

Pfandbriefbank Pool

31 December 2012, 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

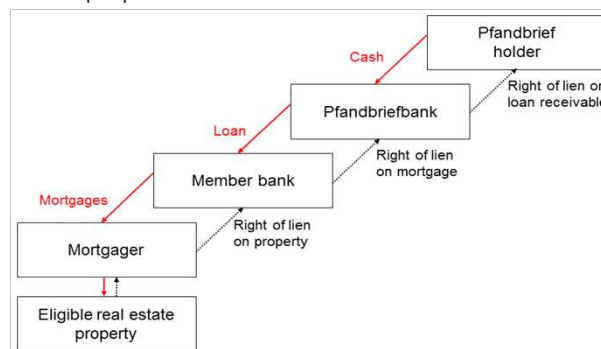
- Founded 1931
- Based on Pfandbrief law established in 1930
- Special bank with limited scope (issuance of Swiss Pfandbriefe, loans to member banks, investment of own funds)
- No currency risk, no maturity mismatch, no interest rate risk
- Swiss government authorises bylaws and nominates one member 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)
- Detailed valuation regulations authorised by Swiss government
- Loan to value 43 % (by law limited at 66 2/3 %)
- Only first class mortgages in Swiss francs (CHF) on properties located in Switzerland are eligible
- 97.9 % are residential properties
- 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 9.5 % of Swiss mortgages pledged to Pfandbrief institutes (06/2012)
- Pfandbriefbank values mortgages completely independent from member bank
- Mortgages stay on balance sheet of member bank
- Unique historical track: no loss since establishment in 1930

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 07/01/13, 31/01/13, 14/03/13, 15/04/13, 24/05/13, 01/07/13, 05/08/13, 05/09/13
General assembly 22/05/13

2 Swiss Economics

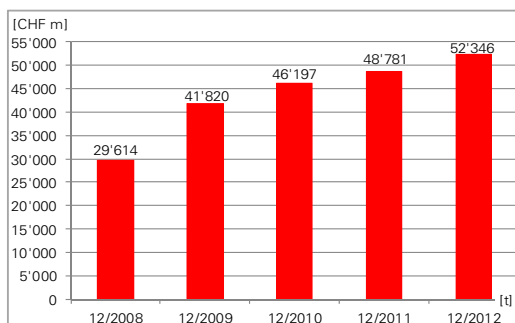
2.1 General	Source, units	31/12/12	31/12/11	31/12/10	31/12/09
Gross domestic product (GDP)	SNB, CHF bn	not available yet	587	574	554
Unemployment rate	Seco, %	3.3	3.3	3.8	4.4
Eidgenossen (Gov), 10Y rate	SNB, %	0.557	0.740	1.674	1.972

2.2 Mortgage market

Mortgage volume of banks	SNB, CHF bn	not available yet	784	745	713
Swiss Pfandbriefe ¹	CHF bn	82	75	70	64
SWX IAZI Price Indices					
Private Real Estate	CH0030532342	161	147	134	134
Investment Real Estate	CH0030532391	152	145	134	131

3 Market

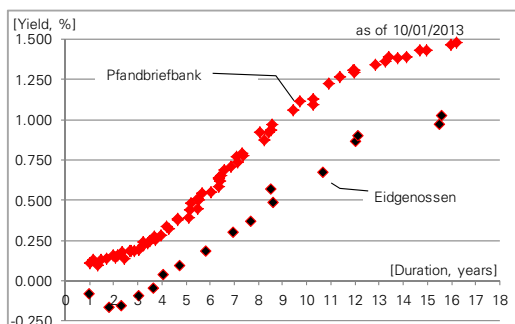
3.1 Pfandbriefbank - Outstanding Pfandbriefe



Source: Pfandbriefbank, semi-/annual reports

In 2012 Pfandbriefbank issued Swiss Pfandbriefe of CHF 9'662 m. CHF 6'097 m matured. Net growth amounts to CHF 3'565 m. The three joint lead banks responsible for our primary market issuances are Credit Suisse AG (in charge), UBS AG and Raiffeisen Schweiz Genossenschaft.

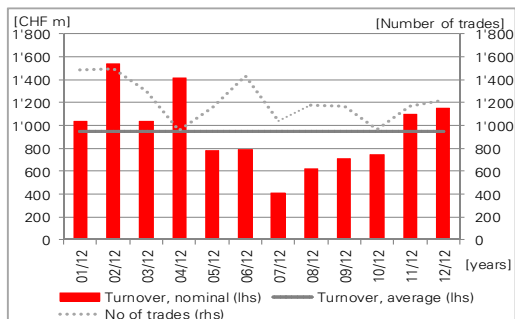
3.2 Pfandbriefbank - Yield spread as per issuance



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 940 m.

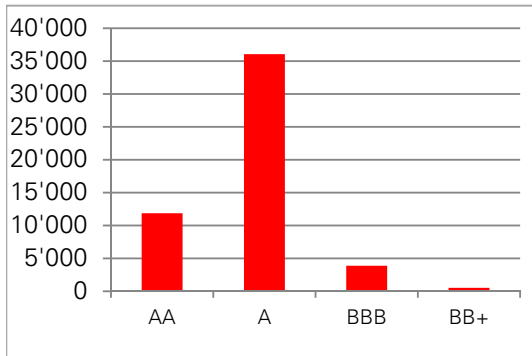
4 Balance Sheet

Assets		31/12/12	Liabilities		31/12/12
		CHF m			CHF m
Loans to member banks		52'346	Swiss Pfandbriefe (Bonds)		52'346
Free Assets					
Cash and due from banks	201		Due to banks		15
Bonds	1'044		Equity		1'407
Other	4	1'249	Other Liabilities		549
Other assets		722			
Total		54'316	Total		54'316

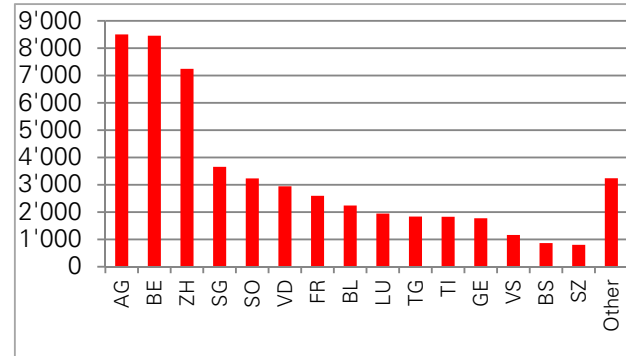
All assets and liabilities are denominated in Swiss Francs. All bonds are repo eligible (SNB GC Basket).

5 Pool - Summary

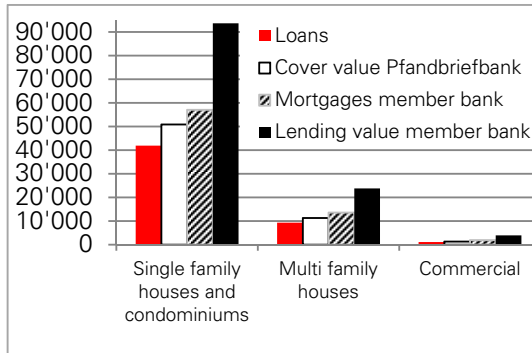
5.1 Loans to member banks (CHF m)



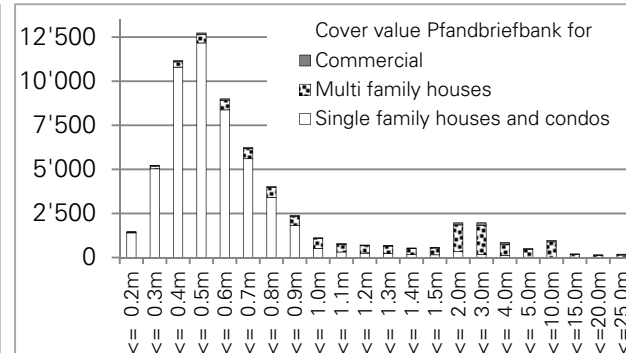
5.2 Loans by region (CHF m, Switzerland only)



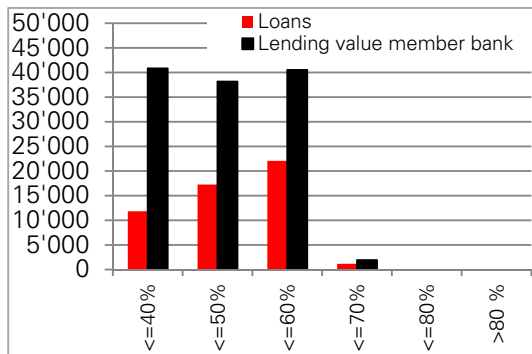
5.3 Property type (CHF m)



5.4 Property type 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 banks⁸

Rating ⁹	CHF m	%	CHF m	%	CHF m	%	CHF m	%	Number	%
AA	11'871	23	14'843	23	17'150	24	27'161	22	28'778	22
A	36'063	69	43'104	68	48'973	67	83'105	68	91'334	70
BBB	3'883	7	4'857	8	5'717	8	9'796	8	8'602	7
BB+ ¹⁰	529	1	695	1	782	1	1'378	1	1'420	1
Total ¹¹	52'346	100	63'500	100	72'621	100	121'440	100	130'134	100

Loan size total	CHF m		CHF m		CHF m		CHF m		Number	
239 member bank(s) <= 150	12'059	23	14'730	23	16'974	23	27'512	23	28'037	22
12 <= 300	2'330	4	2'836	4	3'247	4	5'473	5	5'886	5
5 <= 450	1'764	3	2'183	3	2'578	4	4'244	3	4'230	3
3 <= 600	1'474	3	1'685	3	1'930	3	3'386	3	3'206	2
1 <= 850	688	1	772	1	896	1	1'562	1	1'038	1
0 <= 1'000	0	0	0	0	0	0	0	0	0	0
8 > 1'000	34'030	65	41'294	65	46'996	65	79'263	65	87'737	67
Total	52'346	100	63'500	100	72'621	100	121'440	100	130'134	100

6.2 Region (Switzerland only)

AG	8'505	16	10'026	16	11'195	15	18'570	15	21'413	16
BE	8'457	16	10'192	16	11'634	16	19'049	16	23'481	18
ZH	7'245	14	9'045	14	10'564	15	18'779	15	14'391	11
SG	3'657	7	4'406	7	5'028	7	8'185	7	9'440	7
SO	3'233	6	3'875	6	4'495	6	7'019	6	8'426	6
VD	2'945	6	3'585	6	4'092	6	6'971	6	6'850	5
FR	2'598	5	3'128	5	3'496	5	5'440	4	7'368	6
BL	2'242	4	2'706	4	3'042	4	5'195	4	5'419	4
LU	1'948	4	2'363	4	2'661	4	4'307	4	4'874	4
TG	1'837	4	2'271	4	2'617	4	4'087	3	4'670	4
TI	1'829	3	2'279	4	2'608	4	4'601	4	4'634	4
GE	1'774	3	2'166	3	2'582	4	4'811	4	3'126	2
VS	1'165	2	1'490	2	1'708	2	2'919	2	4'027	3
BS	866	2	1'061	2	1'255	2	2'141	2	1'571	1
SZ	803	2	966	2	1'101	2	1'937	2	1'665	1
Other cantons, each < 1.5 %	3'239	6	3'939	6	4'543	6	7'428	6	8'779	7
Total	52'346	100	63'500	100	72'621	100	121'440	100	130'134	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	41'915	80	50'878	80	57'091	79	93'680	77	118'518	91
Multi family houses	9'313	18	11'302	18	13'589	19	23'812	20	10'271	8
Total residential	51'227	98	62'180	98	70'681	97	117'492	97	128'789	99
Commercial	1'119	2	1'320	2	1'941	3	3'948	3	1'345	1
Total	52'346	100	63'500	100	72'621	100	121'440	100	130'134	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	1'400	2	1'781	2	5'457	4	9'802	8
	<= 300'000	5'033	8	5'400	7	10'410	9	19'092	15
	<= 400'000	10'797	17	11'828	16	19'178	16	30'272	23
	<= 500'000	12'171	19	13'395	18	20'625	17	26'979	21
	<= 600'000	8'377	13	9'206	13	13'921	11	15'274	12
	<= 700'000	5'606	9	6'246	9	9'429	8	8'610	7
	<= 800'000	3'414	5	4'016	6	6'055	5	4'584	4
	<= 900'000	1'830	3	2'262	3	3'419	3	2'149	2
	<= 1'000'000	523	1	667	1	1'157	1	543	0
	<= 1'100'000	317	0	410	1	687	1	299	0
	<= 1'200'000	250	0	320	0	528	0	216	0
	<= 1'300'000	222	0	284	0	489	0	177	0
	<= 1'400'000	162	0	208	0	348	0	119	0
	<= 1'500'000	157	0	207	0	362	0	107	0
	<= 2'000'000	333	1	425	1	794	1	191	0
	<= 3'000'000	168	0	214	0	407	0	70	0
	<= 3'500'000	117	0	222	0	414	0	34	0
Total		50'878	80	57'091	79	93'680	77	118'518	91
Average as per cover object		0.429		0.482		0.790			

Residential: Multi family houses									
Cover value Pfandbriefbank	<= 1'000'000	3'714	6	4'529	6	8'713	7	6'642	5
	<= 2'000'000	3'528	6	4'163	6	6'877	6	2'509	2
	<= 3'000'000	1'644	3	1'978	3	3'190	3	676	1
	<= 4'000'000	641	1	762	1	1'286	1	185	0
	<= 5'000'000	455	1	546	1	904	1	101	0
	<= 10'000'000	885	1	1'064	1	1'958	2	130	0
	<= 15'000'000	174	0	212	0	330	0	15	0
	<= 20'000'000	121	0	152	0	275	0	7	0
	<= 25'000'000	140	0	184	0	280	0	6	0
Total		11'302	18	13'589	19	23'812	20	10'271	8
Average as per cover object		1.100		1.323		2.318			

Commercial									
Cover value Pfandbriefbank	<= 1'000'000	486	1	741	1	1'500	1	994	1
	<= 2'000'000	306	0	438	1	853	1	225	0
	<= 3'000'000	159	0	224	0	446	0	65	0
	<= 4'000'000	97	0	131	0	260	0	28	0
	<= 5'000'000	59	0	88	0	167	0	13	0
	<= 10'000'000	92	0	157	0	277	0	13	0
	<= 15'000'000	35	0	55	0	113	0	3	0
	<= 20'000'000	36	0	37	0	89	0	2	0
	<= 25'000'000	50	0	70	0	243	0	2	0
Total		1'320	2	1'941	3	3'948	3	1'345	1
Average as per cover object		0.981		1.443		2.936			
Total residential and commercial		63'500	100	72'621	100	121'440	100	130'134	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 %	11'839	23	14'908	23	18'289	25	40'835	34	32'533	25
> 40 % to <= 50 %	17'265	33	21'249	33	24'261	33	38'155	31	39'989	31
> 50 % to <= 60 %	22'070	42	26'051	41	28'621	39	40'519	33	54'853	42
> 60 % to <= 70 %	1'172	2	1'291	2	1'450	2	1'932	2	2'759	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	52'346	100	63'500	100	72'621	100	121'440	100	130'134	100
Overcollateralization		100		121		139		232		
LTV ¹⁷		43		52		60		100		

6.6 Mortgage LTV member bank³

> 0 % to <= 40 %	3'750	7	4'538	7	4'680	6	16'884	14	13'933	11
> 40 % to <= 50 %	4'865	9	5'898	9	6'099	8	13'375	11	12'960	10
> 50 % to <= 60 %	8'645	17	10'489	17	11'073	15	19'917	16	21'133	16
> 60 % to <= 70 %	17'246	33	20'923	33	23'060	32	35'345	29	40'149	31
> 70 % to <= 80 %	14'928	29	18'086	28	22'603	31	29'961	25	34'447	26
> 80 % ¹⁷	2'912	6	3'566	6	5'107	7	5'959	5	7'512	6
Total	52'346	100	63'500	100	72'621	100	121'440	100	130'134	100
Overcollateralization		100		121		139		232		
LTV ¹⁶		43		52		60		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 law and valuation regulations.

⁶ Mortgage nominal value in the balance sheet of member bank

⁷ Lending value of cover object set up by member bank to determine maximum mortgage.

⁸ Pfandbriefbank has 268 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 40.7 m. Member banks with rating better than BB+ must have 108 % collateralization.

¹¹ Loans of CHF 52'346 m are covered by the cover value determined by Pfandbriefbank of CHF 63'500 m for eligible mortgages of CHF 72'621 m with a lending value set up by member bank of CHF 121'440 m (130'134 cover objects).

¹² The maximum cover value Pfandbriefbank for single family houses is CHF 3.5 m, for condominiums CHF 2 m, for multi family houses and commercial properties CHF 25 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 108 m or 0.21 % of total).

¹⁶ If loans are 100, the lending value of member banks amounts to 232. 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) and will be reduced. Most ETPs are 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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