

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

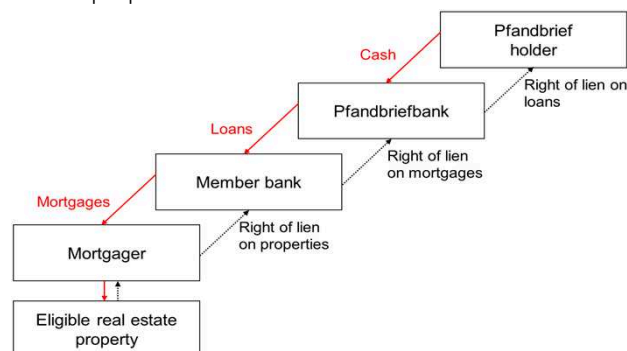
- Founded 1930, incorporated 1931
- Based on Pfandbrief act, which came into effect in 1930
- Special institute with limited scope (issuance of Swiss Pfandbriefe[®], loans to member banks and investment of own funds)
- No currency risk, no maturity mismatch, no interest rate risk
- Swiss Federal Council 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

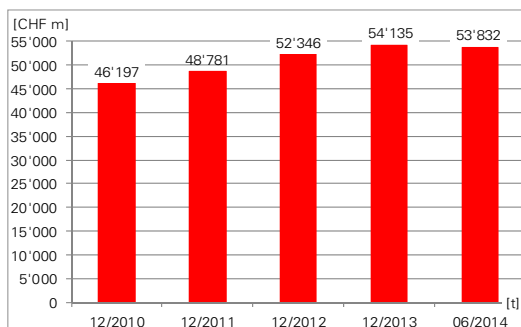
	Source, units	31/12/13	31/12/12	31/12/11	31/12/10
Gross domestic product (GDP)	SNB, CHF bn	(Seco est.) 603	592	585	573
Unemployment rate	Seco, Ø %	3.2	2.9	2.8	3.5
Eidgenossen (Gov), 10Y rate	SNB, %	1.253	0.557	0.740	1.674

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

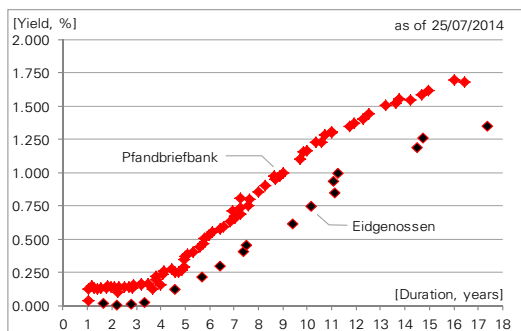


Source: Pfandbriefbank, semi-/annual reports

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.

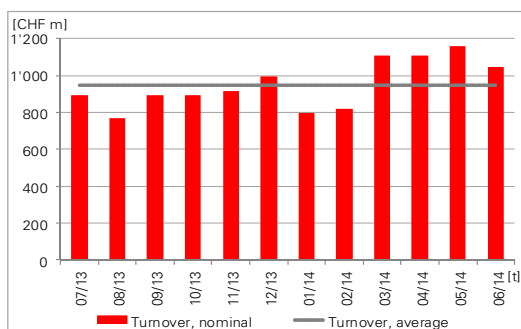
3.2 Pfandbriefbank - Yield per ISIN



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.

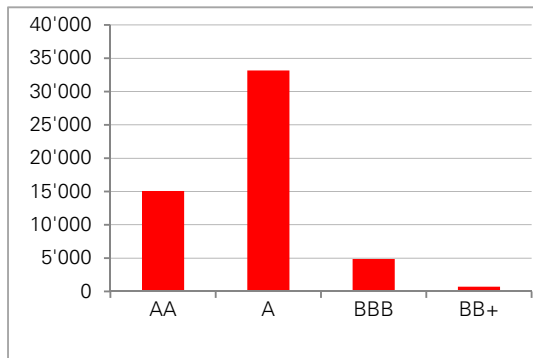
4 Balance Sheet

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

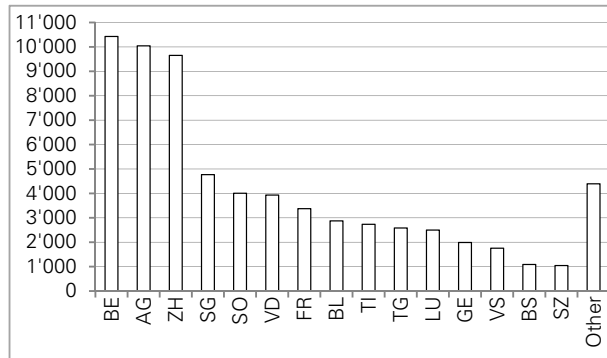
All assets and liabilities are denominated in Swiss Francs. As of 30/06/14 no assets are pledged. All bonds are repo eligible (SNB GC Basket).

5 Pool - Summary

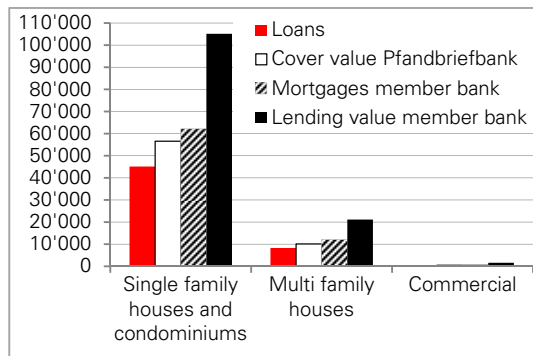
5.1 Loans to member banks (CHF m)



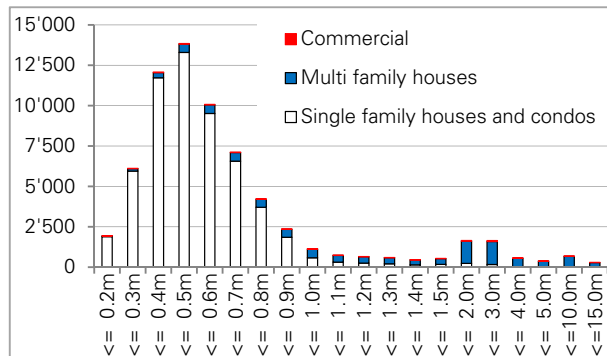
5.2 Cover value by region (CHF m, only Switzerland eligible)



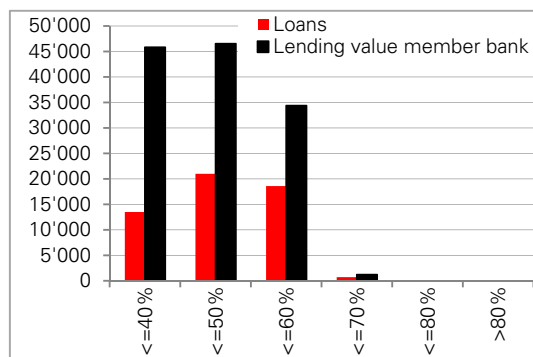
5.3 Property type (CHF m)



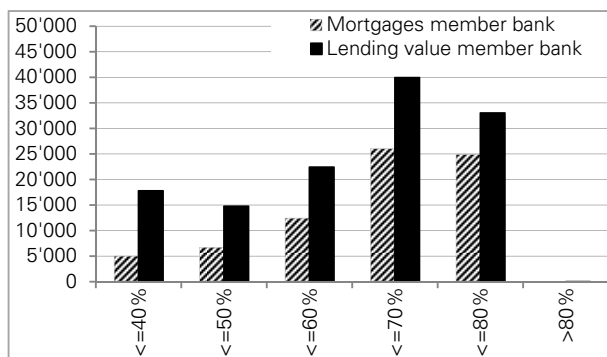
5.4 Cover value by size (CHF m)



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	%	CHF m	%
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	%	CHF m	%
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	%	CHF m	%
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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