

Pfandbriefbank Pool

31 December 2014, semi-annual publication, unaudited

1 Pfandbriefbank

1.1 Contact address

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1.2 Rating

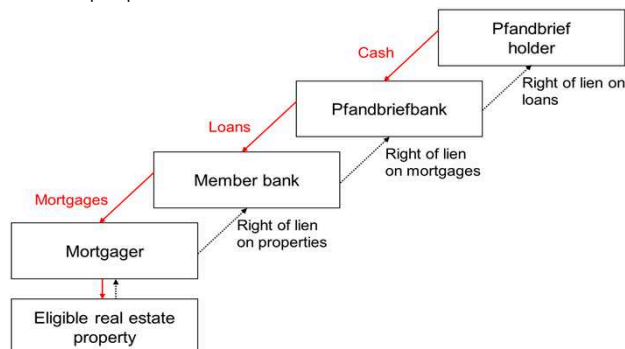
Rating agency Moody's Investors Service Ltd, London
Issuance rating Aaa (stable)

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 10 % of Swiss mortgages pledged to Pfandbrief institutes (12/2013)
 - 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 09/02/15, 27/03/15, 28/04/15, 15/05/15, 05/06/15, 28/07/15, 17/08/15
General meeting 27/05/15

2 Swiss Economics

2.1 General

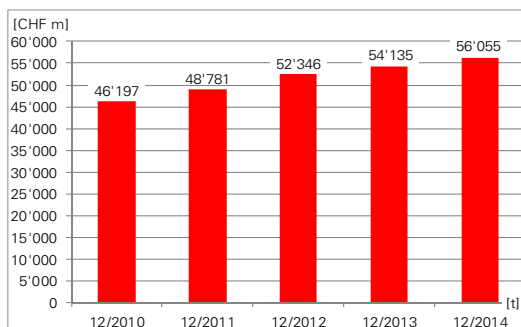
	Source, units	31/12/14	31/12/13	31/12/12	31/12/11
Gross domestic product (GDP)	SNB, CHF bn	not available yet	635	625	618
Unemployment rate	Seco, Ø %	3.2	3.2	2.9	2.8
Eidgenossen (Gov), 10Y rate	SNB, %	0.375	1.253	0.557	0.740

2.2 Mortgage market

Mortgage volume of banks	SNB, CHF bn	not available yet	865	830	784
Swiss Pfandbriefe ¹	CHF bn	94	88	82	75
SWX IAZI Price Indices					
Private Real Estate	CH0030532342	171	167	161	147
Investment Real Estate	CH0030532391	169	161	152	145

3 Market

3.1 Pfandbriefbank - Outstanding Pfandbriefe

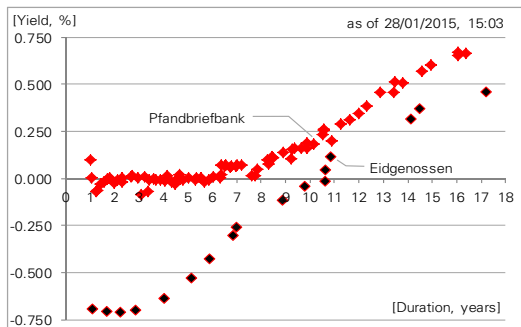


Source: Pfandbriefbank, semi-/annual reports

In 2014 Pfandbriefbank issued Swiss Pfandbriefe of CHF 7'820 m. CHF 5'900 m matured. Net growth amounts to CHF 1'920 m.

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

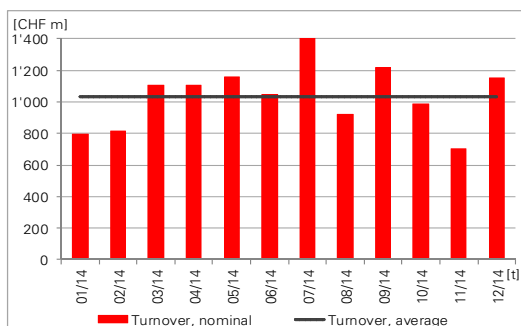
3.2 Pfandbriefbank - Yield per ISIN



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 the market makers in the secondary market at SIX Swiss Exchange AG. For the last 12 months average monthly nominal turnover exceeded CHF 1'000 m.

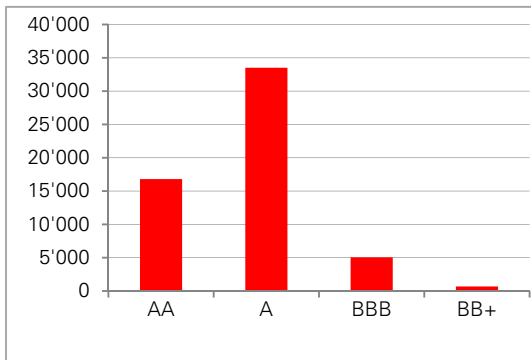
4 Balance Sheet

Assets	31/12/14 CHF m	Liabilities	31/12/14 CHF m
Loans to member banks	56'055	Swiss Pfandbriefe (Bonds)	56'055
Free Assets			
Cash and due from banks	40		
Bonds	1'119		
Other	4	Equity	1'385
Other assets	684	Other Liabilities	463
Total	57'903	Total	57'903

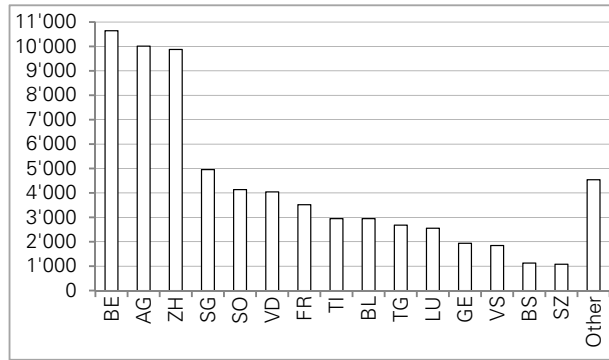
All assets and liabilities are denominated in Swiss Francs. As of 31/12/14 no assets are pledged. All bonds are repo eligible (SNB GC Basket).

5 Pool - Summary

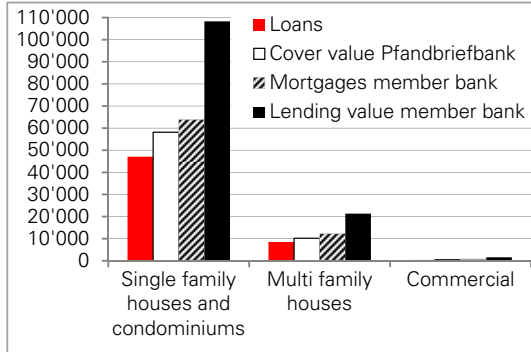
5.1 Loans to member banks (CHF m)



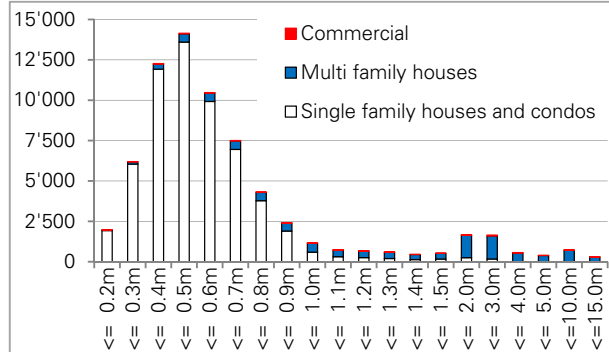
5.2 Cover value by region (CHF m, only Switzerland eligible)



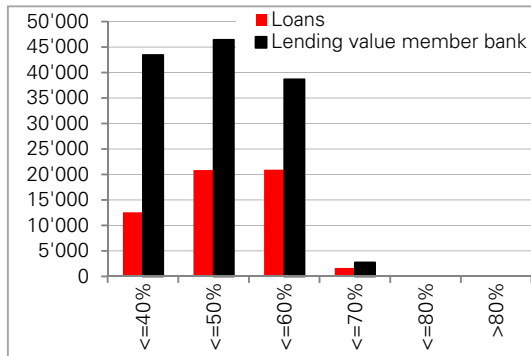
5.3 Property type (CHF m)



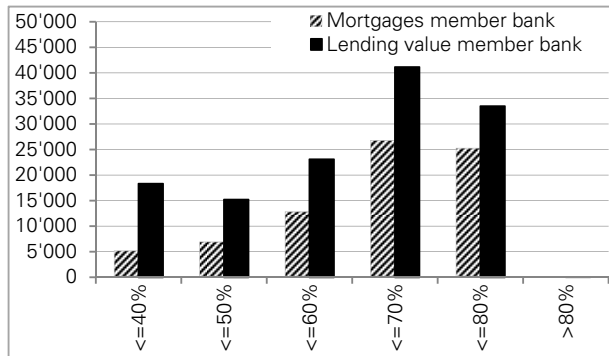
5.4 Cover value by size (CHF m)



5.5 Loan LTV Pfandbriefbank (CHF m) ²



5.6 Mortgage LTV member bank (CHF m) ^{3, 17}



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	16'805	30	20'047	29	22'659	29	36'699	28	39'047	27
A	33'515	60	41'750	61	46'469	60	80'502	61	93'346	64
BBB	5'054	9	6'169	9	6'986	9	12'258	9	12'733	9
BB+ ¹⁰	681	1	884	1	974	1	1'786	1	1'844	1
Total ¹¹	56'055	100	68'850	100	77'089	100	131'246	100	146'970	100

Loan size total	CHF m	CHF m	%	CHF m	%	CHF m	%	CHF m	%	Number	%
327 bank(s)	<= 200	18'077	32	21'983	32	24'670	32	40'921	31	45'020	31
11	<= 400	3'084	6	3'511	5	3'993	5	6'804	5	7'192	5
5	<= 600	2'228	4	2'622	4	3'189	4	5'305	4	4'809	3
2	<= 800	1'395	2	1'648	2	1'818	2	3'353	3	3'237	2
0	<= 1'000	0	0	0	0	0	0	0	0	0	0
8	> 1'000	31'272	56	39'085	57	43'418	56	74'863	57	86'712	59
Total		56'055	100	68'850	100	77'089	100	131'246	100	146'970	100

6.2 Region (only Switzerland eligible)

BE	8'710	16	10'643	15	11'925	15	19'915	15	25'297	17
AG	8'231	15	10'013	15	10'911	14	18'338	14	22'692	15
ZH	7'765	14	9'878	14	11'242	15	20'395	16	17'733	12
SG	4'154	7	4'956	7	5'547	7	9'241	7	10'863	7
SO	3'399	6	4'137	6	4'668	6	7'458	6	9'106	6
VD	3'231	6	4'043	6	4'518	6	7'873	6	7'946	5
FR	2'927	5	3'518	5	3'876	5	6'153	5	8'163	6
TI	2'409	4	2'948	4	3'300	4	5'824	4	6'136	4
BL	2'330	4	2'947	4	3'256	4	5'677	4	5'924	4
TG	2'212	4	2'681	4	3'013	4	4'849	4	5'625	4
LU	2'097	4	2'555	4	2'847	4	4'705	4	5'310	4
GE	1'545	3	1'937	3	2'277	3	4'245	3	3'054	2
VS	1'527	3	1'846	3	2'067	3	3'578	3	4'980	3
BS	914	2	1'127	2	1'312	2	2'289	2	1'710	1
SZ	887	2	1'080	2	1'222	2	2'179	2	1'909	1
Other cantons, each < 1.4 %	3'717	7	4'540	7	5'107	7	8'526	6	10'522	7
Total	56'055	100	68'850	100	77'089	100	131'246	100	146'970	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	47'099	84	58'146	84	63'915	83	108'281	83	136'702	93
Multi family houses	8'544	15	10'221	15	12'275	16	21'360	16	9'657	7
Total residential	55'643	99	68'367	99	76'190	99	129'641	99	146'359	100
Commercial	412	1	483	1	898	1	1'605	1	611	0
Total	56'055	100	68'850	100	77'089	100	131'246	100	146'970	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	1'930	3	2'053	3	6'688	5	12'563	9
	<= 300'000	6'043	9	6'376	8	12'761	10	22'936	16
	<= 400'000	11'924	17	12'799	17	21'658	17	33'367	23
	<= 500'000	13'601	20	14'732	19	23'445	18	30'065	20
	<= 600'000	9'923	14	10'806	14	16'724	13	18'065	12
	<= 700'000	6'954	10	7'712	10	11'854	9	10'670	7
	<= 800'000	3'781	5	4'395	6	6'773	5	5'075	3
	<= 900'000	1'901	3	2'307	3	3'554	3	2'236	2
	<= 1'000'000	593	1	739	1	1'307	1	617	0
	<= 1'100'000	312	0	399	1	681	1	294	0
	<= 1'200'000	258	0	337	0	545	0	223	0
	<= 1'300'000	200	0	245	0	427	0	159	0
	<= 1'400'000	134	0	170	0	298	0	99	0
	<= 1'500'000	168	0	238	0	424	0	114	0
	<= 2'000'000	254	0	313	0	565	0	147	0
	<= 2'500'000	170	0	295	0	577	0	72	0
	<= 3'000'000	0	0	0	0	0	0	0	0
Total		58'146	84	63'915	83	108'281	83	136'702	93
Average as per cover object		0.425		0.468		0.792			
Residential: Multi family houses									
Cover value Pfandbriefbank	<= 1'000'000	3'605	5	4'247	6	8'192	6	6'374	4
	<= 2'000'000	3'257	5	3'834	5	6'386	5	2'325	2
	<= 3'000'000	1'427	2	1'723	2	2'726	2	589	0
	<= 4'000'000	539	1	638	1	1'049	1	157	0
	<= 5'000'000	386	1	468	1	759	1	86	0
	<= 10'000'000	711	1	882	1	1'510	1	104	0
	<= 15'000'000	295	0	483	1	737	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		10'221	15	12'275	16	21'360	16	9'657	7
Average as per cover object		1.058		1.271		2.212			
Commercial									
Cover value Pfandbriefbank	<= 1'000'000	238	0	416	1	767	1	491	0
	<= 2'000'000	108	0	175	0	330	0	81	0
	<= 3'000'000	56	0	92	0	168	0	23	0
	<= 4'000'000	30	0	58	0	91	0	9	0
	<= 5'000'000	9	0	17	0	25	0	2	0
	<= 10'000'000	27	0	59	0	102	0	4	0
	<= 15'000'000	15	0	81	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		483	1	898	1	1'605	1	611	0
Average as per cover object		0.790		1.470		2.627			
Total		68'850	100	77'089	100	131'246	100	146'970	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 %	12'581	22	16'325	24	18'912	25	43'432	33	41'201	28
> 40 % to <= 50 %	20'874	37	25'912	38	29'316	38	46'417	35	49'516	34
> 50 % to <= 60 %	20'940	37	24'789	36	26'851	35	38'659	29	52'299	36
> 60 % to <= 70 %	1'661	3	1'824	3	2'010	3	2'738	2	3'954	3
> 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	56'055	100	68'850	100	77'089	100	131'246	100	146'970	100
Overcollateralization		100		123		138		234		
LTV ¹⁶		43		52		59		100		

6.6 Mortgage LTV member bank³

> 0 % to <= 40 %	4'136	7	5'141	7	5'190	7	18'312	14	17'857	12
> 40 % to <= 50 %	5'477	10	6'784	10	6'937	9	15'198	12	16'135	11
> 50 % to <= 60 %	9'933	18	12'242	18	12'829	17	23'079	18	25'533	17
> 60 % to <= 70 %	19'851	35	24'393	35	26'817	35	41'132	31	47'934	33
> 70 % to <= 80 %	16'638	30	20'267	29	25'279	33	33'483	26	39'482	27
> 80 % ¹⁷	20	0	23	0	36	0	43	0	29	0
Total	56'055	100	68'850	100	77'089	100	131'246	100	146'970	100
Overcollateralization		100		123		138		234		
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 has 353 banks with loans.

⁹ Rating by 1. Moody's, 2. S&P, 3. Fitch, 4. independent third party bank rating

¹⁰ BB+ rated member banks must have 120 % collateralization. They have an average loan of CHF 57 m. Member banks with rating better than BB+ must have 108 % collateralization.

¹¹ Loans of CHF 56'055 m are covered by the cover value determined by Pfandbriefbank of CHF 68'850 m for eligible mortgages of CHF 77'089 m with a lending value set up by member banks of CHF 131'246 m (146'970 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 10 m (CHF 5 m, if older than 20 years) and commercial properties larger than CHF 5 m are visited on-site by the cover pool committee.

¹⁵ Properties with occupancy type 'vacation' or 'second home' are immaterial (loans of CHF 71 m or 0.1 % of total).

¹⁶ If loans are 100, the lending value of member banks amounts to 234. 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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