

## Pfandbriefbank Pool

30 June 2013, semi-annual publication, unaudited

### 1 Pfandbriefbank

#### 1.1 Contact address

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Telephone +41 44 315 44 55

#### 1.2 Rating

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

#### 1.3 Business model

Pfandbriefbank

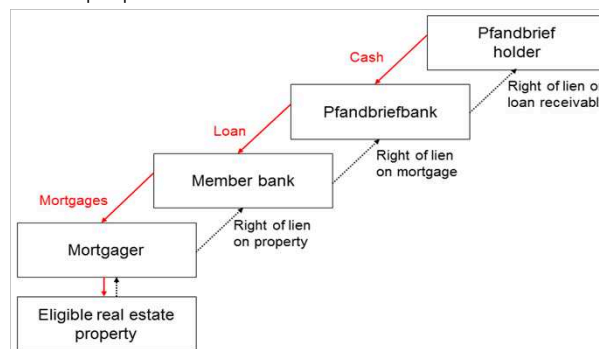
- Founded 1931
- Based on Pfandbrief law established in 1930
- Special bank with limited scope (issuance of Swiss Pfandbriefe, loans to member banks, investment of own funds)
- No currency risk, no maturity mismatch, no interest rate risk
- Swiss government authorises bylaws and nominates one member 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 42 % (by law limited at max. 66 2/3 %)
- Only first class mortgages in Swiss francs (CHF) on properties located in Switzerland are eligible
- 99 % 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 9.8 % of Swiss mortgages pledged to Pfandbrief institutes (12/2012)
- 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

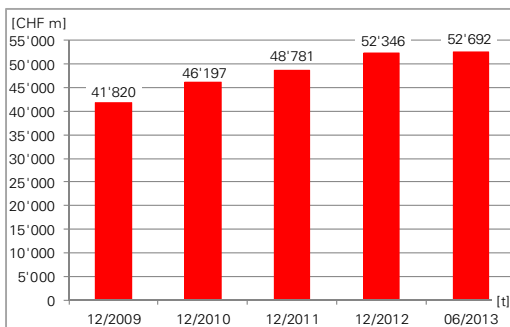
Issuances 05/08/13, 05/09/13, 26/09/13, 28/10/13, 14/11/13, 02/12/13, 06/01/14, 18/02/14  
General assembly 28/05/14

## 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	(Seco est.) 591	585	573	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
<b>2.2 Mortgage market</b>					
Mortgage volume of banks	SNB, CHF bn	830	784	745	712
Swiss Pfandbriefe <sup>1</sup>	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

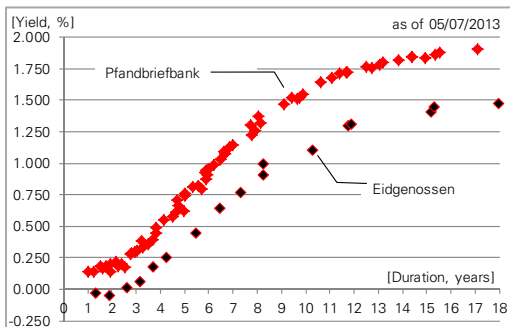


Source: Pfandbriefbank, semi-/annual reports

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.

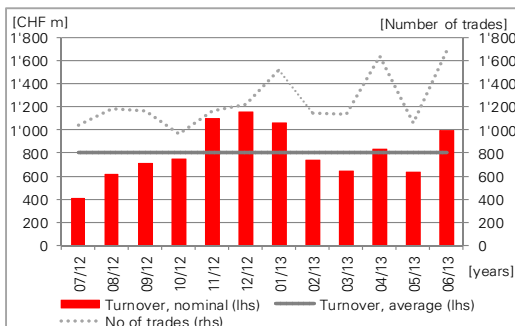
### 3.2 Pfandbriefbank - Yield spread as per issuance



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 800 m.

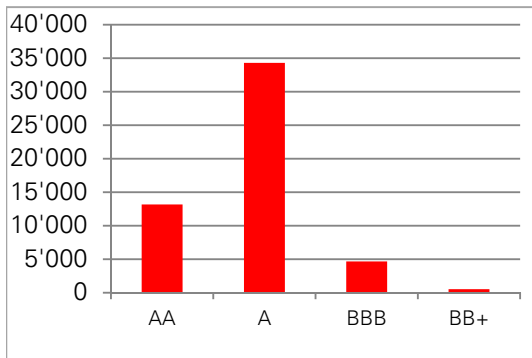
## 4 Balance Sheet

Assets		30/06/13	Liabilities		30/06/13
		CHF m			CHF m
Loans to member banks		52'692	Swiss Pfandbriefe (Bonds)		52'692
Free Assets					
Cash and due from banks	225				
Bonds	994				
Other	4	1'223	Equity		1'387
Other assets		705	Other Liabilities		541
Total		54'620	Total		54'620

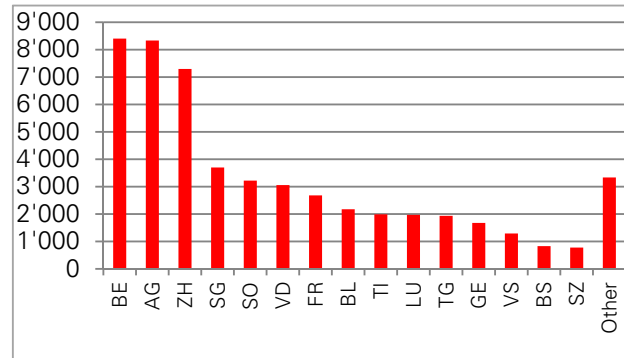
All assets and liabilities are denominated in Swiss Francs. As of 30/06/13 no assets are pledged.  
All bonds are repo eligible (SNB GC Basket).

## 5 Pool - Summary

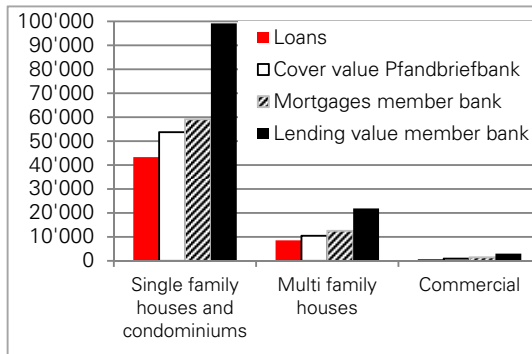
5.1 Loans to member banks (CHF m)



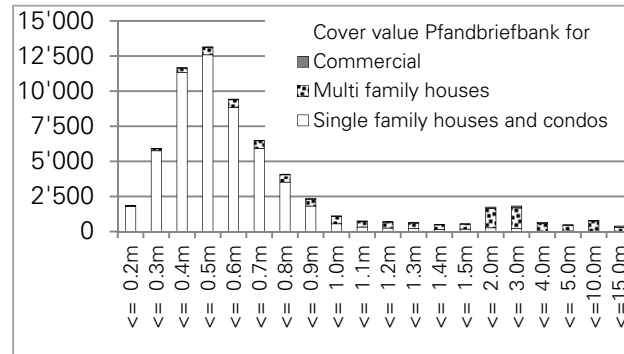
5.2 Loans by region (CHF m, only Switzerland eligible)



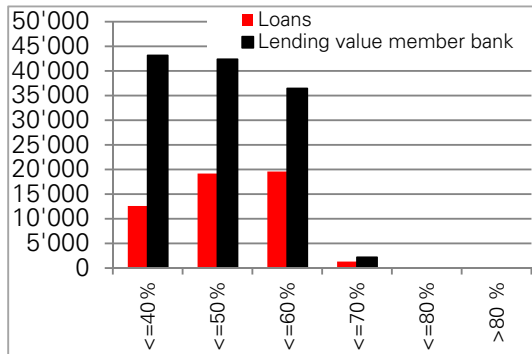
5.3 Property type (CHF m)



5.4 Property type by size (CHF m)



5.5 Loan LTV Pfandbriefbank (CHF m)<sup>2</sup>



5.6 Mortgage LTV member bank (CHF m)<sup>3, 17</sup>



## 6 Pool - Details

Criteria for eligible cover pool assets	Pfandbriefbank				Member bank				Cover objects	
	Loans <sup>4</sup>		Cover value <sup>5</sup>		Mortgages <sup>6</sup>		Lending value <sup>7</sup>		Number	%
	CHF m	%	CHF m	%	CHF m	%	CHF m	%		

### 6.1 Loans to member banks<sup>8</sup>

Rating <sup>9</sup>	CHF m	%	CHF m	%	CHF m	%	CHF m	%	Number	%
AA	13'174	25	16'034	25	18'209	25	29'343	24	31'309	23
A	34'311	65	42'616	65	47'565	65	81'911	66	93'546	68
BBB	4'672	9	5'754	9	6'622	9	11'404	9	11'257	8
BB+ <sup>10</sup>	536	1	743	1	820	1	1'445	1	1'600	1
Total <sup>11</sup>	52'692	100	65'147	100	73'216	100	124'102	100	137'712	100

Loan size total	CHF m		CHF m		CHF m		CHF m		Number	
301 member bank(s) <= 150	13'060	25	16'035	25	18'101	25	29'744	24	32'806	24
18 <= 300	3'459	7	4'147	6	4'666	6	7'941	6	8'634	6
4 <= 450	1'490	3	1'770	3	2'074	3	3'427	3	3'520	3
3 <= 600	1'513	3	1'963	3	2'254	3	3'935	3	4'243	3
1 <= 850	699	1	778	1	897	1	1'578	1	1'085	1
0 <= 1'000	0	0	0	0	0	0	0	0	0	0
8 > 1'000	32'471	62	40'454	62	45'224	62	77'477	62	87'424	63
Total	52'692	100	65'147	100	73'216	100	124'102	100	137'712	100

### 6.2 Region (only Switzerland eligible)

BE	8'405	16	10'204	16	11'439	16	18'894	15	24'133	18
AG	8'335	16	10'333	16	11'343	15	19'036	15	22'838	17
ZH	7'297	14	9'521	15	10'899	15	19'639	16	16'647	12
SG	3'701	7	4'475	7	5'014	7	8'328	7	9'900	7
SO	3'223	6	3'882	6	4'396	6	7'013	6	8'366	6
VD	3'058	6	3'765	6	4'234	6	7'310	6	7'336	5
FR	2'683	5	3'241	5	3'581	5	5'632	5	7'622	6
BL	2'177	4	2'708	4	2'993	4	5'198	4	5'447	4
TI	1'992	4	2'465	4	2'762	4	4'930	4	5'218	4
LU	1'971	4	2'379	4	2'656	4	4'348	4	4'938	4
TG	1'936	4	2'376	4	2'679	4	4'295	3	4'966	4
GE	1'677	3	2'106	3	2'496	3	4'642	4	3'152	2
VS	1'293	2	1'605	2	1'819	2	3'168	3	4'423	3
BS	830	2	1'036	2	1'201	2	2'073	2	1'554	1
SZ	778	1	966	1	1'083	1	1'931	2	1'766	1
Other cantons, each < 1.4 %	3'337	6	4'086	6	4'620	6	7'664	6	9'406	7
Total	52'692	100	65'147	100	73'216	100	124'102	100	137'712	100

### 6.3 Property type<sup>12, 13, 14</sup>

Overview	CHF m		CHF m		CHF m		CHF m		Number	
Residential										
Single family houses and condominiums <sup>15</sup>	43'335	82	53'736	82	59'164	81	99'182	80	126'961	92
Multi family houses	8'575	16	10'465	16	12'546	17	21'894	18	9'843	7
Total residential	51'910	99	64'201	99	71'710	98	121'076	98	136'804	99
Commercial	782	1	947	1	1'505	2	3'026	2	908	1
Total	52'692	100	65'147	100	73'216	100	124'102	100	137'712	100

Criteria for eligible cover pool assets	Pfandbriefbank		Member bank				Cover objects	
	Cover value <sup>5</sup>		Mortgages <sup>6</sup>		Lending value <sup>7</sup>		Number	%
	CHF m	%	CHF m	%	CHF m	%		

#### 6.4 Property type by size <sup>12, 13, 14</sup>

<b>Residential: Single family houses and condominiums</b>									
Cover value Pfandbriefbank	<= 200'000	1'792	3	1'958	3	6'095	5	11'668	8
	<= 300'000	5'756	9	6'098	8	11'903	10	21'880	16
	<= 400'000	11'329	17	12'206	17	20'268	16	31'747	23
	<= 500'000	12'591	19	13'645	19	21'471	17	27'860	20
	<= 600'000	8'837	14	9'596	13	14'752	12	16'088	12
	<= 700'000	5'922	9	6'516	9	9'987	8	9'091	7
	<= 800'000	3'524	5	4'084	6	6'262	5	4'734	3
	<= 900'000	1'818	3	2'212	3	3'385	3	2'137	2
	<= 1'000'000	555	1	698	1	1'231	1	578	0
	<= 1'100'000	325	0	414	1	712	1	306	0
	<= 1'200'000	253	0	327	0	546	0	219	0
	<= 1'300'000	211	0	263	0	460	0	168	0
	<= 1'400'000	161	0	202	0	349	0	118	0
	<= 1'500'000	177	0	246	0	441	0	120	0
	<= 2'000'000	269	0	327	0	606	0	156	0
	<= 2'500'000	216	0	372	1	713	1	91	0
	<= 3'000'000	0	0	0	0	0	0	0	0
Total		53'736	82	59'164	81	99'182	80	126'961	92
Average as per cover object		0.423		0.466		0.781			

<b>Residential: Multi family houses</b>									
Cover value Pfandbriefbank	<= 1'000'000	3'636	6	4'333	6	8'331	7	6'501	5
	<= 2'000'000	3'266	5	3'825	5	6'320	5	2'330	2
	<= 3'000'000	1'476	2	1'764	2	2'822	2	610	0
	<= 4'000'000	591	1	714	1	1'163	1	171	0
	<= 5'000'000	446	1	535	1	895	1	99	0
	<= 10'000'000	751	1	916	1	1'678	1	109	0
	<= 15'000'000	298	0	459	1	684	1	23	0
	<= 20'000'000	0	0	0	0	0	0	0	0
	<= 25'000'000	0	0	0	0	0	0	0	0
Total		10'465	16	12'546	17	21'894	18	9'843	7
Average as per cover object		1.063		1.275		2.224			

<b>Commercial</b>									
Cover value Pfandbriefbank	<= 1'000'000	330	1	519	1	1'013	1	640	0
	<= 2'000'000	234	0	342	0	666	1	172	0
	<= 3'000'000	126	0	181	0	355	0	51	0
	<= 4'000'000	68	0	92	0	177	0	20	0
	<= 5'000'000	44	0	67	0	121	0	10	0
	<= 10'000'000	49	0	79	0	175	0	8	0
	<= 15'000'000	96	0	226	0	519	0	7	0
	<= 20'000'000	0	0	0	0	0	0	0	0
	<= 25'000'000	0	0	0	0	0	0	0	0
Total		947	1	1'505	2	3'026	2	908	1
Average as per cover object		1.042		1.658		3.333			
Total residential and commercial		65'147	100	73'216	100	124'102	100	137'712	100

Criteria for eligible cover pool assets	Pfandbriefbank				Member bank				Cover objects	
	Loans <sup>4</sup>		Cover value <sup>5</sup>		Mortgages <sup>6</sup>		Lending value <sup>7</sup>		Number	%
	CHF m	%	CHF m	%	CHF m	%	CHF m	%		

### 6.5 Loan LTV Pfandbriefbank<sup>2</sup>

> 0 % to <= 40 %	12'600	24	16'187	25	19'210	26	43'143	35	37'506	27
> 40 % to <= 50 %	19'186	36	23'990	37	26'845	37	42'364	34	46'412	34
> 50 % to <= 60 %	19'591	37	23'528	36	25'573	35	36'433	29	50'716	37
> 60 % to <= 70 %	1'315	2	1'443	2	1'588	2	2'162	2	3'078	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	52'692	100	65'147	100	73'216	100	124'102	100	137'712	100
Overcollateralization		100		124		139		236		
LTV <sup>16</sup>		42		52		59		100		

### 6.6 Mortgage LTV member bank<sup>3</sup>

> 0 % to <= 40 %	3'887	7	4'845	7	4'970	7	17'491	14	15'797	11
> 40 % to <= 50 %	5'032	10	6'255	10	6'429	9	14'087	11	14'701	11
> 50 % to <= 60 %	9'102	17	11'279	17	11'805	16	21'234	17	23'404	17
> 60 % to <= 70 %	18'265	35	22'610	35	24'786	34	38'010	31	44'479	32
> 70 % to <= 80 %	15'837	30	19'467	30	24'247	33	32'100	26	37'662	27
> 80 % <sup>17</sup>	568	1	690	1	979	1	1'180	1	1'669	1
Total	52'692	100	65'147	100	73'216	100	124'102	100	137'712	100
Overcollateralization		100		124		139		236		
LTV <sup>16</sup>		42		52		59		100		

<sup>1</sup> Including private placements as per annual reports of Pfandbrief institutes

<sup>2</sup> Ratio: Loan Pfandbriefbank divided by lending value member bank

<sup>3</sup> Ratio: Mortgage member bank divided by lending value member bank

<sup>4</sup> Loans from Pfandbriefbank to member banks at nominal value

<sup>5</sup> Eligibility and value of cover objects determined by Pfandbriefbank independently from member bank based on Pfandbrief law and valuation regulations.

<sup>6</sup> Mortgage nominal value in the balance sheet of member bank

<sup>7</sup> Lending value of cover objects set up by member bank to determine maximum mortgage.

<sup>8</sup> Pfandbriefbank has 335 banks with loans.

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

<sup>10</sup> BB+ rated member banks must have 120 % collateralization. They have an average loan of CHF 41.2 m. Member banks with rating better than BB+ must have 108 % collateralization.

<sup>11</sup> Loans of CHF 52'692 m are covered by the cover value determined by Pfandbriefbank of CHF 65'147 m for eligible mortgages of CHF 73'216 m with a lending value set up by member banks of CHF 124'102 m (137'712 cover objects).

<sup>12</sup> 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.

<sup>13</sup> 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.

<sup>14</sup> 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.

<sup>15</sup> Properties with occupancy type 'vacation' or 'second home' are immaterial (loans of CHF 115 m or 0.22 % of total).

<sup>16</sup> If loans are 100, the lending value of member banks amounts to 236. In other words: the overall loan to value is 42 %.

<sup>17</sup> 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

The content of this publication is for informational purposes only and shall not be construed as constituting a solicitation, an offer or a recommendation with respect to the purchase or sale of the "Pfandbriefe". Moreover, this publication is neither a prospectus in terms of art. 652a and art. 1156 CO (Swiss Code of Obligations, SR 220) nor a simplified prospectus pursuant to art. 5 para. 2 CISA (Collective Investment Schemes Act, SR 951.31). No investment decisions, or other kinds of decisions should be reached solely on the basis of information from this publication. Further information, such as the base prospectus for the listing on the SIX Swiss Exchange, can be requested from the "Pfandbriefbank".

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