

Press release

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

Continued growth in financial year 2022

Pfandbriefzentrale der schweizerischen Kantonalbanken AG issued CHF 10.4 billion of Pfandbriefe (mortgage-backed covered bonds) in financial year 2022, while CHF 3.7 billion of bonds matured during the same period. The outstanding volume of Pfandbriefe thus rose by CHF 6.7 billion to a record CHF 77.0 billion. The rating agency Moody's has assigned its highest rating of Aaa to the bonds issued by Pfandbriefzentrale.

At CHF 77.0 billion, the volume of Pfandbriefe in circulation at the end of the year again reached a record high. The financial year 2022 was very busy, with 12 issues and a total of 38 transactions. With new issues amounting to CHF 10.4 billion and repayments of CHF 3.7 billion, growth of CHF 6.7 billion was achieved in 2022. The issue volume last year represents the second highest generated in Pfandbriefzentrale's more than 90-year history. Pfandbriefzentrale's intermediation of capital to the cantonal banks was therefore again very successful.

In recent years, our mortgage-covered loans have grown more rapidly than mortgage volumes, meaning that they have become an increasingly important source of refinancing for the cantonal banks. Swiss Pfandbriefe® also play a key role in banks' liquidity management. Thanks to their first-class credit rating, these instruments are among the Swiss National Bank securities eligible for repos.

Regulatory developments

Amendments to the Pfandbrief Act (*Pfandbriefgesetz*, PfG) and the Pfandbrief Ordinance (*Pfandbriefverordnung*, PfV), which entered into force on 1 January 2023, have strengthened the functioning of the Swiss Pfandbrief system in the event of a member banks' insolvency or bankruptcy. In this regard, the cooperation between an agent appointed to the member bank by FINMA and Pfandbrief institutes is now regulated. In addition, a new article has been added to the PfV, which entitles Pfandbrief institutes to inspect or obtain information at any time regarding the data of their member banks that is included in the Pfandbrief register, or further data required to satisfy legal or regulatory obligations.

Dividend proposal

As a joint operation between all 24 cantonal banks, the Pfandbriefzentrale's focus is not on maximising its profits. However, it again achieved a highly satisfactory result. The profit for financial year 2022 amounted to CHF 16.2 million (previous year: CHF 15.7 million). The distribution of a dividend of 4.0 percent (previous year: 4.0 percent) is to be proposed to the Annual General Meeting. The share capital paid up in 2021 is eligible for dividend payments for the first time starting from financial year 2022.

Changes in Board of Management

Long-standing Board member Marcel Amiet stepped down from the Board of Management of Pfandbriefzentrale effective 30 June 2022. Marcel Amiet had been Chief Risk Officer (CRO) of Pfandbriefzentrale since 6 November 2013. The Board of Directors would like to thank Marcel Amiet for his many years of service. The Board of Directors elected Ursina Kubli Burgauer as Marcel Amiet's successor on 24 June 2022. Ursina Kubli Burgauer, lic. oec. publ. and CAIA, heads the Real Estate Analytics division of Zürcher Kantonalbank's Risk business unit. Ursina Kubli Burgauer's professional experience and skills mean that risk management in general and especially in relation to real estate financing will remain well represented at the operational level of Pfandbriefzentrale.

Cover pool reporting project

In spring 2021, Pfandbriefzentrale launched a cover pool reporting digitisation project with a view to implementing the requirements of the Basel III final standards. Member banks will in future provide data on their cover pools to Pfandbriefzentrale via an electronic interface. The project made further progress in the past year. However, there were some delays due to the complexity of connecting the 24 member banks and ensuring compliance with the necessary data protection requirements. At the same time, implementation of the Basel III final standards in Switzerland was also delayed. We would like to thank all of our member banks for their dedicated efforts in relation to this very important project for Pfandbriefzentrale.

Outlook

CHF 5.3 billion of bonds will mature in financial year 2023. To optimally meet the needs of member banks and investors, Pfandbriefzentrale is planning nine issue dates for 2023. 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 2023.

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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