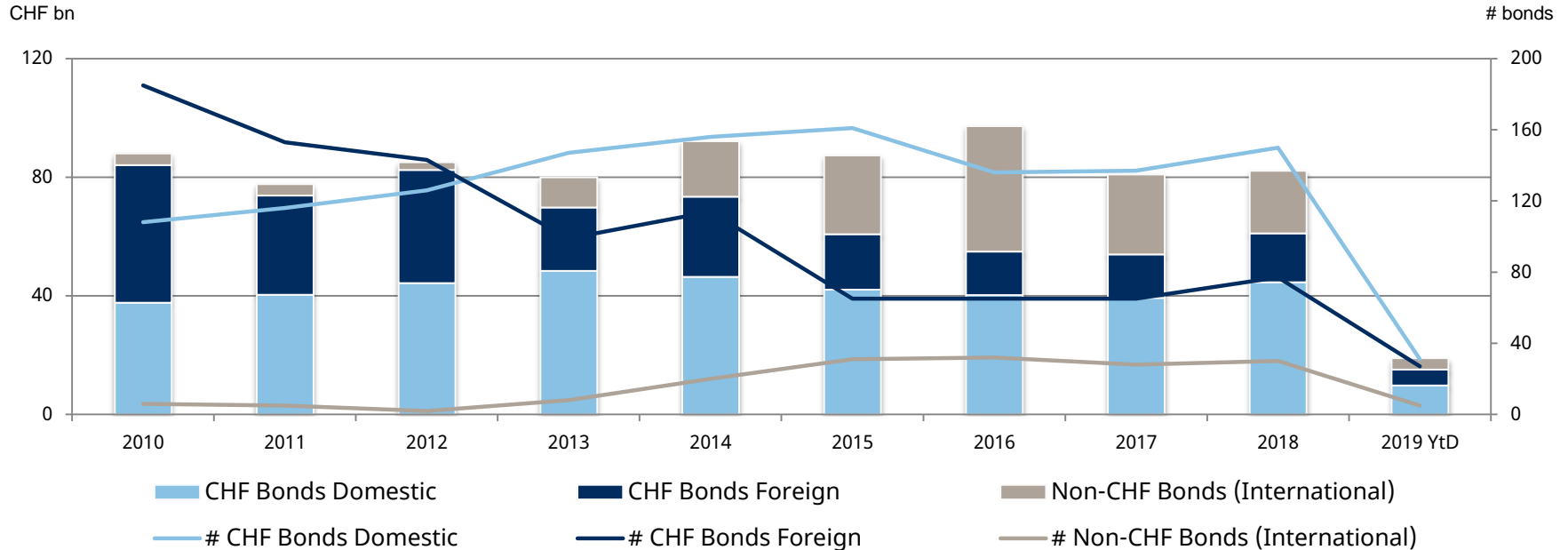




# Primary Debt Capital Market Information Q1 2019

Primary Markets, Origination

# More Than 60 New Bonds Raising Over CHF 19 Billion Listed in Q1 2019

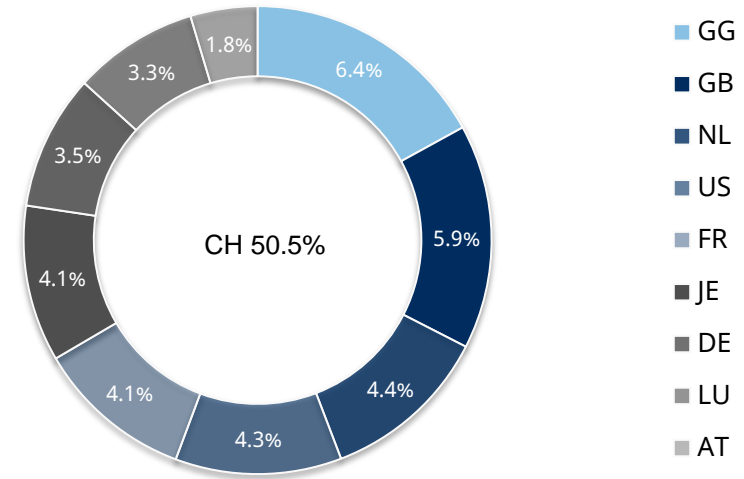


Note: The number of new bonds does only include initial issuances (no taps/increases of already outstanding bonds)

# The Swiss Debt Capital Market Attracts Issuers Across Continents

- The 10 largest bond issuers' countries account for a total of ~ CHF 374bn outstanding bonds, representing around 88% of the total outstanding bonds
- About 50% of the outstanding bonds listed on SIX are stemmed from issuers with domicile in Switzerland
- The top-10 issuers list is dominated by issuers with domicile in Europe and the United States

**Top-10 issuers' countries  
(outstanding volume of bonds)**



<sup>1)</sup> Excl. mortgage bond institutions, states, municipalities and cities, regions, cantons, provinces and supranational organizations; Data as of Mar-19

# The Largest Issuances and New Bond Issuers in Q1 2019

## Largest issuances Q1 2019<sup>1)</sup>

CHF bonds domestic
Sika <sup>2)</sup> CHF 1.3bn

CHF bonds foreign
BMW International Investment CHF 600m

Non-CHF bonds
UBS ~ CHF 2.5bn

## New issuers Q1 2019<sup>1)</sup>

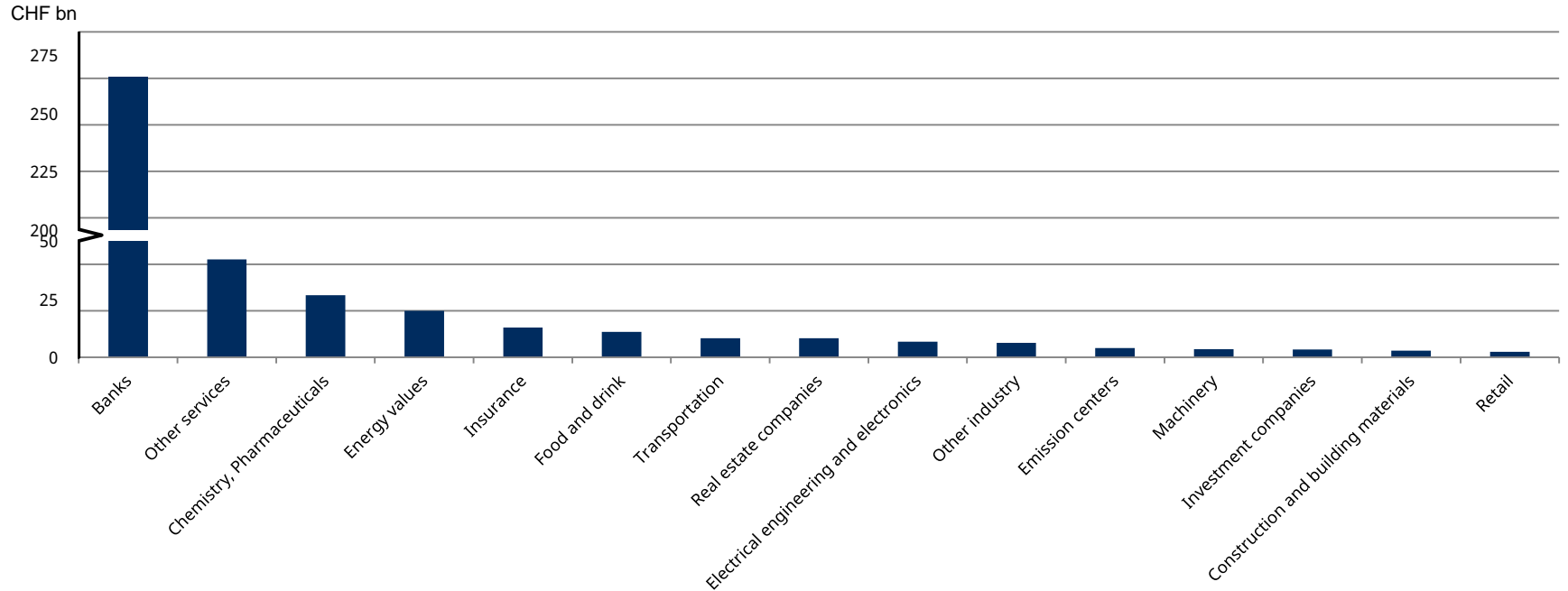
Company	Segment	Currency	Nominal	Listing date
BMW International Investment	CHF Foreign	CHF	265'000'000	05.03.2019
			335'000'000	

<sup>1)</sup> Excl. mortgage bond institutions, states, municipalities and cities, regions, cantons, provinces and supranational organizations

<sup>2)</sup> Convertible bond

# The Financial Sector Dominates the Issuance of Bonds

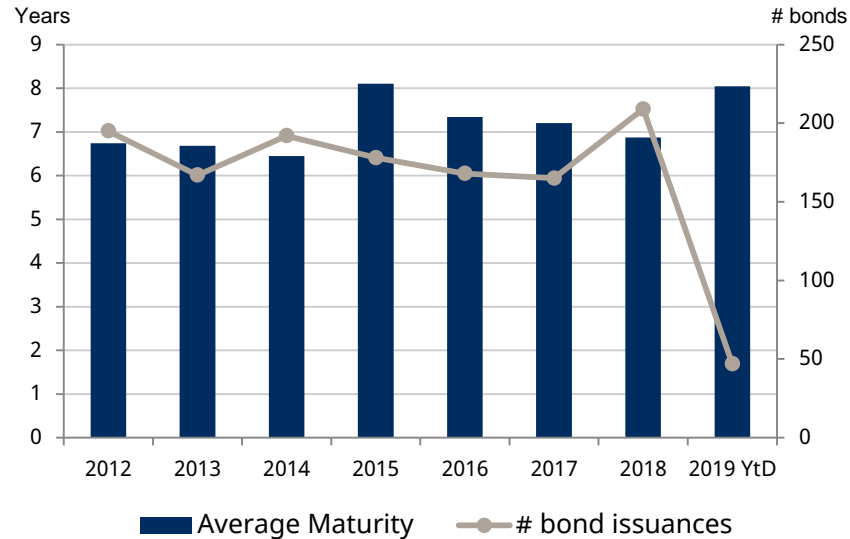
Outstanding bonds by sector<sup>1)</sup>



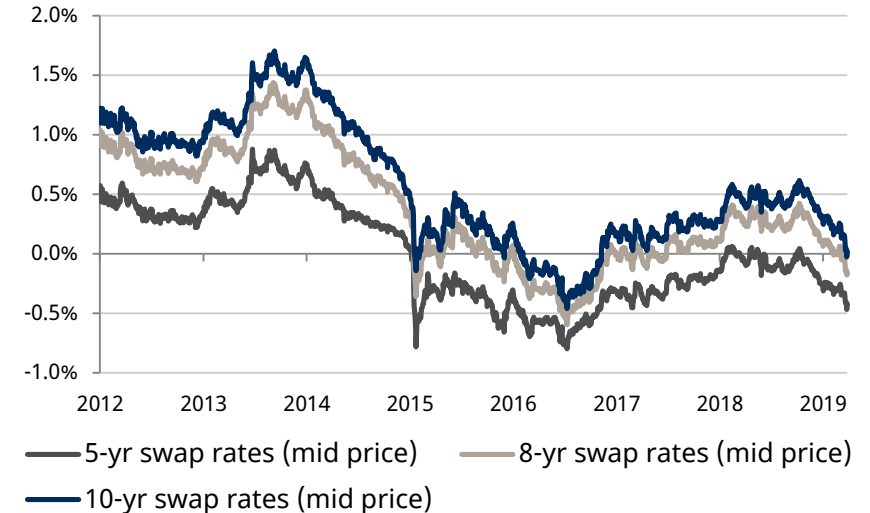
<sup>1)</sup> Excl. mortgage bond institutions, states, municipalities and cities, regions, cantons, provinces and supranational organizations; Data as of Mar-19

# The Average Maturity of Bonds Issued in the Current Year (YtD) is 8 Years

Average Maturity



CHF swap rates



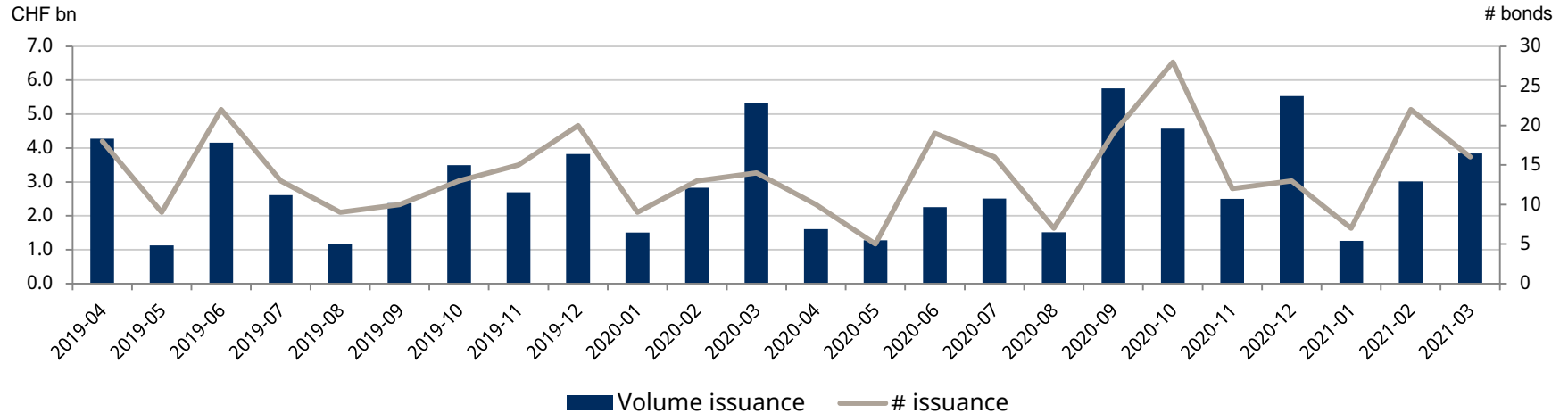
– The average maturity of all listed bonds ranged from 6.5 to 8.1 years between 2011-2019YtD<sup>1)</sup>

<sup>1)</sup> Unweighted; Excl. follow-ons, perpetual bonds, mortgage bond institutions, states, municipalities and cities, regions, cantons, provinces and supranational organizations

Source: Bloomberg and SIX; Data as of Mar-19

# Around CHF 71 Billion of Bonds Will Mature Within the Coming 2 Years

Maturing bonds (2019-2021)<sup>1)</sup>

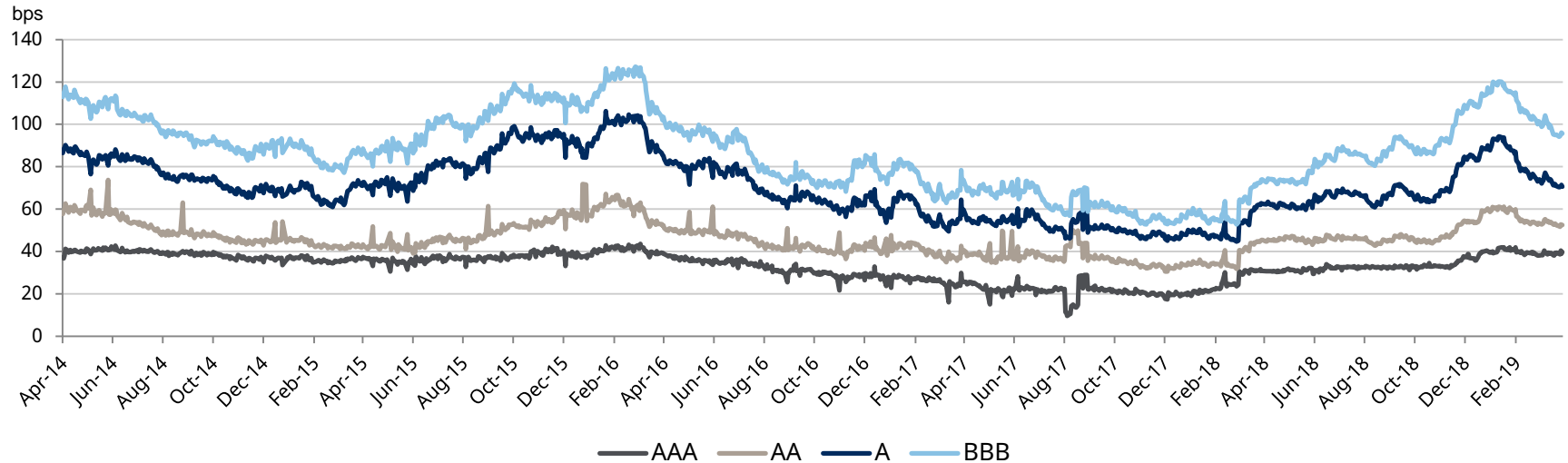


- 339 bonds amounting to approximately CHF 71 billion (nominal) will mature within the next two years
- The highest spike is in September 2020 with around CHF 5.8 billion
- The highest number of maturing bonds will occur in October 2020 with 28 bonds

<sup>1)</sup> Incl. follow-ons; Excl. perpetual bonds, mortgage bond institutions, states, municipalities and cities, regions, cantons, provinces and supranational organizations; Data as of Mar-19

# A Slight Decline of Z-spreads in is Noticeable

Z-spreads EUR All Corporates – 8 year<sup>1)</sup>



Note: The z-spread, also known as the zero-volatility spread or the static spread, is the amount of yield received from a non-Government bond over and above the yield for the same-maturity Government bond (constant spread over risk free rate)

<sup>1)</sup> Annual Compounding

Source: S&P Capital IQ; Mar-19



# Regulatory Update

- A practice note published by the Swiss Federal Tax Administration (SFTA) on 5 February 2019 introduces a more accommodating approach **for foreign bonds issued under a guarantee of a Swiss parent company without triggering Swiss federal WHT on interest payments**. The new practice takes **immediate effect**.
- According to previous practice rules, interest on bonds/debentures issued by foreign borrowers were likened to a Swiss-issued bond/debenture, if the following conditions were cumulatively met:
  1. The bond issued by the foreign debtor is guaranteed by a direct or indirect Swiss parent company by way of a down-stream guarantee
  2. The proceeds from the issuance of the bond/debenture are directly or indirectly on-lent to one or more Swiss affiliates of the foreign issuer
  3. Such on-lending to Swiss affiliates exceeds the foreign issuer's accounting equity (as calculated under IFRS rules) at the issuer's year-end closing date
- The new practice note introduces a more flexible approach in relation to **point 3** above, while **the other two criteria remain unchanged**. Under the revised rules, a flow-back of proceeds from the foreign bond/debenture issue to Swiss affiliates is allowed (without triggering a taxable "Swiss bond/debenture") up to the sum of:
  1. The combined accounting equity of all foreign subsidiaries directly or indirectly controlled by the Swiss parent company (so-called "equity alternative"); in the event that a foreign subsidiary is owned less than 100%, its equity is taken into account on a pro-rata basis
  2. The aggregated amount of loans granted by the Swiss parent and its Swiss subsidiaries to foreign subsidiaries (so-called "compensation alternative")
- Companies willing to apply the new practice are required to **file an advance tax ruling request** with the SFTA. Further, it has to describe the review and auditing process for the SFTA to verify the relevant amounts.

Source: Bär & Karrer (<https://www.baerkarrer.ch/publications-en/>)

# CHF Bonds League Table 2019 YtD – Top 10

Rank	Manager	Volume (CHF m)	Issues	Share (%)
1	Credit Suisse	5'269	48	29%
2	UBS	4'597	51	25%
3	Schweizerische Kantonalbanken	2'304	11	12%
4	Zürcher Kantonalbank	1'581	23	9%
5	Raiffeisen Switzerland	909	15	5%
6	Basler Kantonalbank	696	12	4%
7	BNP Paribas	532	5	3%
8	Luzerner Kantonalbank	429	4	2%
9	HSBC	400	2	2%
10	Commerzbank	343	5	2%

Source: Bloomberg; 8-Apr-19

# We are Happy to Support You

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