

8050 Zurich, 29 January 2021, 1705, MM

Pfandbriefbank Pool

31 December 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

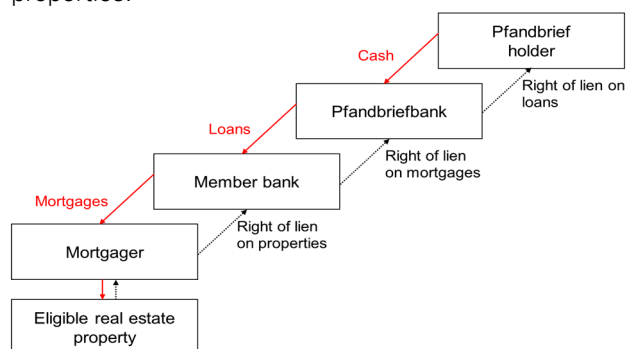
Pfandbriefbank

- 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 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 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 09/02, 09/03, 20/04, 11/05, 22/06, 13/07, 03/08 and 14/09/2021
General meeting 28/05/2021

2 Swiss Economics

2.1 General

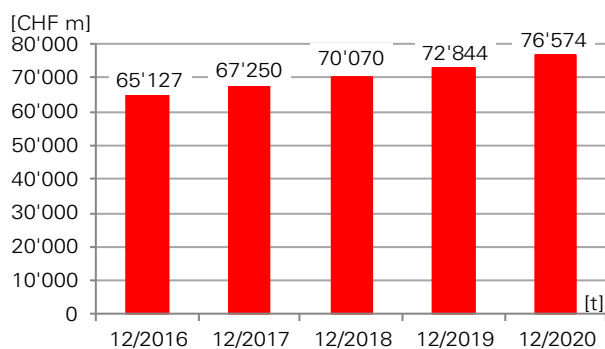
	Source, units	12/2020	12/2019	12/2018	12/2017
Issuer Rating Switzerland	Moody's	Aaa	Aaa	Aaa	Aaa
Gross domestic product (GDP)	SECO, CHF bn	n/a (-3.3 % forecast)	727	720	694
Unemployment rate ¹⁹	SECO, Ø %	3.1	2.3	2.5	3.1
Eidgenossen (Gov), 10Y rate	SNB, %	-0.525	-0.456	-0.154	-0.095

2.2 Mortgage market

Mortgage volume of banks	SNB, CHF bn	(10/2020) 1'075	1'053	1'022	988
Swiss Pfandbriefe ¹	CHF bn	142	131	125	119
SWX IAZI Price Indices					
Private Real Estate	CH0030532342	193	187	184	182
Investment Real Estate	CH0030532391	192	192	183	178

3 Market

3.1 Pfandbriefbank - Outstanding Pfandbriefe

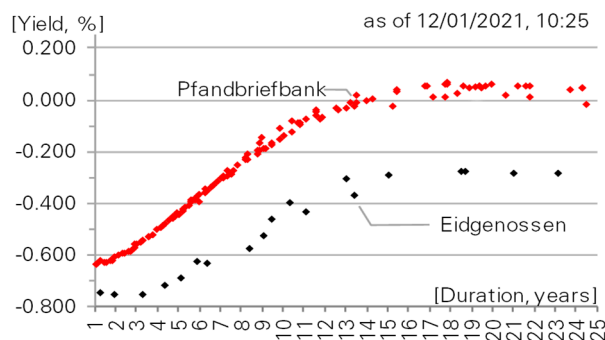


Source: Pfandbriefbank, semi-annual reports

In 2020 Pfandbriefbank issued Swiss Pfandbriefe of CHF 9'320 m. CHF 5'590 m matured. Net growth amounts to CHF 3'730 m.

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

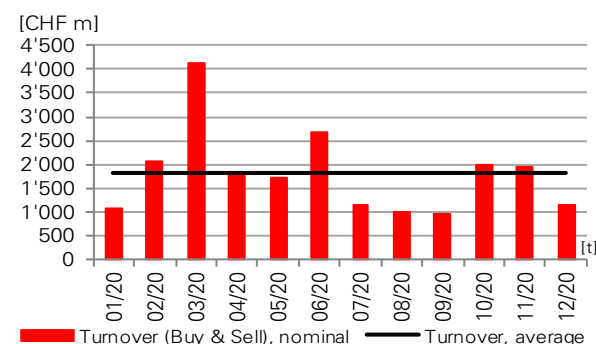
3.2 Pfandbriefbank - Yield per ISIN



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 1'800 m (min/median/max: CHF 979 m/CHF 1'752 m/CHF 4'115 m).

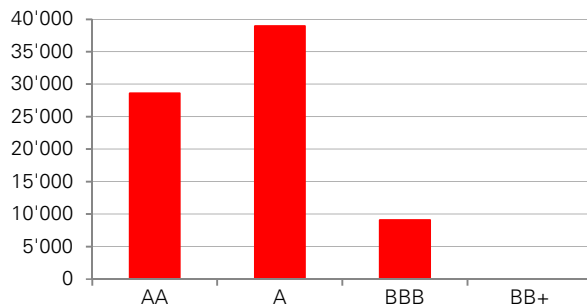
4 Maturity structure

Contractual Cashflows (unaudited MIS view)			Maturity Buckets (in years)					
			≤ 1y	> 1y and ≤ 5y	> 5y and ≤ 10y	> 10y and ≤ 15y	> 15y	
31/12/2020								
CHF m (A/L denominated in CHF)			Total					
Assets (stylised)			78'766					
thereof	Loans to member banks	76'574	5'917	22'918	24'200	11'461	12'078	
	Bonds	1'420	117	383	684	236	0	
	- thereof SNB GC Basket	1'396						
	- thereof pledged	0						
	Share capital not paid in	560	560					
Liabilities (stylised)			-78'766					
thereof	Swiss Pfandbriefe	-76'574	-5'917	-22'918	-24'200	-11'461	-12'078	
	Equity	-1'854						
Net total				677	383	684	236	0

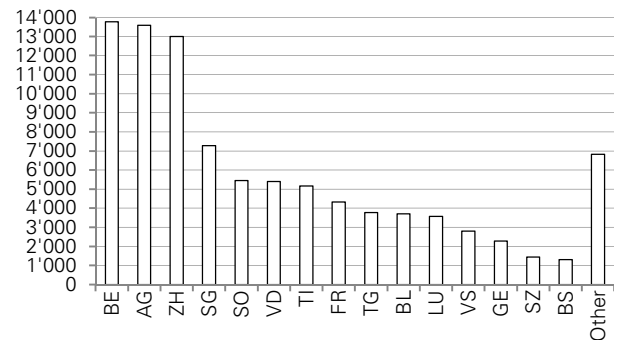
In May 2020, shareholders decided to increase the share capital from nominal CHF 900 m to CHF 1'000 m, resulting in a cash inflow of CHF 127.2 m as of 30 June 2020.

5 Pool - Summary

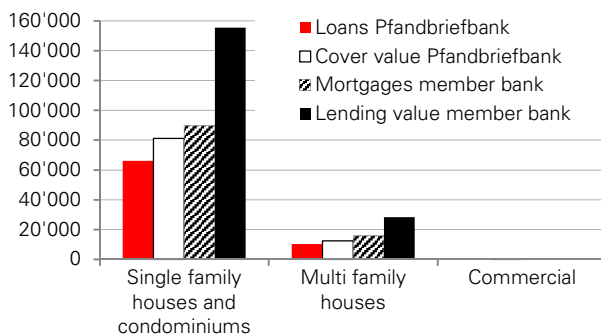
5.1 Loans to member banks (CHF m)



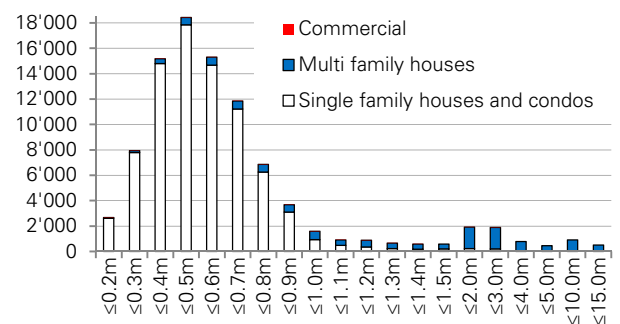
5.2 Cover value by region (CHF m, only CH eligible)



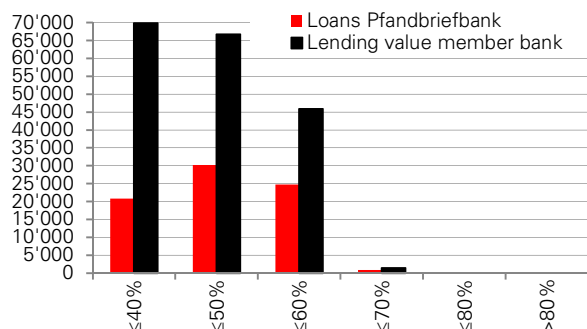
5.3 Property type (CHF m)



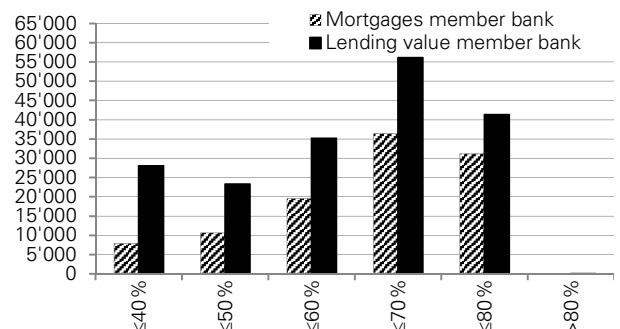
5.4 Cover value by size (CHF m)



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 banks ⁸

Rating ⁹	CHF m	%	CHF m	%	CHF m	%	CHF m	%	Number	%
AA	28'592	37	34'924	37	39'775	38	67'849	37	68'084	35
A	38'903	51	47'372	51	52'829	50	92'483	50	106'209	54
BBB	9'080	12	11'395	12	13'050	12	23'486	13	22'523	11
BB+ ¹⁰	0	0	0	0	0	0	0	0	0	0
Total ¹¹	76'574	100	93'691	100	105'654	100	183'818	100	196'816	100

Loan size total	CHF m										
242 bank(s)	≤ 200	20'769	27	25'707	27	28'929	27	49'506	27	51'517	26
30	≤ 400	7'848	10	9'544	10	10'863	10	19'035	10	20'200	10
9	≤ 600	4'529	6	5'935	6	6'833	6	11'548	6	11'730	6
1	≤ 800	721	1	847	1	917	1	1'605	1	1'807	1
1	≤ 1'000	913	1	1'075	1	1'473	1	2'587	1	1'236	1
9	> 1'000	41'794	55	50'583	54	56'638	54	99'536	54	110'326	56
Total		76'574	100	93'691	100	105'654	100	183'818	100	196'816	100

6.2 Region (only Switzerland eligible)

BE	11'504	15	13'760	15	15'577	15	26'680	15	31'583	16
AG	11'141	15	13'584	14	14'940	14	25'659	14	31'264	16
ZH	10'488	14	12'988	14	14'746	14	27'624	15	22'779	12
SG	6'012	8	7'280	8	8'201	8	14'065	8	15'496	8
SO	4'653	6	5'450	6	6'169	6	10'072	5	12'551	6
VD	4'373	6	5'405	6	6'176	6	10'790	6	10'173	5
TI	3'838	5	5'169	6	5'873	6	10'307	6	10'747	5
FR	3'620	5	4'332	5	4'811	5	7'879	4	9'661	5
TG	3'071	4	3'774	4	4'225	4	7'076	4	7'760	4
BL	2'990	4	3'698	4	4'123	4	7'316	4	7'237	4
LU	2'948	4	3'577	4	3'998	4	6'804	4	7'102	4
VS	2'254	3	2'809	3	3'185	3	5'448	3	7'379	4
GE	1'850	2	2'282	2	2'727	3	5'146	3	3'512	2
SZ	1'198	2	1'443	2	1'619	2	2'989	2	2'507	1
BS	1'070	1	1'317	1	1'523	1	2'807	2	2'122	1
Other cantons, each < 1.4 %	5'564	7	6'823	7	7'758	7	13'158	7	14'943	8
Total	76'574	100	93'691	100	105'654	100	183'818	100	196'816	100

6.3 Property type ^{12, 13, 14}

Overview										
Residential										
Single family houses and condominiums ¹⁵	66'111	86	81'151	87	89'661	85	155'384	85	185'313	94
Multi family houses	10'412	14	12'483	13	15'902	15	28'249	15	11'438	6
Total residential	76'523	100	93'634	100	105'564	100	183'633	100	196'751	100
Commercial	51	0	57	0	90	0	185	0	65	0
Total	76'574	100	93'691	100	105'654	100	183'818	100	196'816	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	2'630	3	2'757	3	9'470	5	16'867	9
	≤ 300'000	7'788	8	8'199	8	17'254	9	29'500	15
	≤ 400'000	14'805	16	15'868	15	28'211	15	41'353	21
	≤ 500'000	17'835	19	19'341	18	31'886	17	39'299	20
	≤ 600'000	14'668	16	16'014	15	25'381	14	26'634	14
	≤ 700'000	11'228	12	12'591	12	19'457	11	17'202	9
	≤ 800'000	6'245	7	7'342	7	11'392	6	8'369	4
	≤ 900'000	3'109	3	3'776	4	5'870	3	3'666	2
	≤ 1'000'000	935	1	1'190	1	2'026	1	976	0
	≤ 1'100'000	477	1	626	1	997	1	452	0
	≤ 1'200'000	361	0	471	0	764	0	313	0
	≤ 1'300'000	224	0	283	0	478	0	179	0
	≤ 1'400'000	190	0	245	0	396	0	140	0
	≤ 1'500'000	201	0	278	0	487	0	136	0
	≤ 2'000'000	243	0	290	0	530	0	139	0
	≤ 2'500'000	213	0	391	0	786	0	88	0
	≤ 3'000'000	0	0	0	0	0	0	0	0
Total		81'151	87	89'661	85	155'384	85	185'313	94
Average as per cover object		0.438		0.484		0.838			
Residential: Multi family houses									
Cover value Pfandbriefbank	≤ 1'000'000	4'282	5	5'269	5	10'337	6	7'486	4
	≤ 2'000'000	3'874	4	4'827	5	8'197	4	2'758	1
	≤ 3'000'000	1'684	2	2'147	2	3'545	2	694	0
	≤ 4'000'000	778	1	1'002	1	1'677	1	227	0
	≤ 5'000'000	454	0	601	1	989	1	103	0
	≤ 10'000'000	904	1	1'231	1	2'103	1	130	0
	≤ 15'000'000	506	1	824	1	1'401	1	40	0
	≤ 20'000'000	0	0	0	0	0	0	0	0
	≤ 25'000'000	0	0	0	0	0	0	0	0
Total		12'483	13	15'902	15	28'249	15	11'438	6
Average as per cover object		1.091		1.390		2.470			
Commercial									
Cover value Pfandbriefbank	≤ 1'000'000	26	0	41	0	85	0	46	0
	≤ 2'000'000	20	0	33	0	68	0	15	0
	≤ 3'000'000	10	0	16	0	32	0	4	0
	≤ 4'000'000	0	0	0	0	0	0	0	0
	≤ 5'000'000	0	0	0	0	0	0	0	0
	≤ 10'000'000	0	0	0	0	0	0	0	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		57	0	90	0	185	0	65	0
Average as per cover object		0.875		1.389		2.841			
Total		93'691	100	105'654	100	183'818	100	196'816	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 %	20'791	27	26'610	28	31'268	30	69'847	38	60'923	31
> 40 % to ≤ 50 %	30'226	39	36'967	39	41'811	40	66'751	36	70'794	36
> 50 % to ≤ 60 %	24'715	32	29'189	31	31'568	30	45'830	25	62'947	32
> 60 % to ≤ 70 %	842	1	925	1	1'008	1	1'389	1	2'152	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	76'574	100	93'691	100	105'654	100	183'818	100	196'816	100
Overcollateralisation		100		122		138		240		
LTV ¹⁶		42		51		57		100		

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

> 0 % to ≤ 40 %	7'929	10	9'726	10	11'395	11	33'907	18	29'470	15
> 40 % to ≤ 50 %	16'239	21	19'960	21	23'850	23	43'036	23	35'786	18
> 50 % to ≤ 60 %	26'045	34	31'851	34	35'811	34	57'116	31	60'800	31
> 60 % to ≤ 70 %	26'361	34	32'154	34	34'598	33	49'758	27	70'760	36
> 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	76'574	100	93'691	100	105'654	100	183'818	100	196'816	100

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

> 0 % to ≤ 40 %	6'391	8	7'855	8	7'940	8	28'015	15	26'776	14
> 40 % to ≤ 50 %	8'417	11	10'332	11	10'621	10	23'273	13	24'039	12
> 50 % to ≤ 60 %	15'112	20	18'515	20	19'499	18	35'146	19	37'876	19
> 60 % to ≤ 70 %	26'688	35	32'589	35	36'432	34	56'059	30	62'157	32
> 70 % to ≤ 80 %	19'964	26	24'398	26	31'157	29	41'319	22	45'963	23
> 80 % ¹⁸	2	0	2	0	4	0	5	0	5	0
Total	76'574	100	93'691	100	105'654	100	183'818	100	196'816	100

6.8 Energy efficiency

Certified as energy efficient (e.g. Minergie)	4'064	4	6'689	4	5'794	3
Not certified as energy efficient	25'430	24	44'281	24	45'164	23
No data provided	76'160	72	132'848	72	145'858	74
Total	105'654	100	183'818	100	196'816	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 292 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 76'574 m are covered by the cover value determined by Pfandbriefbank of CHF 93'691 m for eligible mortgages of CHF 105'654 m with a lending value set up by member banks of CHF 183'818 m (196'816 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 116 m or 0.2 % of total).
- ¹⁶ If loans are 100, the lending value of member banks amounts to 240. 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.
- ¹⁹ In 2020, the lost working hours from paid short-time work (including from COVID-19 measures) rose from 0.2 million hours in December 2019 to 12.8 million hours in October 2020 (last available indicator; the cumulative total for 2020 is approximately 275 million hours). 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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