This Analysis provides a discussion of the factors underpinning the credit rating/s and should be read in conjunction with our Credit Opinion. The most recent ratings, opinion, and other research specific to this issuer are provided on Moodys.com. Click here to link.

Analysis

SWITZERLAND
Europe/M.East/Africa

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Pfandbriefzentrale der schweizerischen Kantonalbanken

MULTI-LAYERED SECURITY STRUCTURE

The Aaa ratings for the covered bond issues of Pfandbriefzentrale der schweizerischen Kantonalbanken (Pfandbriefzentrale) are based on four layers of security for Pfandbriefe (covered bonds): Pfandbriefzentrale's (PZ) own resources, the financial strength of member banks, guarantees/support from the member bank's respective owners (the cantons) and the members' asset pools. Consequently, Moody's believes that the default probability of any of Pfandbriefzentrale's obligations is very remote.

MARKET POSITION - DUOPOLY

Pfandbriefzentrale is one of only two institutions with the right to issue *Pfandbriefe* in Switzerland, the other entity being Pfandbriefbank, whose issues are also rated Aaa. As such, Moody's does not foresee any near-term erosion of Pfandbriefzentrale's market position.

First and Second Security Mechanisms - Cantonal Guarantees and Membership Diversity

OWNERSHIP SUPPORT OF MEMBER BANKS UNDERPINS AAA RATING

Pfandbriefzentrale's Aaa rating is to a large extent underpinned by the existence of guarantees provided to the member (cantonal) banks by their respective owners (cantons). Consequently, Moody's rating also takes into account the individual ratings of the cantons that provide support to their cantonal banks. In Moody's view, the cantons generally exhibit sound credit fundamentals (Moody's has established an internal rating range for Swiss cantons within the upper rating band). It is also important to note that within the universe of cantonal banks that also constitute Pfandbriefzentrale members, two banks do not benefit from a cantonal guarantee, namely Banques Cantonales de Genève (BCG) and Vaud (BCV). Moody's believes however, that the potential for cantonal support should also be factored into the risk analyses of these two banks, in view of their display of support for these banks during difficult times in the past.[1]

The most significant Pfandbriefzentrale members in terms of their outstanding issuance volume in the financial year to 31 March 2005 were Banque Cantonale Vaudoise (16.4%), Zürcher Kantonalbank (ZKB) (15.9%), Banque Cantonale de Geneve (BCG) (10.6%), Luzerner KB (7.97%) and Thurgauer KB (7.97%). These five are responsible for approx. 59% of the aggregate issuance volume, the remainder having individual shares of outstandings of approx. 5% and below.

1. *Moreover, BCG has a limited guarantee from its respective owner covering individual deposits not exceeding CHF500,000 and a maximum of CHF 3,000,000 per pension fund institution.*

CREDIT QUALITY OF MAIN BORROWERS VARIES: SOME CONCENTRATION RISKS

The credit quality of the member banks, particularly those with larger participations in the issuance volume of Pfandbriefzentrale, varies considerably. Credit considerations in regard to the three main borrowers are as follows:

1. Zürcher Kantonalbank (ZKB) - Support from the Canton and sound stand-alone financials

Zürcher Kantonalbank is a public law financial institution, benefiting from a cantonal guarantee. The bank's financials appear reasonably solid, even on a stand-alone basis. In Moody's view, these factors justify the bank's high ranking on the rating scale. Total assets in 2004 amounted to CHF80.3 billion.

2. Banque Cantonale Genève (BCG) – Ongoing Improvement in Financial Health

Banque Cantonale de Genève was established on 1 January 1994, as a result of the merger between CEG GENEVE (established in 1816) and Banque Hypothécaire du Canton de Genève (BCG) (established in 1847). In 2004, total assets amounted to CHF13.89 billion. Canton of Genève owns a 49.83% share of the bank, whilst the city of Geneva holding a 20.7% stake. Municipalities control a further 7.44%. Although BCG has a limited guarantee from the canton in respect of its deposit holding, this guarantee does not extend to the institution. In the mid-1990s, the bank was impacted by problems involving real estate loans but was later rescued by means of a capital reorganisation in 2000. As part of the overall restructuring, bad loans in the amount of CHF5 billion were ring-fenced into a foundation and their associated losses guaranteed by the canton. Management was replaced and the loan portfolio further cleaned up. The bank appears to be continuing its recovery, reporting a profit of CHF 31.8 million in 2004, largely due to the reduction in loan loss provisioning requirements. Given the canton's manifest support, the bank's creditworthiness should be related de facto, rather than de jure, to the financial strength of the canton. Moody's places the Canton de Genève within a sound rating band.

3. Banque Cantonale Vaudoise (BCV) - Ongoing Improvement in Financial Health

BCV was founded in 1845, acquiring Banque Vaudoise de Crédit in 1993 and subsequently merging with Crédit Foncier Vaudoise in 1995. In 2004, total assets amounted to CHF32.29 billion. Although Canton Vaud retains a shareholding of 68% in the bank, BCV has not been granted a full guarantee from Canton Vaud. Similar to BCG, BCV underwent a difficult period due to bad loans extended in earlier years. Nonetheless, the canton has supported the bank via additional capital of just under CHF 2 billion. The increase in profit to CHF 337 million in 2004 (CHF 157 million: 2003) reflects the reduced provisioning requirement in the year under review. The canton itself is not one of the strongest, but still has a satisfactory Moody's internal rating, which in turn has a positive bearing on the credit assessment of the bank. Consequently, Moody's believes that the canton is likely to continue to support its bank.

STATE SUPPORT IS NOT UNDER THREAT

We do not envisage any immediate threat to the existence of the cantonal guarantees. Currently, the majority of cantons do not appear to be considering the imminent removal of this system of guarantees.

Third Security Mechanism: The Asset Pools

Characteristics of Asset Pools *(Deckungsstock)*

HIGH QUALITY OF COLLATERAL

The collateral in the asset pools is generally of a high quality. Collateral must be located in Switzerland, and can consist of any type of property or land. Cover pools tend to contain relatively low-risk assets, of which on average 80% constitute individual and multi-family homes, 20% are commercial and industrial properties, with a small proportion of other types. The value of the collateral must normally not exceed two-thirds of the *Verkehrswert*,[2] being a conservative loan-to-value (LTV) in a European context.

A SIZEABLE DEGREE OF OVER-COLLATERALISATION

As the institutional over-collateralisation (OC) requirement is 10%, the value of the cover pools has to equal 110% of the loans provided to the members. In addition, the interest rate on the cover pools must exceed the interest charged on member loans by 10%. [3] This compares favourably to the 3% OC required by Pfandbriefbank. Moreover, the OC

2. *This limit generally applies to individual and multi-family residences, whilst other limits apply to commercial and other properties.*

requirement can be raised (for all members at the same time, rather than on an individual basis) to 20% if warranted, although this situation has not yet arisen. The OC of asset pools generally exceeds the requisite levels by a considerable margin. As at 31 March 2005, over-collateralisation of loans (based on eligible collateral) and interest amounted to 33% and 27% respectively. It also appears that the OC in regard to one asset may compensate for the shortfall of another with regard to the cover pool of an individual bank.

SUPERVISION OF ASSET POOLS

Officially, cover pools need to be audited annually by external auditors and reports sent to both the Pfandbriefzentrale and the Swiss regulator. The Pfandbriefzentrale tends to review any negative comments passed in relation to members' asset pools and has the right to check this information at any time if it so requires. The organisational rules require that members replace non-performing cover pool assets (i.e. assets not in compliance with the stipulated rules of the *Pfandbrief* regulation) with performing assets.

Extreme Situations

HIGH PROTECTION AFFORDED TO INVESTORS IN A DEFAULT SITUATION

The protection afforded to cover asset pools is relatively high. Generally, the Eidgenössische Bankenkommission (EBK, Swiss bank regulator) adjudges member-specific problems. EBK can demand that collateral pools be transferred to its control whereupon it would then act as fiduciary *(Treuhänder)*. This is also the case if any of the *Pfandbrief*- issuing agencies experience problems. Furthermore, payments (whether interest or principal) in respect of mortgage-backed claims of the *Pfandbrief* cannot be delayed even when bankruptcy proceedings have been initiated (BankV 1972). In a recent update of the Bankruptcy Law (Bankruptcy Law, 1st July 2004), it was confirmed that the servicing of obligations in connection with covered bond pools cannot be delayed or suspended in the case of issuer bankruptcy.

COLLATERAL POOLS AND THEIR CONTENTS ARE CLEARLY IDENTIFIABLE

The Pfandbriefzentrale is obliged to enter the cover pool assets into a register (Art.16 PfG) and maintain a separate record of these assets (Art.17 PfG). In turn, member banks register the collateral in their name, also maintaining a separate record of these assets (Art 21 PfG). The Pfandbriefe and the associated loans to member banks are entitled to the cover and interest relating to these registered mortgages. No additional contract is necessary, nor is physical delivery of the cover documents to the *Pfandbrief* creditors required (Art.18 & 23 PfG).

Other Risks and Mitigants

NO INTEREST RATE OR MATURITY MISMATCH RISKS

Certain rules contained within the *Pfandbriefgesetz* aim to protect the Pfandbriefzentrale from exposure to market risks in order to ensure that interest and principal are repaid. Maturities in respect of member loans must match the maturities of the associated *Pfandbriefe* (Art.12 PfG).

MEMBER BANKS STILL FACE SOME RISKS

Member banks face the risk that the terms of their loans from the Pfandbriefzentrale may not match the loan terms underpinning their clients' mortgages both from the standpoint of interest and maturity. As such, the maturities of the cover pool assets may differ from those of member bank's loans from the Pfandbriefzentrale. These potential risks are borne by the member bank.

HOWEVER, SOME SECURITY IS PROVIDED BY RULES TO COVER PRINCIPAL AND INTEREST PAYMENTS ON *PFANDBRIEFE*

Cover pool interest payments must meet interest payments due in relation to the loans from the Pfandbriefzentrale as well as interest payments due in relation to the *Pfandbriefe* (Art.15 and Art.20 PfG) at all times. If not, coverage has to be provided by additional payments to the cover pool.[4] The semi-annual collection of interest from member banks also helps to ensure timely payment of interest due on the Pfandbriefe (payments on which are due annually). Consequently, the Pfandbriefzentrale has a certain degree of flexibility in order to deal with delayed payments from member

3. *Over-collateralisation requirements are specified in the "Organisationsreglement" (rules which in terms of status rank below the statutes).*
4. *Pfandbriefzentrale requires that the OC on loans amounts to 110% in order to provide for an initial margin on interest payments. If it is not immediately possible to source loans of adequate credit quality for inclusion within the cover pool, members can instead provide government paper (of the federal, cantonal and local governments) or cash as collateral instead.*

banks. Historically, Pfandbriefzentrale has not needed to make provisions for non-performing loans nor to make any write-offs in that respect.

Financial Fundamentals – and Fourth Security Mechanism: Own Assets

MODEST INCOME GENERATION CAPACITY

In view of its role as a *Pfandbrief*-issuing vehicle for the cantonal banks, the Pfandbriefzentrale's objective is not profit maximisation. The entity's main function is to provide a service at a minimal cost to its members. Hence, the Pfandbriefzentrale's primary revenue source accrues from the interest derived from its investment assets, with which it manages to cover operational costs (amongst others). The main cost factors are comprised of issuance fees as well as management contract fees payable to ZKB (as the operator of Pfandbriefzentrale).[5] Although the management contract fee is maintained at as low a level as possible, fee terms may be revised in the event that costs incurred by the Pfandbriefzentrale are not covered from existing revenue sources.[6] In the financial year to 31 March 2005, the reduction in issuance volumes as well as lower interest rates led to a decline in interest income. Overall however, the Pfandbriefzentrale's financial fundamentals remained fairly stable, with net income increasing by almost 8% to CHF3.77 million in the year under review.

RISK MONITORING/RISK CONTROL

ZKB manages and operates the Pfandbriefzentrale whilst also producing individual bond research (including ratings) in regard to all cantonal banks. In monitoring these ratings, ZKB/Pfandbriefzentrale tends to have primary access to information concerning the creditworthiness of its member banks. Although this information is not used "systematically" (i.e. integrated into a risk-monitoring service), the management of the Pfandbriefzentrale are also employed in a senior capacity at ZKB. Consequently, the Pfandbriefzentrale's management are in a position to be aware of any negative alterations in their members' credit standing. Member banks also implement their own risk controls, as part of the normal course of their business.

Pfandbriefzentrale follows certain investment guidelines with regard to its investment assets. The overall rules are laid down in the *Pfandbriefgesetz*, restricting investments to direct mortgages, "repoable" securities, own *Pfandbriefe* and deposits (current or term) with member or non-member banks. Pfandbriefzentrale exhibits a relatively prudent distribution of these assets, with approximately 50% invested in direct mortgage loans and the rest in securities (apart from cash at other banks). Pfandbriefzentrale additionally follows certain credit quality allocation rules, which generally target the following security portfolio proportions:

Distribution (as at 31 March 2005):	Actual	Guidelines
Swiss Govt:	25.8%	30%
Aaa Segment:	15.9%	20%
AA Segment:	40.9%	25%
A Segment:	17.4%	25%

The distribution profile remained fairly stable in the financial year to 31 March 2005, with a slight shift into Swiss Government securities and a reduction in Single-A rated Assets.

ASSET QUALITY OF SECURITIES PORTFOLIO IS DEEMED GOOD

Moody's regards the overall credit quality of the securities portfolio to be good. The portfolio contains the following assets: federal government, cantons, municipalities, and corporate obligations (minimum Aa rating) but does not include *Pfandbriefe* issued by the Pfandbriefzentrale itself. Although the portfolio is widely diversified, some exposure concentrations exist in relation to cantons, municipalities and cantonal banks. No write-offs have occurred since 2002 (since the write-down of Swissair bonds holdings).

5. *In return for the service it provides, ZKB is paid a commission fee based on the issuance volume.*
6. *It would be possible to charge the entire issuance costs to the members, as well as a margin on the interest paid on the loans, although neither of these practices is currently applied.*

SOLID CREDIT CREDENTIALS OF THE MAIN MEMBER BANKS AND BORROWERS

All member banks benefit from the guarantees provided by their respective cantons, apart from Banques Cantonales Vaudoise and Genève. Nevertheless, Moody's acknowledges the fact that these two banks have been supported by their cantons, which consequently helps to mitigate their credit risks somewhat.

GOOD LIQUIDITY LEVEL AND ACCESS TO FUNDS

Liquid assets in the form of securities amounted to CHF 259 million as at 31 March 2005. Moody's views these assets to be of a generally high standard, although they exhibit some degree of concentration risk. All these securities are "repoable" at the Swiss national bank and thus are highly liquid. Liquid assets exceed the maximum loans maturing at any one time for either of the two most critical Pfandbriefzentrale members. As such, we believe that average liquid assets will be adequate to handle potential emergencies and in view of the fact that it is unlikely that the two most critical member banks will simultaneously default. Pfandbriefzentrale additionally has access to (and utilises) ZKB funds.

MINIMAL CAPITALISATION BUT SUFFICIENT FOR THE RISKS ASSUMED

Pfandbriefzentrale's capital is very low in relation to total assets (3.68%) yet remains acceptable given the risks assumed by the entity[7] and the fact that as a conduit entity, Pfandbriefzentrale assumes no market risk, but some credit risk only. As outlined in the report, credit risks are relatively well diversified, given the large number of credit counterparties. The relatively low level of capital also reflects the members' desire to have the least possible amount of capital held by this entity (given the latter's role as a service provider with a "chain" of security mechanisms). Members are obliged to provide non-paid-up capital (realisable within one week) if required by the *Verwaltungsrat* (supervisory board). While non-paid-up capital is usually a negative aspect, it can be viewed as favourable in this case. In the event of a problem, Pfandbriefzentrale could demand that 75% of the non-paid-up capital be paid by members, amounting to roughly CHF660 million, providing another cushion in the event of a liquidity crisis.

Related Research

Banking System Outlook:

Switzerland, October 2004 (89132)

Banking Statistical Supplement:

Switzerland, October 2005 (94743)

Analysis:

St. Galler Kantonalbank, September 2005 (94117)

Rating Methodologies:

Moody's Rating Approach to European Covered Bonds, June 2005 (93038)

Europäische gedeckte Schuldverschreibungen (Covered Bonds): Der Ratingansatz von Moody's (Juli 2005)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

7. Whilst the Pfandbriefzentrale does not have to comply with general bank regulatory capital ratios, it nevertheless has to maintain a ratio of 2% (capital to outstanding Pfandbriefe) at all times.

Issuer Profile

HISTORY

Pfandbriefzentrale der schweizerischen Kantonalbanken (Pfandbriefzentrale, rated Aaa), headquartered in Zurich, was founded in 1931. The rating is primarily underpinned by the strong institutional framework within which the entity operates, and by the additional security provided to the member banks by their cantons via guarantees (with two exceptions — Geneve and Vaud). Pfandbriefzentrale is subject to the Swiss Pfandbriefgesetz and is supervised by the Swiss banking regulator (Eidgenössische Bankenkommission). As at 31 March 2005 total assets of Pfandbriefzentrale amounted to CHF 24.77 billion.

Zürcher Kantonalbank (ZKB) has a Gestionsvertrag as the operator of Pfandbriefzentrale. It provides a business service and is paid a commission fee based on the issuance volume.

BUSINESS ACTIVITIES

The main task of Pfandbriefzentrale is to provide collateralised mortgage loans to its members and issue Pfandbriefe against them, "at a stable and low interest rate", according to the Pfandbrief legislation. The institution can also grant loans to non-members of Pfandbriefzentrale and provide mortgage loans directly.

MARKET SHARE

Pfandbriefzentrale is one of only two institutions which have the right to issue Pfandbriefe in Switzerland. The only other entity is Pfandbriefbank, rated Aaa. As such we do not foresee an erosion of Pfandbriefzentrale's market position.

OWNERSHIP

The members of the Pfandbriefzentrale are by law (BaG Art. 3 Abs. 4) Swiss cantonal banks. Pfandbriefzentrale is operated by Zürcher Kantonalbank under a management contract. The most significant shareholders of Pfandbriefzentrale are the following:

Shareholders Shares in % as at 31.03.05:

- Zürcher Kantonalbank 17.82
- Banque Cantonale Vaudoise 13.64
- Berner Kantonalbank 10.73
- Banque Cantonale de Genève 5.91
- St. Galler Kantonalbank 5.82
- Thurgauer Kantonalbank 5.82
- Basellandschaftliche Kantonalbank 5.18
- Basler Kantonalbank 5.18
- Luzerner Kantonalbank 4.27
- Other 25.63

In comparison, the largest borrowers as at 31.03.05 were:

in % of Issuance Volume

- Banque Cantonale Vaudoise (16.38)
- Zürcher Kantonalbank (15.92)
- Banque Cantonale de Geneve (10.59)
- Luzerner Kantonalbank (7.97)
- Thurgauer Kantonalbank (7.97)
- Berner Kantonalbank (5.03)
- St. Galler Kantonalbank (4.84)
- Basellandschaftliche Kantonalbank (4.56)
- Zuger Kantonalbank (3.33)
- Banque Cantonale de Valais (3.12)
- Graubündner Kantonalbank (2.95)

- Banca della Stato Del Cantone TICINO (2.52)
- Schwyzer Kantonalbank (2.12)
- Aargauische Kantonalbank (2.04)
- Banque Cantonale de Fribourg (1.79)
- Banque Cantonale Neuchateloise (1.49)
- Nidwaldner Kantonalbank (1.37)
- Schaffhauser Kantonalbank (1.35)
- Obwaldner Kantonalbank (0.94)
- Basler Kantonalbank (0.81)
- Appenzeller Kantonalbank (0.78)
- Urner Kantonalbank (0.73)
- Glarner Kantonalbank (0.64)
- Banque Cantonale de Jura (0.59)

- Total members 99.8
- UBS AG 0.2
- Total 100.0

The size of a member's individual stake in Pfandbriefzentrale does not influence the amount of loans a member can borrow. Currently there are no restrictions as to the maximum percentage any one member can borrow under any one issue or in proportion to the total amount outstanding.

Pfandbriefzentrale der Schweiz Kantonalbanken

	31/03/05	31/03/04	31/03/03	31/03/02	31/03/01
Summary Balance Sheet (CHF million)					
Cash & central bank	0	0	0	0	0
Due from banks	23,388	25,600	27,026	26,588	25,411
Securities	262	268	255	247	258
Gross loans	243	257	261	260	268
Loan loss reserves (LLR)	-	-	-	-	-
Insurance assets	0	0	0	0	0
Fixed assets	0	0	0	0	0
Other assets	876	907	922	942	951
Total assets	24,769	27,032	28,465	28,038	26,888
Total assets (USD million) [1]	20,644	21,097	20,803	16,634	15,419
Total assets (EUR million)	15,986	17,327	19,277	19,142	17,586
Demand deposits	0	0	0	0	0
Savings deposits [2]	0	0	0	0	0
Due to banks	26	8	10	11	11
Market funds	23,368	25,593	26,963	26,510	25,340
Insurance liabilities	0	0	0	0	0
Other liabilities	416	473	533	556	577
Total liabilities	23,810	26,074	27,506	27,077	25,928
Subordinated debt	0	0	0	0	0
Shareholders' equity	912	912	913	915	913
Total capital funds	958	958	959	961	959
Total liabilities & capital funds	24,769	27,032	28,465	28,038	26,888
Derivatives - notional amount	-	-	-	-	-
Derivatives - replacement value	-	-	-	-	-
Contingent liabilities	-	-	-	-	-
Risk weighted assets (RWA)	-	-	-	-	-
Assets under management (CHF million) [3]	-	-	-	-	-
Number of employees	-	-	-	-	-
Summary Income Statement					
+Interest income	916	1,044	1,114	1,147	1,125
-Interest expense	898	1,025	1,094	1,124	1,102
=Net interest income	17	18	21	23	23
+Trading income	0	0	0	0	0
+Fee & commission income	(11)	(12)	(12)	(12)	(12)
+Insurance income (net)	0	0	0	0	0
+Dividend income and other operating income	0	0	1	1	0
=Operating income	6	6	9	12	11
-Personnel expenses	0	0	0	0	0
-Other operating expenses	2	2	2	2	2
= Operating funds flow	4	4	7	10	9
-Amortisation/depreciation	1	1	1	2	1
(Total operating expenses)	3	3	3	4	3
=Preprovision income (PPI)	4	3	7	8	8
-Loan loss provisions	0	0	0	0	0
+Impairment of goodwill, fixed assets and investments [4]	0	0	0	0	0
+Result of subsidiaries and associates	0	0	0	0	0
+Non-recurring items	0	0	0	0	0
=Pretax income	4	3	7	8	8
-Taxes	0	0	0	0	0
=Net income	4	3	7	8	8
-Minority interests	0	0	0	0	0
=Net income (group share)	3.77	3.49	6.56	8.08	8.33
Growth Rates (%)					
Gross loans	(5.39)	(1.82)	0.46	(3.03)	10.80
Total assets	(8.37)	(5.04)	1.52	4.28	9.13
Customer deposits (demand and savings)	-	-	-	-	-
Net interest income	(5.82)	(11.63)	(10.45)	1.10	12.05
Fee and commission income	-	-	-	-	-
Operating expenses	(3.37)	(4.81)	(33.33)	55.38	12.49
Preprovision income	7.99	(46.81)	(18.77)	(3.05)	47.79
Net income	7.99	(46.81)	(18.77)	(3.05)	47.79

Pfandbriefzentrale der Schweiz Kantonalbanken

	31/03/05	31/03/04	31/03/03	31/03/02	31/03/01
Income Statement in % Average Risk Weighted Assets					
Net interest income	-	-	-	-	-
Trading income	-	-	-	-	-
Fee and commission income	-	-	-	-	-
Insurance income	-	-	-	-	-
Operating income	-	-	-	-	-
Operating expenses	-	-	-	-	-
Preprovision income	-	-	-	-	-
Loan loss provisions	-	-	-	-	-
Extraordinary profit	-	-	-	-	-
Net income	-	-	-	-	-
Liquidity, Funding (including sub debt) & Balance Sheet Composition					
Avg. liquid assets % avg. total assets	95.59	95.77	95.78	95.59	95.82
Avg. gross loans % avg. total assets	0.96	0.93	0.92	0.96	0.99
Avg. customer deposits % avg. total funding	-	-	-	-	-
Avg. interbank funds % avg. total funding	0.07	0.03	0.04	0.04	0.02
Avg. market funds (excl. interbank) % avg. total funding	99.93	99.97	99.96	99.96	99.98
Avg. sub debt % avg. total funding	-	-	-	-	-
Avg. liquid assets % avg. customer deposits	-	-	-	-	-
Avg. gross loans % avg. customer deposits	-	-	-	-	-
Avg. market funds reliance [5]	(111.70)	(114.53)	(123.49)	(123.79)	(165.89)
Avg. RWA % avg. total assets	-	-	-	-	-
Breakdown of Operating Income in %					
Net interest income % operating income	275.46	301.66	223.80	190.72	209.45
Trading income % operating income	0.00	0.00	0.00	0.00	0.00
Fee & commission income % operating income	(176.34)	(201.97)	(132.28)	(100.85)	(109.70)
Insurance income % operating income	0.00	0.00	0.00	0.00	0.00
Other operating income % operating income	0.87	0.31	8.48	10.14	0.25
Profitability					
Yield on avg. earning assets (%)	3.66	3.89	4.08	4.33	4.51
Cost of interest bearing liabilities (%)	3.67	3.90	4.09	4.33	4.54
Net interest margin (%) [6]	0.07	0.07	0.08	0.09	0.09
Recurring earning power (Pre-prov. inc. [PPI] % avg. assets)	0.01	0.01	0.02	0.03	0.03
Risk-weighted recurring earning power (PPI % avg. RWA)	-	-	-	-	-
Post-provision income % avg. assets	0.01	0.01	0.02	0.03	0.03
Post-provision income % avg. risk weighted assets	-	-	-	-	-
Return on average assets (%)	0.01	0.01	0.02	0.03	0.03
Return on avg. RWA (%)	-	-	-	-	-
Post-provision income % tier 1 capital	-	-	-	-	-
Return on equity (period end) (%)	0.41	0.38	0.72	0.88	0.91
Net interest income coverage of loan loss provisions	-	-	-	-	-
Loan loss provisions % preprovision income	-	-	-	-	-
Pre-tax income % operating income	59.92	57.22	70.53	66.27	75.89
Internal capital growth (%)	0.41	0.38	0.72	0.88	1.31
Dividend payout ratio (%)	0.00	0.00	0.00	0.00	0.00
Efficiency					
Cost/income ratio (op. expenses % op. income) [7]	40.08	42.78	29.47	33.73	24.11
Adjusted cost/income ratio (incl. non-operating items)	40.08	42.78	29.47	33.73	24.11
Operating expenses % average assets	0.01	0.01	0.01	0.01	0.01
Operating income / employee (CHF thousand)	-	-	-	-	-
Operating expenses / employee (CHF thousand)	-	-	-	-	-
PPI / employee (CHF thousand)	-	-	-	-	-
Asset Quality and Risk Measurement					
Problem loans % gross loans	-	-	-	-	-
LLR % problem loans	-	-	-	-	-
LLR % gross loans	-	-	-	-	-
Loan loss provisions % gross loans	-	-	-	-	-
Problem loans % (shareholders' equity + LLR)	0.00	0.00	0.00	0.00	0.00
Replacement value % shareholder's equity	0.00	0.00	0.00	0.00	0.00
Capital Adequacy (Period End)					
	-	-	-	-	-
Tier 1 ratio (%)	-	-	-	-	-
Total capital ratio (%)	-	-	-	-	-
Shareholders' equity % total assets	3.68	3.37	3.21	3.26	3.40
Equity participations % shareholders' equity	0.00	0.00	0.00	0.00	0.00

[1] Historical exchange rates are applied accordingly for USD and EUR figures.
[2] Full disclosure may not be available for all years. The amount is then included in "demand deposits".
[3] As reported by the bank
[4] Includes goodwill amortisation (pre-IFRS).
[5] Avg. [(market funds-liquid assets) % (earning assets-liquid assets)]
[6] Although not part of net interest income calculation, the NIM includes dividend income.
[7] Cost/income ratio excludes goodwill amortisation, which is included together with net non-operating income in the adjusted cost/income ratio.

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