

Pfandbriefbank Pool

30 June 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

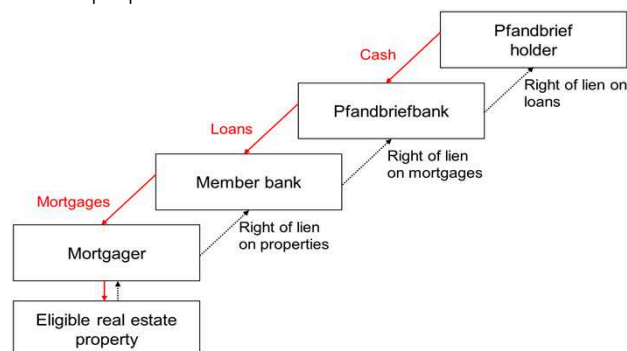
- Founded 1930, incorporated 1931
- Based on Pfandbrief act, which came into effect in 1930
- Special institute with limited scope (issuance of Swiss Pfandbriefe[®], loans to member banks and investment of own funds)
- No currency risk, no maturity mismatch, no interest rate risk
- Swiss Federal Council 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 42 % (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 18/08/14, 26/09/14, 22/10/14, 21/11/14, 15/12/14, 16/01/15, 09/02/15, 27/03/15
General meeting 27/05/15

2 Swiss Economics

2.1 General

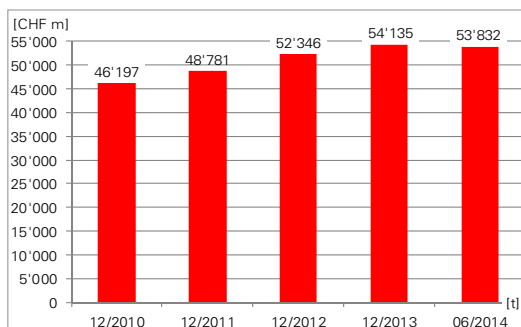
| | Source, units | 31/12/13 | 31/12/12 | 31/12/11 | 31/12/10 |
|------------------------------|---------------|-----------------|----------|----------|----------|
| Gross domestic product (GDP) | SNB, CHF bn | (Seco est.) 603 | 592 | 585 | 573 |
| Unemployment rate | Seco, Ø % | 3.2 | 2.9 | 2.8 | 3.5 |
| Eidgenossen (Gov), 10Y rate | SNB, % | 1.253 | 0.557 | 0.740 | 1.674 |

2.2 Mortgage market

| | | | | | |
|--------------------------------|--------------|-----|-----|-----|-----|
| Mortgage volume of banks | SNB, CHF bn | 865 | 830 | 784 | 745 |
| Swiss Pfandbriefe ¹ | CHF bn | 88 | 82 | 75 | 70 |
| SWX IAZI Price Indices | | | | | |
| Private Real Estate | CH0030532342 | 167 | 161 | 147 | 134 |
| Investment Real Estate | CH0030532391 | 161 | 152 | 145 | 134 |

3 Market

3.1 Pfandbriefbank - Outstanding Pfandbriefe

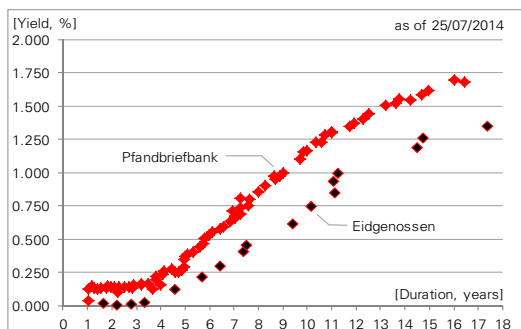


Source: Pfandbriefbank, semi-/annual reports

In 2013 Pfandbriefbank issued Swiss Pfandbriefe of CHF 7'542 m. CHF 5'753 m matured. Net growth amounts to CHF 1'789 m.

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

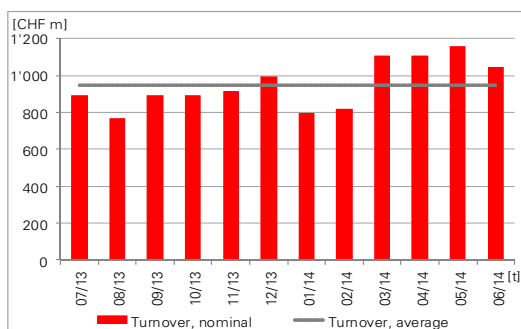
3.2 Pfandbriefbank - Yield per ISIN



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 947 m.

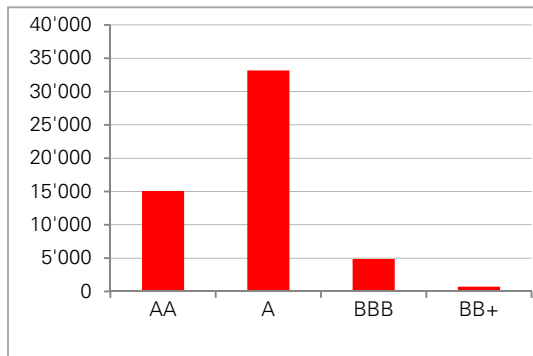
4 Balance Sheet

| Assets | 30/06/14 CHF m | Liabilities | 30/06/14 CHF m |
|-------------------------|-------------------|---------------------------|-------------------|
| Loans to member banks | 53'832 | Swiss Pfandbriefe (Bonds) | 53'832 |
| Free Assets | | | |
| Cash and due from banks | 117 | | |
| Bonds | 1'086 | | |
| Other | 4 | Equity | 1'373 |
| Other assets | 692 | Other Liabilities | 526 |
| Total | 55'732 | Total | 55'732 |

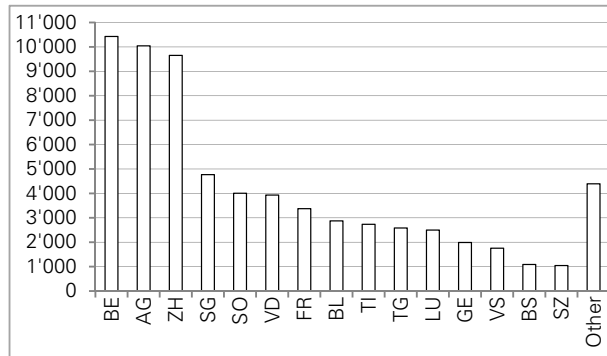
All assets and liabilities are denominated in Swiss Francs. As of 30/06/14 no assets are pledged. All bonds are repo eligible (SNB GC Basket).

5 Pool - Summary

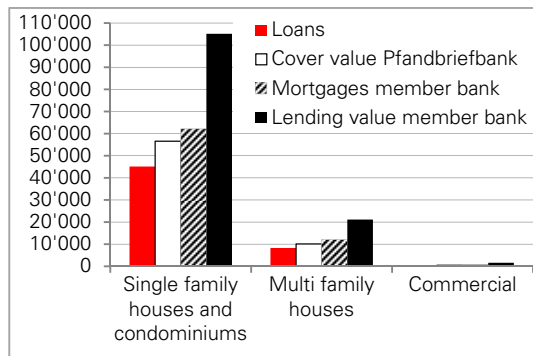
5.1 Loans to member banks (CHF m)



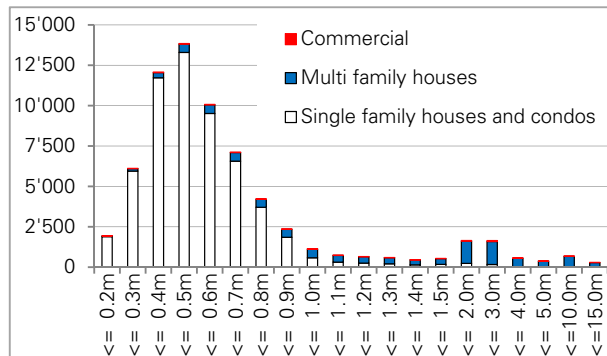
5.2 Cover value by region (CHF m, only Switzerland eligible)



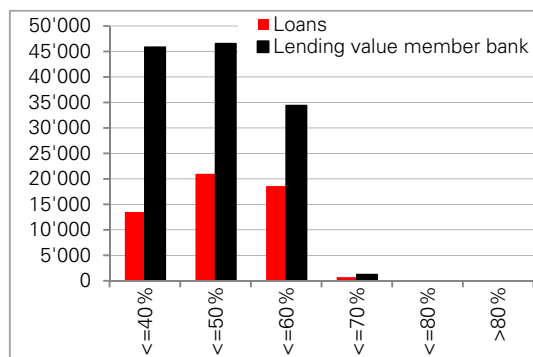
5.3 Property type (CHF m)



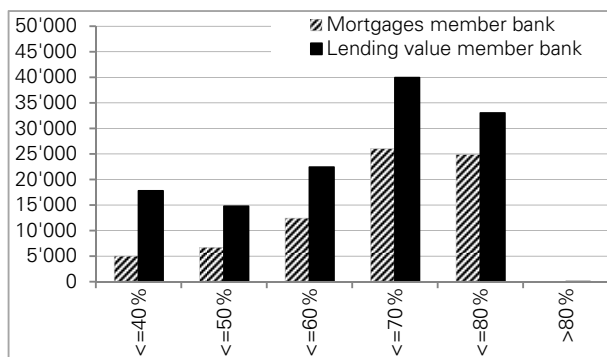
5.4 Cover value by size (CHF m)



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 | 15'083 | 28 | 18'661 | 28 | 21'121 | 28 | 34'146 | 27 | 36'442 | 25 |
| A | 33'166 | 62 | 41'713 | 62 | 46'432 | 62 | 80'297 | 63 | 93'147 | 65 |
| BBB | 4'869 | 9 | 5'883 | 9 | 6'647 | 9 | 11'631 | 9 | 12'195 | 8 |
| BB+ ¹⁰ | 714 | 1 | 919 | 1 | 1'019 | 1 | 1'836 | 1 | 1'938 | 1 |
| Total ¹¹ | 53'832 | 100 | 67'176 | 100 | 75'220 | 100 | 127'910 | 100 | 143'722 | 100 |

| Loan size total | CHF m | CHF m | % | CHF m | % | CHF m | % | CHF m | % | Number | % |
|-----------------|----------|--------|-----|--------|-----|--------|-----|---------|-----|---------|-----|
| 324 bank(s) | <= 200 | 16'877 | 31 | 20'889 | 31 | 23'494 | 31 | 38'887 | 30 | 42'773 | 30 |
| 10 | <= 400 | 2'887 | 5 | 3'303 | 5 | 3'746 | 5 | 6'351 | 5 | 6'868 | 5 |
| 5 | <= 600 | 2'455 | 5 | 3'002 | 4 | 3'517 | 5 | 6'097 | 5 | 6'047 | 4 |
| 1 | <= 800 | 716 | 1 | 795 | 1 | 920 | 1 | 1'618 | 1 | 1'136 | 1 |
| 0 | <= 1'000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8 | > 1'000 | 30'897 | 57 | 39'186 | 58 | 43'542 | 58 | 74'958 | 59 | 86'898 | 60 |
| Total | | 53'832 | 100 | 67'176 | 100 | 75'220 | 100 | 127'910 | 100 | 143'722 | 100 |

6.2 Region (only Switzerland eligible)

| | | | | | | | | | | |
|-----------------------------|--------|-----|--------|-----|--------|-----|---------|-----|---------|-----|
| BE | 8'480 | 16 | 10'430 | 16 | 11'653 | 15 | 19'476 | 15 | 24'877 | 17 |
| AG | 8'201 | 15 | 10'045 | 15 | 10'991 | 15 | 18'363 | 14 | 22'697 | 16 |
| ZH | 7'340 | 14 | 9'654 | 14 | 10'968 | 15 | 19'782 | 15 | 17'325 | 12 |
| SG | 3'928 | 7 | 4'769 | 7 | 5'349 | 7 | 8'903 | 7 | 10'496 | 7 |
| SO | 3'262 | 6 | 4'007 | 6 | 4'515 | 6 | 7'249 | 6 | 8'886 | 6 |
| VD | 3'104 | 6 | 3'932 | 6 | 4'395 | 6 | 7'660 | 6 | 7'788 | 5 |
| FR | 2'748 | 5 | 3'375 | 5 | 3'719 | 5 | 5'900 | 5 | 7'881 | 5 |
| BL | 2'240 | 4 | 2'874 | 4 | 3'183 | 4 | 5'531 | 4 | 5'774 | 4 |
| TI | 2'180 | 4 | 2'734 | 4 | 3'053 | 4 | 5'412 | 4 | 5'746 | 4 |
| TG | 2'080 | 4 | 2'583 | 4 | 2'908 | 4 | 4'694 | 4 | 5'424 | 4 |
| LU | 2'042 | 4 | 2'498 | 4 | 2'784 | 4 | 4'602 | 4 | 5'211 | 4 |
| GE | 1'552 | 3 | 1'991 | 3 | 2'346 | 3 | 4'364 | 3 | 3'146 | 2 |
| VS | 1'420 | 3 | 1'755 | 3 | 1'974 | 3 | 3'422 | 3 | 4'778 | 3 |
| BS | 861 | 2 | 1'090 | 2 | 1'278 | 2 | 2'230 | 2 | 1'666 | 1 |
| SZ | 856 | 2 | 1'046 | 2 | 1'166 | 2 | 2'070 | 2 | 1'871 | 1 |
| Other cantons, each < 1.4 % | 3'539 | 7 | 4'393 | 7 | 4'938 | 7 | 8'252 | 6 | 10'156 | 7 |
| Total | 53'832 | 100 | 67'176 | 100 | 75'220 | 100 | 127'910 | 100 | 143'722 | 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 | 45'124 | 84 | 56'567 | 84 | 62'203 | 83 | 105'160 | 82 | 133'432 | 93 |
| Multi family houses | 8'300 | 15 | 10'123 | 15 | 12'116 | 16 | 21'149 | 17 | 9'673 | 7 |
| Total residential | 53'424 | 99 | 66'690 | 99 | 74'319 | 99 | 126'309 | 99 | 143'105 | 100 |
| Commercial | 408 | 1 | 486 | 1 | 901 | 1 | 1'601 | 1 | 617 | 0 |
| Total | 53'832 | 100 | 67'176 | 100 | 75'220 | 100 | 127'910 | 100 | 143'722 | 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 | 1'890 | 3 | 2'047 | 3 | 6'535 | 5 | 12'346 | 9 |
| | <= 300'000 | 5'951 | 9 | 6'291 | 8 | 12'511 | 10 | 22'600 | 16 |
| | <= 400'000 | 11'727 | 17 | 12'593 | 17 | 21'207 | 17 | 32'827 | 23 |
| | <= 500'000 | 13'296 | 20 | 14'399 | 19 | 22'884 | 18 | 29'399 | 20 |
| | <= 600'000 | 9'516 | 14 | 10'355 | 14 | 16'005 | 13 | 17'325 | 12 |
| | <= 700'000 | 6'565 | 10 | 7'272 | 10 | 11'159 | 9 | 10'070 | 7 |
| | <= 800'000 | 3'708 | 6 | 4'309 | 6 | 6'629 | 5 | 4'980 | 3 |
| | <= 900'000 | 1'850 | 3 | 2'246 | 3 | 3'464 | 3 | 2'177 | 2 |
| | <= 1'000'000 | 582 | 1 | 730 | 1 | 1'282 | 1 | 606 | 0 |
| | <= 1'100'000 | 310 | 0 | 393 | 1 | 675 | 1 | 292 | 0 |
| | <= 1'200'000 | 251 | 0 | 330 | 0 | 534 | 0 | 217 | 0 |
| | <= 1'300'000 | 208 | 0 | 257 | 0 | 446 | 0 | 166 | 0 |
| | <= 1'400'000 | 142 | 0 | 181 | 0 | 309 | 0 | 105 | 0 |
| | <= 1'500'000 | 171 | 0 | 238 | 0 | 441 | 0 | 116 | 0 |
| | <= 2'000'000 | 234 | 0 | 282 | 0 | 525 | 0 | 136 | 0 |
| | <= 2'500'000 | 166 | 0 | 280 | 0 | 554 | 0 | 70 | 0 |
| | <= 3'000'000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | | 56'567 | 84 | 62'203 | 83 | 105'160 | 82 | 133'432 | 93 |
| Average as per cover object | | 0.424 | | 0.466 | | 0.788 | | | |
| Residential: Multi family houses | | | | | | | | | |
| Cover value Pfandbriefbank | <= 1'000'000 | 3'603 | 5 | 4'248 | 6 | 8'247 | 6 | 6'421 | 4 |
| | <= 2'000'000 | 3'228 | 5 | 3'790 | 5 | 6'292 | 5 | 2'302 | 2 |
| | <= 3'000'000 | 1'421 | 2 | 1'709 | 2 | 2'730 | 2 | 588 | 0 |
| | <= 4'000'000 | 550 | 1 | 658 | 1 | 1'055 | 1 | 160 | 0 |
| | <= 5'000'000 | 373 | 1 | 448 | 1 | 718 | 1 | 83 | 0 |
| | <= 10'000'000 | 666 | 1 | 813 | 1 | 1'392 | 1 | 98 | 0 |
| | <= 15'000'000 | 281 | 0 | 450 | 1 | 714 | 1 | 21 | 0 |
| | <= 20'000'000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | <= 25'000'000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | | 10'123 | 15 | 12'116 | 16 | 21'149 | 17 | 9'673 | 7 |
| Average as per cover object | | 1.047 | | 1.253 | | 2.186 | | | |
| Commercial | | | | | | | | | |
| Cover value Pfandbriefbank | <= 1'000'000 | 237 | 0 | 418 | 1 | 763 | 1 | 496 | 0 |
| | <= 2'000'000 | 110 | 0 | 180 | 0 | 328 | 0 | 81 | 0 |
| | <= 3'000'000 | 61 | 0 | 93 | 0 | 181 | 0 | 25 | 0 |
| | <= 4'000'000 | 27 | 0 | 51 | 0 | 81 | 0 | 8 | 0 |
| | <= 5'000'000 | 9 | 0 | 18 | 0 | 26 | 0 | 2 | 0 |
| | <= 10'000'000 | 27 | 0 | 60 | 0 | 100 | 0 | 4 | 0 |
| | <= 15'000'000 | 15 | 0 | 82 | 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 | | 486 | 1 | 901 | 1 | 1'601 | 1 | 617 | 0 |
| Average as per cover object | | 0.787 | | 1.460 | | 2.594 | | | |
| Total | | 67'176 | 100 | 75'220 | 100 | 127'910 | 100 | 143'722 | 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 % | 13'513 | 25 | 17'619 | 26 | 20'613 | 27 | 45'817 | 36 | 42'367 | 29 |
| > 40 % to <= 50 % | 21'001 | 39 | 26'641 | 40 | 29'724 | 40 | 46'524 | 36 | 52'230 | 36 |
| > 50 % to <= 60 % | 18'592 | 35 | 22'115 | 33 | 24'003 | 32 | 34'368 | 27 | 47'370 | 33 |
| > 60 % to <= 70 % | 726 | 1 | 801 | 1 | 880 | 1 | 1'201 | 1 | 1'755 | 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 | 53'832 | 100 | 67'176 | 100 | 75'220 | 100 | 127'910 | 100 | 143'722 | 100 |
| Overcollateralization | | 100 | | 125 | | 140 | | 238 | | |
| LTV ¹⁶ | | 42 | | 53 | | 59 | | 100 | | |

6.6 Mortgage LTV member bank³

| | | | | | | | | | | |
|-----------------------|--------|-----|--------|-----|--------|-----|---------|-----|---------|-----|
| > 0 % to <= 40 % | 3'951 | 7 | 4'976 | 7 | 5'036 | 7 | 17'771 | 14 | 17'215 | 12 |
| > 40 % to <= 50 % | 5'255 | 10 | 6'593 | 10 | 6'735 | 9 | 14'756 | 12 | 15'701 | 11 |
| > 50 % to <= 60 % | 9'494 | 18 | 11'876 | 18 | 12'459 | 17 | 22'408 | 18 | 24'836 | 17 |
| > 60 % to <= 70 % | 19'024 | 35 | 23'747 | 35 | 26'038 | 35 | 39'930 | 31 | 46'927 | 33 |
| > 70 % to <= 80 % | 16'093 | 30 | 19'966 | 30 | 24'921 | 33 | 33'009 | 26 | 39'009 | 27 |
| > 80 % ¹⁷ | 15 | 0 | 19 | 0 | 31 | 0 | 36 | 0 | 34 | 0 |
| Total | 53'832 | 100 | 67'176 | 100 | 75'220 | 100 | 127'910 | 100 | 143'722 | 100 |
| Overcollateralization | | 100 | | 125 | | 140 | | 238 | | |
| LTV ¹⁶ | | 42 | | 53 | | 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 348 banks with loans.

⁹ Rating by 1. Moody's, 2. S&P, 3. Fitch, 4. Zürcher Kantonalbank

¹⁰ BB+ rated member banks must have 120 % collateralization. They have an average loan of CHF 60 m. Member banks with rating better than BB+ must have 108 % collateralization.

¹¹ Loans of CHF 53'832 m are covered by the cover value determined by Pfandbriefbank of CHF 67'176 m for eligible mortgages of CHF 75'220 m with a lending value set up by member banks of CHF 127'910 m (143'722 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 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 62 m or 0.1 % of total).

¹⁶ If loans are 100, the lending value of member banks amounts to 238. 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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