

Press release

(Ad hoc announcement pursuant to Art. 53 LR SIX Exchange Regulation)

Continued growth in financial year 2021

Pfandbriefzentrale der schweizerischen Kantonalbanken AG issued CHF 8.6 billion of Pfandbriefe (mortgage-backed covered bonds) in financial year 2021, while CHF 4.0 billion of bonds matured during the same period. The outstanding volume of Pfandbriefe thus rose by around CHF 4.5 billion to a record CHF 70.2 billion. The rating agency Moody's has assigned its highest rating of Aaa to the bonds issued by Pfandbriefzentrale.

At CHF 70.2 billion, the volume of Pfandbriefe in circulation at the end of the year again reached a record high. The financial year 2021 was very busy, with ten issue dates and a total of 32 transactions. With new issues amounting to CHF 8.6 billion and repayments of CHF 4.0 billion, growth of around CHF 4.5 billion was achieved in 2021. Pfandbriefzentrale's intermediation of capital to the cantonal banks was therefore also very successful in the past financial year.

In the current year, the sustained growth in member banks' mortgage volumes continued to drive the development of Pfandbrief volumes. Furthermore, Swiss Pfandbriefe® are always in particularly high demand at times of crisis. These instruments also play an important role in banks' liquidity management and, thanks to their first-class credit rating, are among the Swiss National Bank securities eligible for repos.

Successful share capital increase

Among other things, the Annual General Meeting unanimously approved a share capital increase from CHF 1.625 billion to CHF 2.225 billion. This additional capital was 20 percent paid up by the shareholders. The shares were issued at par. The share capital increase means that Pfandbriefzentrale can continue its issuing activities in the interest of the cantonal banks to the same extent as previously.

Proposal to increase dividend

As a joint operation between all 24 cantonal banks, Pfandbriefzentrale's main focus is not on maximising its profits. However, with profit of CHF 15.7 million in financial year 2021 (previous year: CHF 13.4 million), it again achieved a positive result. The Board of Directors proposed the distribution of a dividend of 4.0 percent (previous year: 3.5 percent) for 2021 to the Annual General Meeting. The share capital paid up in 2021 is eligible for dividend payments as of 1 January 2022.

Management change

The Board of Directors has appointed Sven Bucher as CEO of Pfandbriefzentrale, effective 6 April 2022. He succeeds Michael Bloch. Sven Bucher has worked for Zürcher Kantonalbank since 1999, including as Head of Research until April 2020 and as Key Account Manager for multinational, often listed companies since May 2020. He has a degree in business economics from the HWV (University for Economics and Administration), is a Swiss Certified Financial Analyst and Portfolio Manager (CIIA), a Swiss Certified Accounting and Controlling Expert, and a Certified ESG Analyst (CESGA). His wide-ranging professional experience and education means he has the ideal attributes to take on this CEO role.

The Board of Directors would like to thank its long-standing CEO Michael Bloch for his outstanding service and dedication to Pfandbriefzentrale. Michael Bloch took over the management of Pfandbriefzentrale on 1 February 2008. During his tenure, the volume of Pfandbriefe in circulation has tripled to the current level of approximately CHF 70 billion.

Cover pool reporting project

Through the cover pool reporting digitisation project, member banks will in future provide data on their cover pools to Pfandbriefzentrale via an electronic interface. This will automate and simplify the process of the quarterly cover reporting by member banks. The project was partly prompted by the requirements relating to the implementation of the final Basel III standards, which require Pfandbrief banks to disclose certain data on their cover pool in aggregated form. In addition, the project aims to secure the long-term attractiveness of Pfandbrief investments. The expanded cover pool data basis also meets the demand for transparency from investors, analysts and the regulator. Work on the project began in spring 2021. For the project to be a success, Pfandbriefzentrale is reliant on the active support of all 24 cantonal banks. Pfandbriefzentrale would like to thank all member banks for their commitment and past and future cooperation.

Outlook

CHF 3.7 billion of bonds will mature in financial year 2022. To optimally meet the needs of member banks and investors, Pfandbriefzentrale is planning ten issue dates. Due to the narrow legislative definition of its business activities and the strict security requirements, there are no significant changes with regard to the opportunities and risks of Pfandbriefzentrale for the year 2022.

Further information

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Pfandbriefzentrale der schweizerischen Kantonalbanken AG

Founded in 1931, Pfandbriefzentrale der schweizerischen Kantonalbanken AG regularly issues Pfandbrief covered bonds and grants the cantonal banks loans of the same value and maturity to co-finance their mortgage lending in return for collateral created by a registered lien. Under a registered lien, amounts outstanding from covered bonds and mortgage-covered loans and accrued interest have a statutory lien over the mortgage collateral set aside in the member banks' register of liens.

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