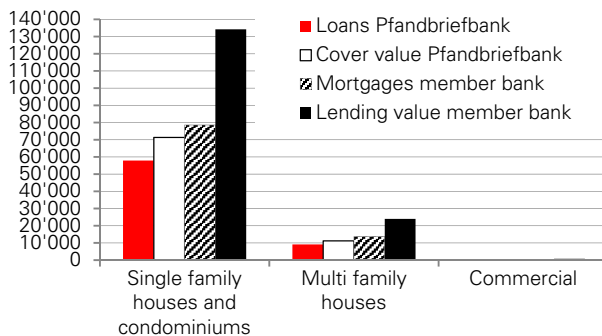
5.1 Loans to member banks (CHF m)



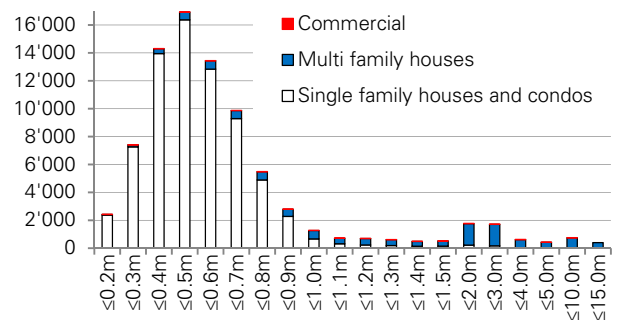
5.2 Cover value by region (CHF m, only CH eligible)



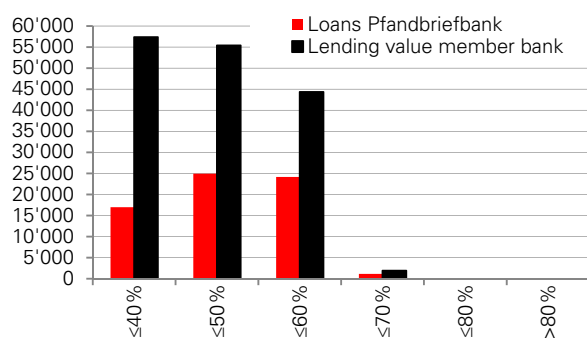
5.3 Property type (CHF m)



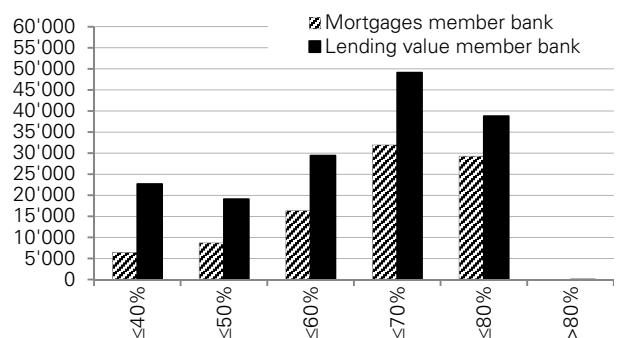
5.4 Cover value by size (CHF m)



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	%	CHF m	%
AA	21'165	31	25'735	31	28'977	31	47'787	30	50'262	28
A	39'392	59	48'432	59	53'894	58	93'779	59	109'903	62
BBB	6'623	10	8'488	10	9'726	10	17'240	11	16'764	9
BB+ ¹⁰	70	0	95	0	105	0	175	0	278	0
Total ¹¹	67'250	100	82'751	100	92'703	100	158'980	100	177'207	100

Loan size total	CHF m		CHF m		CHF m		CHF m		CHF m		
279 bank(s)	≤ 200	19'805	29	24'445	30	27'487	30	46'497	29	48'658	27
20	≤ 400	5'063	8	6'317	8	7'099	8	11'908	7	13'932	8
8	≤ 600	4'052	6	4'914	6	5'733	6	9'775	6	9'024	5
1	≤ 800	789	1	930	1	986	1	1'951	1	2'125	1
1	≤ 1'000	880	1	973	1	1'103	1	2'047	1	1'450	1
8	> 1'000	36'660	55	45'172	55	50'294	54	86'802	55	102'018	58
Total		67'250	100	82'751	100	92'703	100	158'980	100	177'207	100

6.2 Region (only Switzerland eligible)

AG	10'454	16	12'470	15	13'649	15	23'123	15	29'001	16
BE	10'324	15	12'598	15	14'193	15	23'915	15	29'715	17
ZH	8'744	13	11'256	14	12'689	14	23'287	15	20'454	12
SG	4'954	7	6'070	7	6'812	7	11'474	7	12'996	7
SO	4'087	6	4'914	6	5'531	6	8'903	6	11'064	6
VD	3'772	6	4'665	6	5'277	6	9'172	6	9'097	5
FR	3'330	5	4'029	5	4'444	5	7'175	5	9'208	5
TI	3'275	5	4'179	5	4'709	5	8'201	5	8'704	5
BL	2'736	4	3'441	4	3'833	4	6'714	4	6'870	4
TG	2'681	4	3'245	4	3'623	4	5'911	4	6'735	4
LU	2'604	4	3'167	4	3'528	4	5'930	4	6'460	4
VS	1'993	3	2'406	3	2'692	3	4'602	3	6'351	4
GE	1'551	2	1'986	2	2'331	3	4'399	3	3'196	2
SZ	1'030	2	1'278	2	1'438	2	2'644	2	2'268	1
BS	1'022	2	1'298	2	1'494	2	2'695	2	2'060	1
Other cantons, each < 1.5 %	4'691	7	5'746	7	6'460	7	10'834	7	13'028	7
Total	67'250	100	82'751	100	92'703	100	158'980	100	177'207	100

6.3 Property type ^{12, 13, 14}

Overview	CHF m	%	CHF m	%	CHF m	%	CHF m	%	CHF m	%
Residential										
Single family houses and condominiums ¹⁵	57'924	86	71'330	86	78'578	85	134'207	84	166'432	94
Multi family houses	9'127	14	11'179	14	13'710	15	23'977	15	10'472	6
Total residential	67'051	100	82'509	100	92'287	100	158'185	99	176'904	100
Commercial	199	0	242	0	415	0	796	1	303	0
Total	67'250	100	82'751	100	92'703	100	158'980	100	177'207	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	2'374	3	2'480	3	8'210	5	15'183	9
	≤ 300'000	7'261	9	7'673	8	15'647	10	27'519	16
	≤ 400'000	13'949	17	14'996	16	25'919	16	39'000	22
	≤ 500'000	16'371	20	17'769	19	28'661	18	36'144	20
	≤ 600'000	12'835	16	14'034	15	21'917	14	23'339	13
	≤ 700'000	9'288	11	10'376	11	15'928	10	14'251	8
	≤ 800'000	4'892	6	5'725	6	8'816	6	6'567	4
	≤ 900'000	2'279	3	2'763	3	4'267	3	2'685	2
	≤ 1'000'000	665	1	838	1	1'447	1	693	0
	≤ 1'100'000	317	0	406	0	673	0	300	0
	≤ 1'200'000	231	0	292	0	504	0	200	0
	≤ 1'300'000	189	0	238	0	411	0	151	0
	≤ 1'400'000	142	0	177	0	304	0	104	0
	≤ 1'500'000	149	0	215	0	372	0	101	0
	≤ 2'000'000	219	0	270	0	497	0	125	0
	≤ 2'500'000	170	0	326	0	635	0	70	0
	≤ 3'000'000	0	0	0	0	0	0	0	0
Total		71'330	86	78'578	85	134'207	84	166'432	94
Average as per cover object		0.429		0.472		0.806			
Residential: Multi family houses									
Cover value Pfandbriefbank	≤ 1'000'000	3'949	5	4'706	5	9'077	6	6'927	4
	≤ 2'000'000	3'522	4	4'235	5	7'136	4	2'503	1
	≤ 3'000'000	1'535	2	1'889	2	3'050	2	630	0
	≤ 4'000'000	610	1	761	1	1'220	1	177	0
	≤ 5'000'000	422	1	540	1	855	1	95	0
	≤ 10'000'000	740	1	953	1	1'591	1	109	0
	≤ 15'000'000	401	0	626	1	1'047	1	31	0
	≤ 20'000'000	0	0	0	0	0	0	0	0
	≤ 25'000'000	0	0	0	0	0	0	0	0
Total		11'179	14	13'710	15	23'977	15	10'472	6
Average as per cover object		1.067		1.309		2.290			
Commercial									
Cover value Pfandbriefbank	≤ 1'000'000	114	0	192	0	378	0	238	0
	≤ 2'000'000	64	0	107	0	201	0	47	0
	≤ 3'000'000	23	0	38	0	69	0	9	0
	≤ 4'000'000	20	0	32	0	60	0	6	0
	≤ 5'000'000	5	0	5	0	24	0	1	0
	≤ 10'000'000	17	0	41	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		242	0	415	0	796	1	303	0
Average as per cover object		0.798		1.371		2.625			
Total		82'751	100	92'703	100	158'980	100	177'207	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 %	16'985	25	22'188	27	25'777	28	57'349	36	53'143	30
> 40 % to ≤ 50 %	24'940	37	30'916	37	34'835	38	55'394	35	59'879	34
> 50 % to ≤ 60 %	24'174	36	28'379	34	30'696	33	44'334	28	61'453	35
> 60 % to ≤ 70 %	1'151	2	1'268	2	1'395	2	1'903	1	2'732	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	67'250	100	82'751	100	92'703	100	158'980	100	177'207	100
Overcollateralisation		100		123		138		236		
LTV ¹⁶		42		52		58		100		

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

> 0 % to ≤ 40 %	6'271	9	7'826	9	9'137	10	27'189	17	24'668	14
> 40 % to ≤ 50 %	12'270	18	15'259	18	17'987	19	32'909	21	29'505	17
> 50 % to ≤ 60 %	22'211	33	27'359	33	30'781	33	49'060	31	51'598	29
> 60 % to ≤ 70 %	26'497	39	32'307	39	34'798	38	49'822	31	71'436	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	67'250	100	82'751	100	92'703	100	158'980	100	177'207	100

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

> 0 % to ≤ 40 %	5'139	8	6'394	8	6'454	7	22'648	14	22'388	13
> 40 % to ≤ 50 %	6'875	10	8'517	10	8'699	9	19'067	12	20'343	11
> 50 % to ≤ 60 %	12'617	19	15'582	19	16'325	18	29'400	18	32'634	18
> 60 % to ≤ 70 %	23'545	35	28'932	35	31'943	34	49'092	31	56'630	32
> 70 % to ≤ 80 %	19'072	28	23'323	28	29'278	32	38'769	24	45'207	26
> 80 % ¹⁸	2	0	3	0	4	0	4	0	5	0
Total	67'250	100	82'751	100	92'703	100	158'980	100	177'207	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 317 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 67'250 m are covered by the cover value determined by Pfandbriefbank of CHF 82'751 m for eligible mortgages of CHF 92'703 m with a lending value set up by member banks of CHF 158'980 m (177'207 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 89 m or 0.1 % of total).

¹⁶ If loans are 100, the lending value of member banks amounts to 236. 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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