

Presentation of Pfandbriefzentrale

As at 31 December 2025

23. Januar 2026



Centrale de lettres de gage
Banques Cantonales Suisses



Pfandbriefzentrale
Schweizer Kantonalbanken

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1. Pfandbriefzentrale der Kantonalbanken

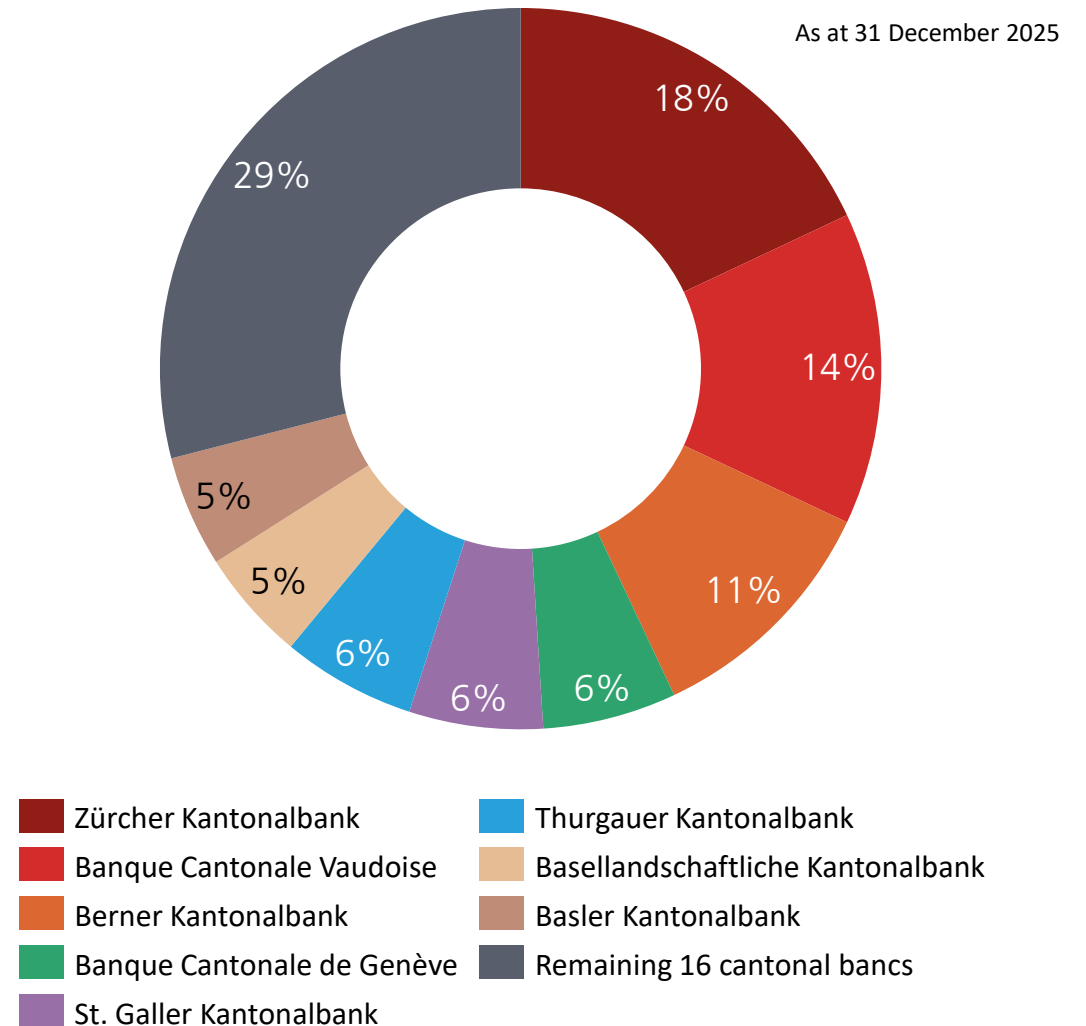
Overview

Founded	1931
Legal form, registered office	Public limited company, registered office in Zurich
Shareholders	All 24 cantonal banks (100%)
Board	10 members (9 members of the management boards of the cantonal banks, 1 member of the Board of Directors is appointed by the Federal Council)
Executive	Zurich Cantonal Bank, Zurich
Auditor	Ernst & Young AG, Zurich
Supervision	Swiss Financial Market Supervisory Authority (FINMA), Bern
Purpose	Swiss Federal Act on Covered Bonds Art. 1: "... to provide the land owner with long-term loans secured by a mortgage at interest rates that are as stable and reasonable as possible."

1. Pfandbriefzentrale der Kantonalbanken

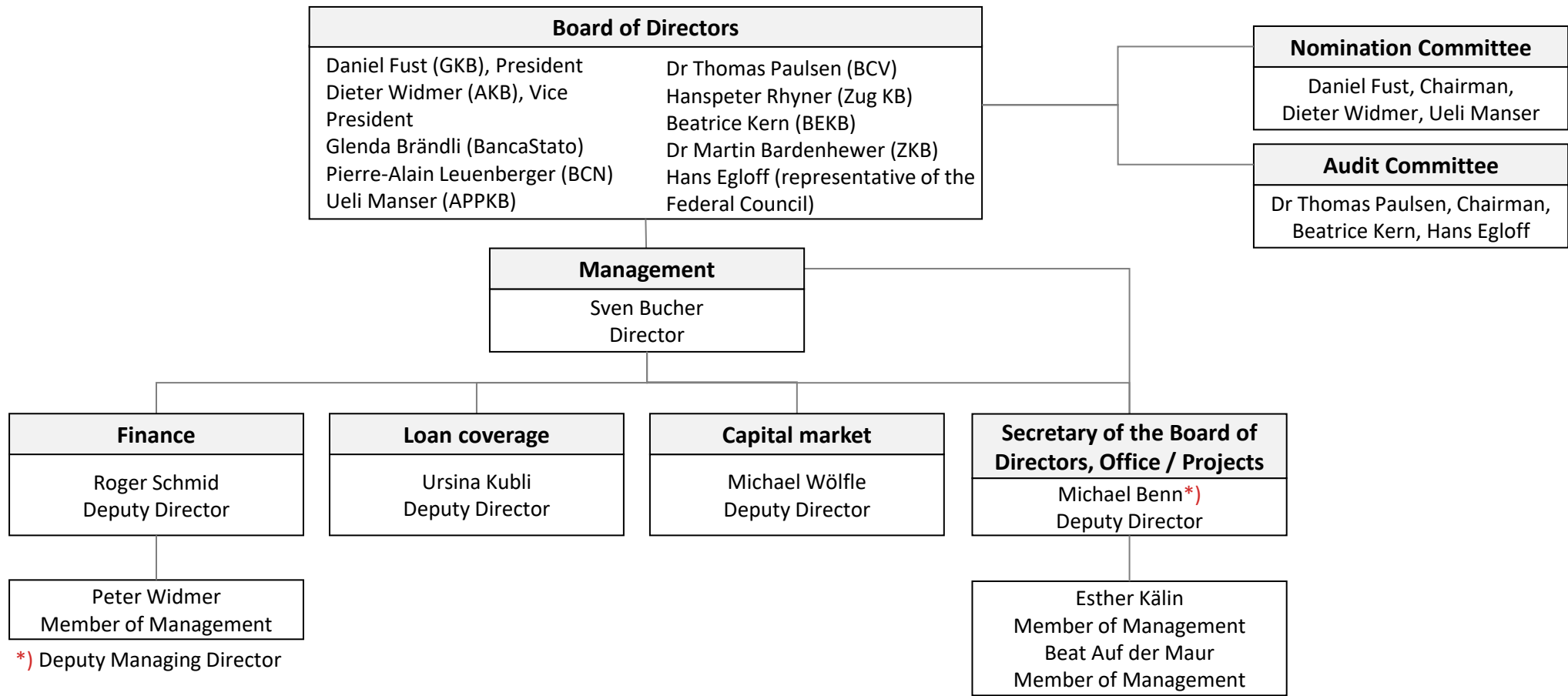
Shareholders

- All 24 Swiss cantonal banks are shareholders (two cantons do not have their own cantonal bank)
- 21 cantonal banks have an explicit, unrestricted state guarantee from their canton
- With the exception of the Geneva Cantonal Bank, the three cantonal banks (Bern, Geneva and Vaud) without a state guarantee are majority-owned by their respective cantons
- Stable and transparent business models of the cantonal banks
- Balanced shareholder structure



1. Pfandbriefzentrale der Kantonalbanken

Organisational chart of the Pfandbriefzentrale as at 31 December 2025



1. Pfandbriefzentrale der Kantonalbanken

Balance sheet and income statement (simplified presentation) in CHF million

Balance sheet as at 31 December 2025

Assets		Liabilities	
mortgage-covered loan	92'306	mortgage-backed bond	92'306
Other assets	967	Other liabilities	354
		Equity*)	613
Total	93'273	Total	93'273

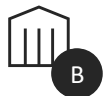
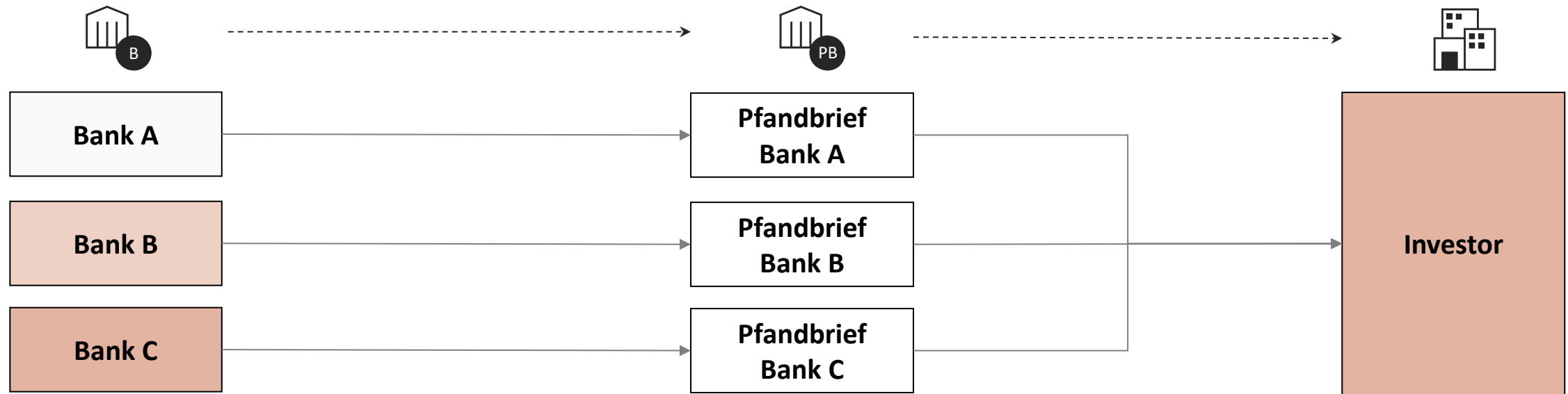
Income statement 2025

Expenses		Income	
Interest on mortgage-backed bond	759	Interest on mortgage-covered loan	784
Other expenses	7	Other income	5
Net profit	23		
Total	789	Total	789

*) Equity before appropriation of profit - In addition, there are promissory notes from 24 cantonal banks for the unpaid share capital of CHF 1'780 million.

2. Pfandbriefe in comparison

European Pfandbrief system



Debtor:

A bank that meets the legal requirements for issuing Pfandbriefe.

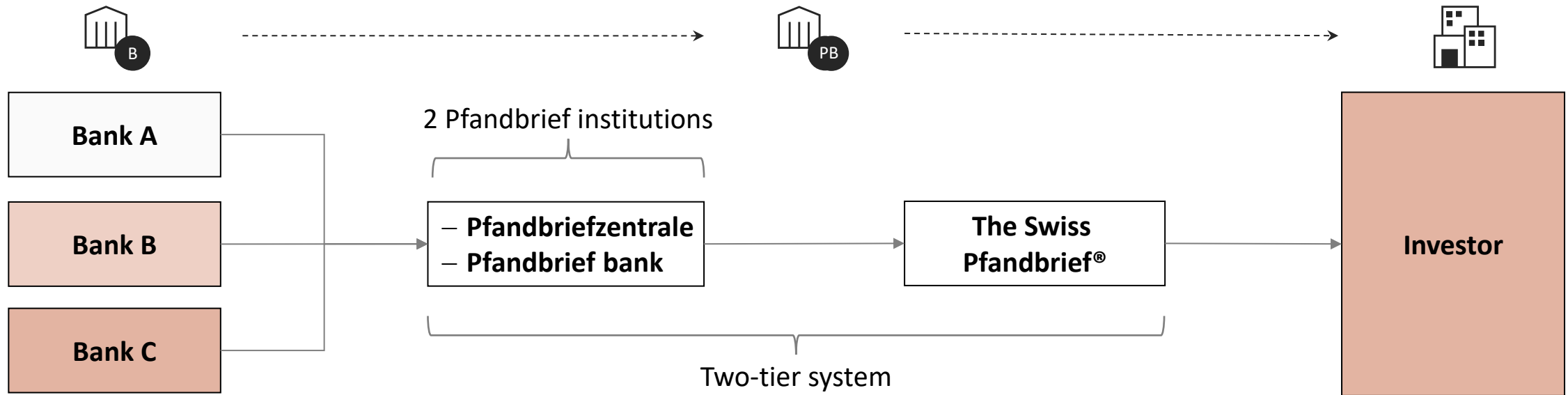


coverage:

Mortgage credits secured by property mortgages or public debtors. Transfer to a special purpose entity.

2. Pfandbriefe in comparison

Swiss mortgage bond system



Debtor:

One of the two institutions authorised to issue Pfandbriefe under the Pfandbrief Act.



Coverage:

First-class real security located in Switzerland. The pledge and debt claim remain on the balance sheet of the member bank (with obligation to separate).

2. Pfandbriefe in comparison

Swiss covered bond system – congruence

No discrepancy between

1) Currency

Loans and Pfandbrief bond in CHF

2) Term

Same maturity of loan and Pfandbrief bond

3) Amount

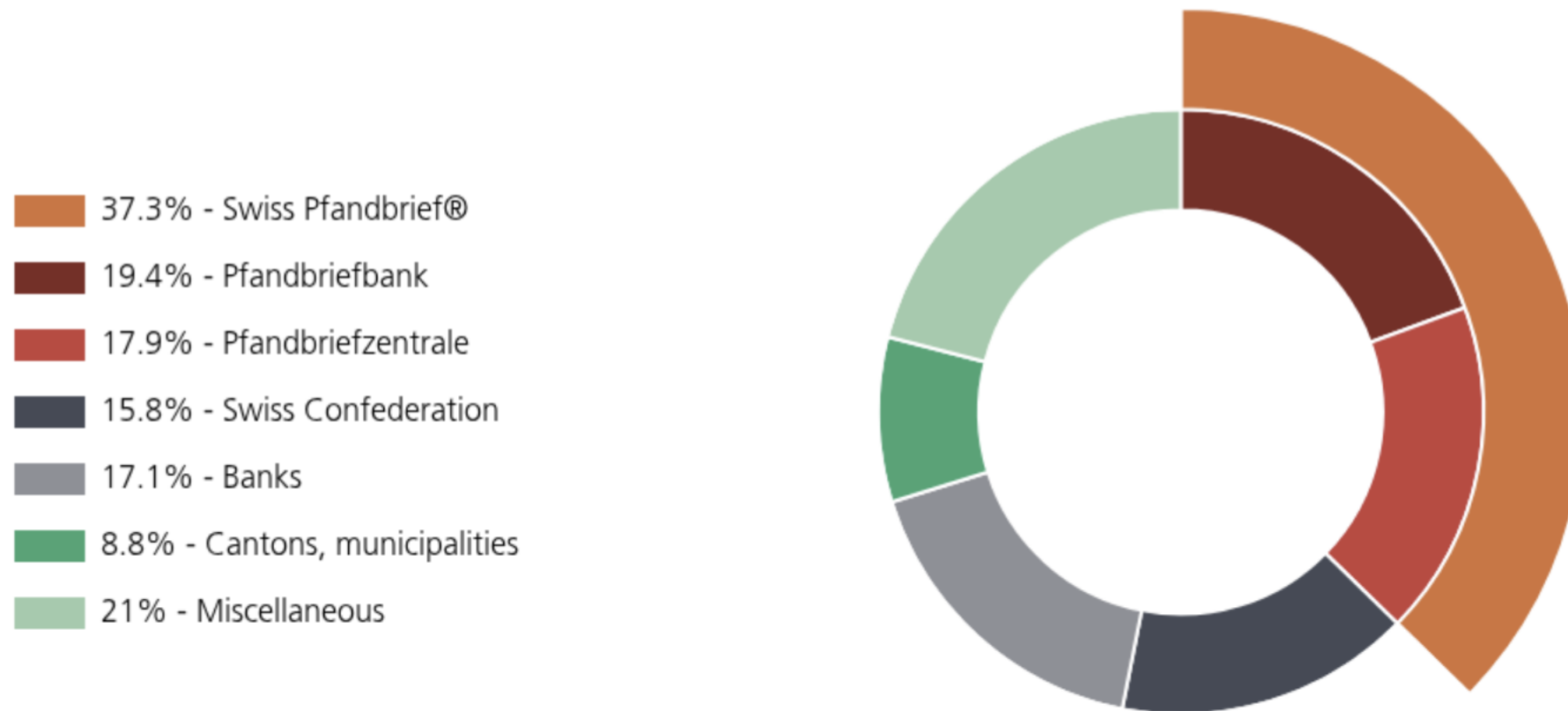
Identical amount of loan and Pfandbrief bond

4) Interest

With the exception of a surcharge used to finance business activities, identical interest rates between the loan and the Pfandbrief bond

3. Market share of Swiss Pfandbriefe®

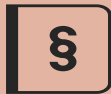
Market share of domestic debtors' bond loans denominated in Swiss francs.



As at 31 December 2025

4. Fundamentals of coverage of covered bonds

Pfandbrief Act – five-tier security chain



The Pfandbrief Act (PfG) requires that the coverage of the Pfandbrief institutions' debt claims against the member banks and the interest payable thereon must be guaranteed at all times by real security or claims secured by real security.

The security chain for Pfandbriefzentrale Pfandbriefe consists of the following elements:

- The Pfandbriefzentrale is liable in the first instance with its capital.
- Secondly, the cantonal banks are liable for their loan drawdowns.
- In addition, 21 of the 24 cantonal banks are guaranteed by the respective cantons for their obligations.
- The debtors of mortgages are liable to the cantonal banks,
- and their cover objects are liable for the covered bond claims.

4. Fundamentals of coverage of covered bonds

Creditworthiness of member banks



21 cantonal banks have an explicit, unrestricted government guarantee from their canton.

Special regulations apply to the following three cantonal banks:

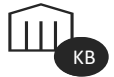
- **BE:** No state guarantee. The canton of Bern holds 51.5% of the share capital.
- **GE:** No state guarantee. The canton of Geneva holds 44.3% of the share capital.
- **VD:** No state guarantee. The canton of Vaud holds 67% of the share capital.

Ratings of the 24 cantonal banks *

Rating levels		Number of banks	Cantonal banks
AAA	Aaa	2	ZH, SH
AA	Aa1	9	AG, AI, BL, BS, NW, OW, LU, SZ, ZG
AA	Aa2	7	BE, FR, GL, GR, SG, TG, VD
AA-	Aa3	3	GE, UR, VS
A	A1	3	JU, NE, TI
A	A	0	-

4. Fundamentals of coverage of covered bonds

Requirements and framework conditions to be observed at all times



Cantonal banks

- **Mortgage-covered loans limited** to a maximum of 35% of the cantonal bank's domestic mortgage portfolio on the balance sheet
- **Interest income** on mortgage receivables must be 10% higher than the interest payable on loans
- **Pledge coverage** for the capital must at all times be 15% higher than the loans drawn down
- **Monitoring** of the cover pool with immediate replenishment obligation
- **Quarterly reporting of cover** to the Pfandbriefzentrale
- **Annual audit** of the cover pool by an external auditor

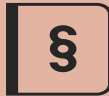


Pfandbriefzentrale

- **Additional over-collateralisation** of 10% may be demanded by the management of the Pfandbriefzentrale at any time and without giving reasons
- **The cover value** may be reduced at any time by the management of the Pfandbriefzentrale

4. Fundamentals of coverage of covered bonds

«Cover value» of the Pfandbriefzentrale



The **valuation regulations** dated 14 May 2014 and the business regulations dated 5 April 2024 form the basis for the evaluation of cover assets and supplement the statutory provisions.

The **cover value*** corresponds to the smallest of the following:

1) Mortgage claim

loan secured by a mortgage

2) Real estate claim

Nominal value of the mortgage security (e.g. mortgage note)

3) Maximum cover value

Lending value x lending rate
(adjusted for external transactions
and competing claims)

4. Fundamentals of coverage of covered bonds

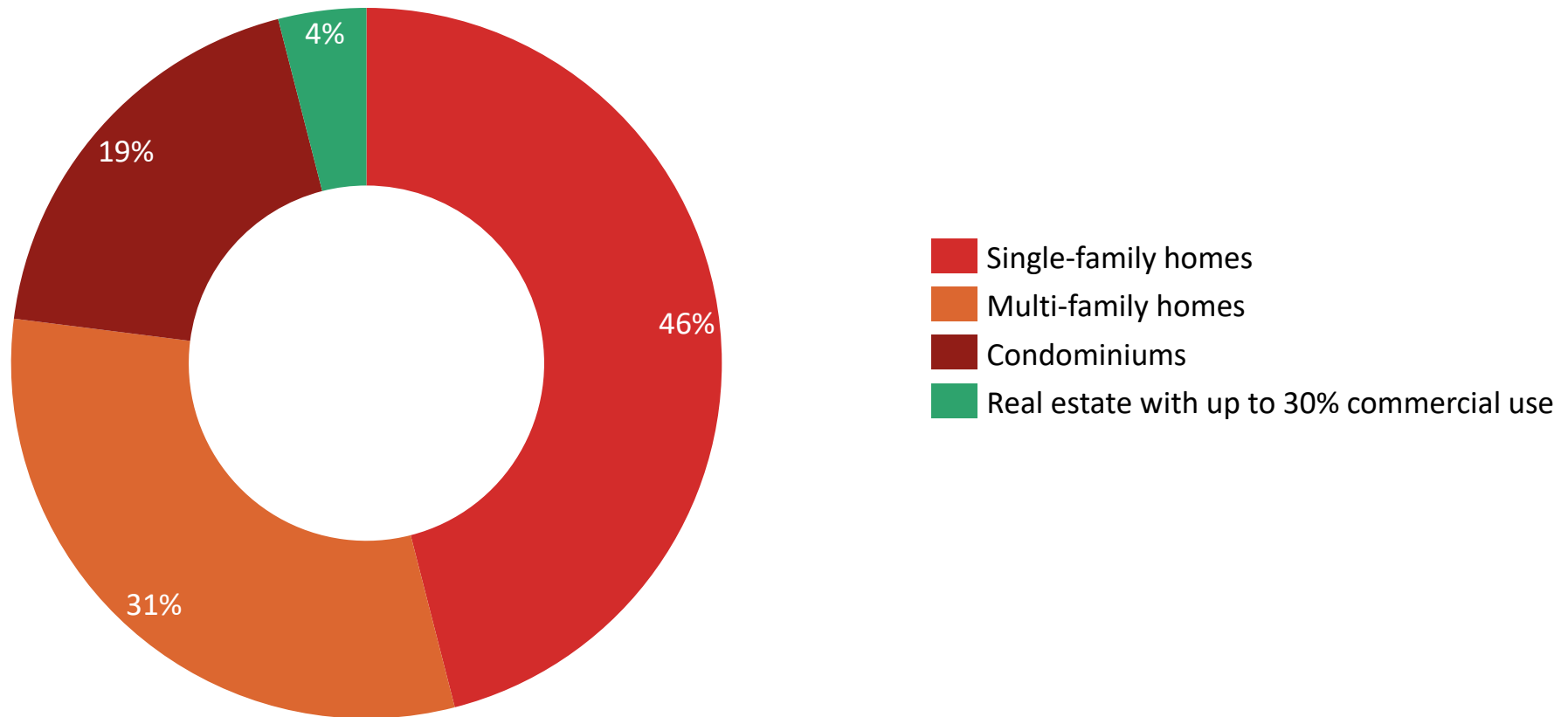
Derivation of coverage terms / example with multi-family house

lending value	CHF 10,000,000
Maximum cover value for mortgage-covered loans (2/3 of the lending value [based on valuation regulations])	CHF 6'666'666

	Example	Example	Example
Mortgage	CHF 8'000'000	CHF 8'000'000	CHF 8'000'000
Loan secured by a mortgage	CHF 8'000'000	CHF 5'000'000	CHF 2'000'000
Cover value *)	CHF 6'666'666	CHF 5'000'000	CHF 2'000'000
Cover value to lending value	67 %	50 %	20 %
Maximum mortgage-covered loan *)	CHF 5'797'101	CHF 4'347'826	CHF 1'739'130
Loan to value (LTV)	58%	43 %	17 %

4. Fundamentals of coverage of covered bonds

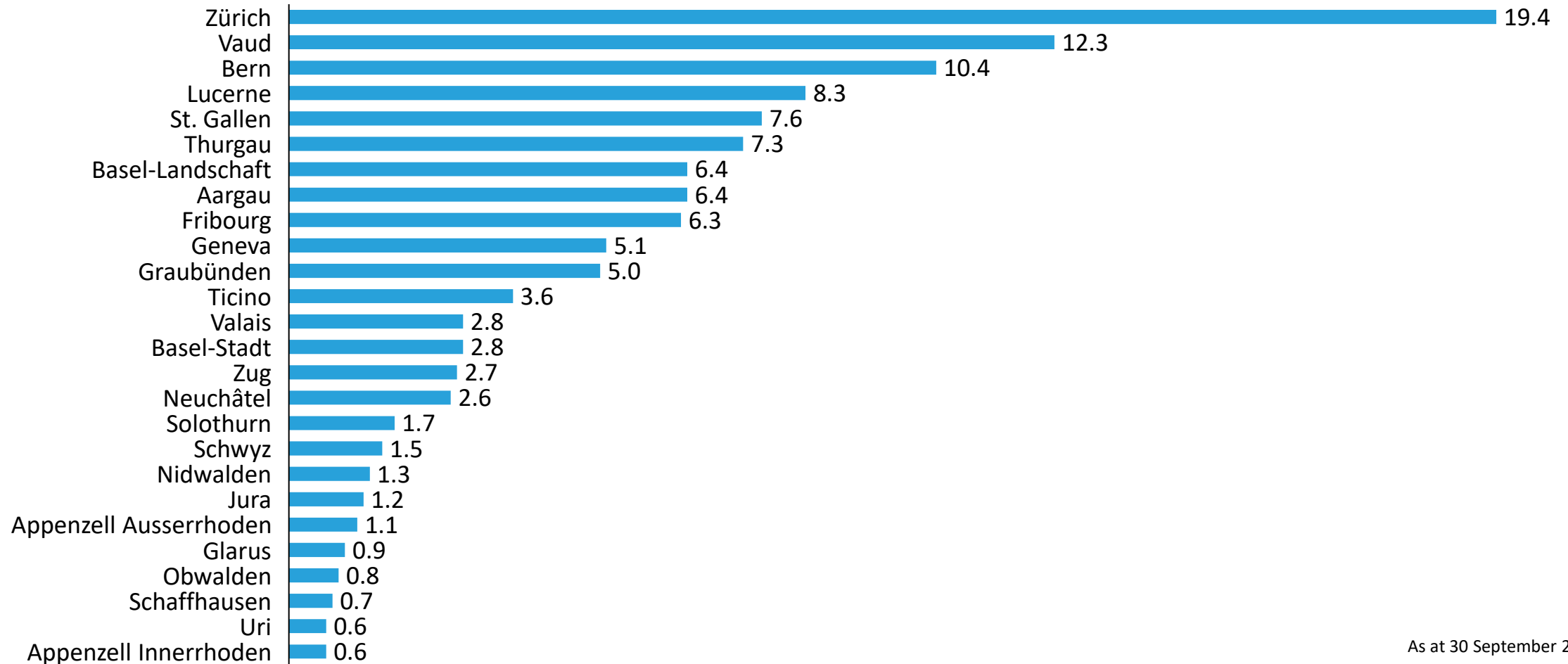
Structure of the cover pool – distribution of the cover value by property type



As at 30 September 2025

4. Basis for coverage of covered bonds

Geographical distribution of the cover pool (cover value in CHF billion)



As at 30 September 2025

5. Sustainability

Commitment to sustainability

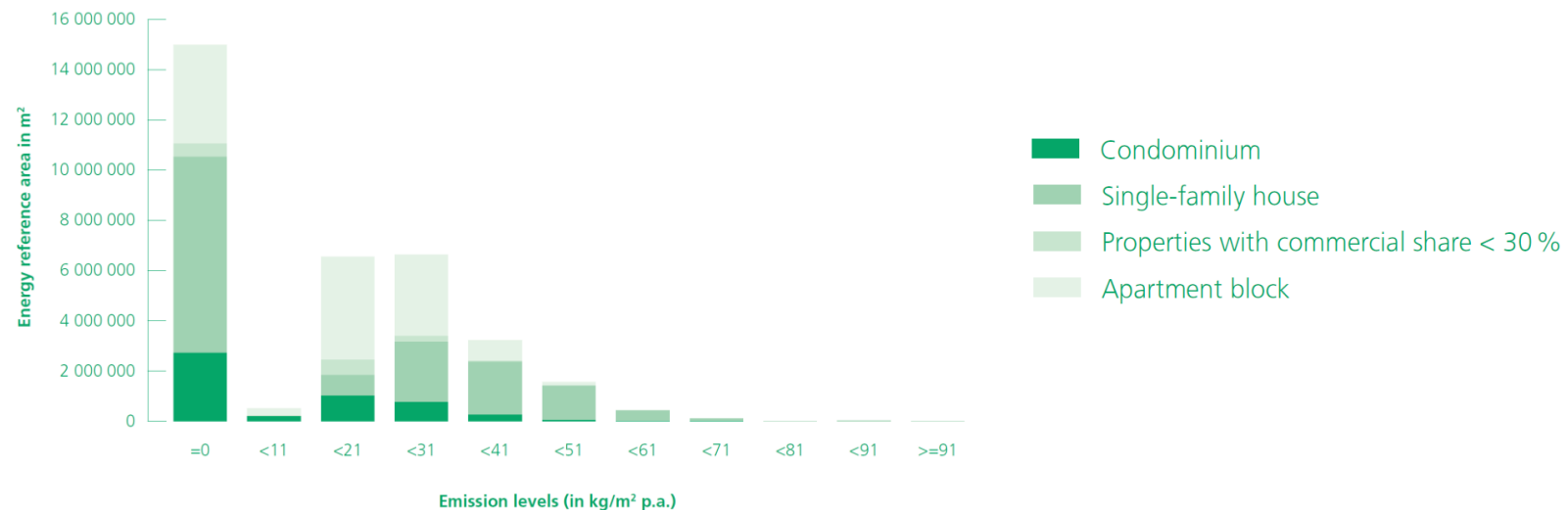
- Sustainability is not just a topical issue for Pfandbriefzentrale, it is firmly anchored in the DNA of the Swiss Pfandbrief®. As a key refinancing instrument, the Swiss Pfandbrief® provides member banks with long-term, stable and cost-effective financing, enabling them to offer their customers mortgages on fair terms. At the same time, this structure indirectly creates incentives for CO2-saving real estate investments, especially for energy-efficient renovations.
- With the publication of its GRI Sustainability Report 2024, due to be published on 30 June 2025, Pfandbriefzentrale is sending a clear signal for transparency and sustainability by comprehensively documenting its responsibility in economic, environmental and social matters.

5. Sustainability

Key figures for 2024

- Gender distribution on the Board of Directors (f/m): 11% / 89%
- Gender distribution in the Executive Board (f/m): 40% / 60%
- Average CO2 intensity (renovated) of the cover pool: 14.7 kg/m² p.a.

Cover pool reporting, energy reference area



6. Ratings

Rating

	2025	2024	2023	2022	2021
Moody's (bond loans)	Aaa	Aaa	Aaa	Aaa	Aaa
Zurich Cantonal Bank (issuer)	AAA	AAA	AAA	AAA	AAA

Sustainability rating

	2025	2024	2023	2022	2021
MSCI ESG	AAA	AAA	A	A	A
ISS ESG	C Prime	C Prime	C Prime	C Prime	C Prime

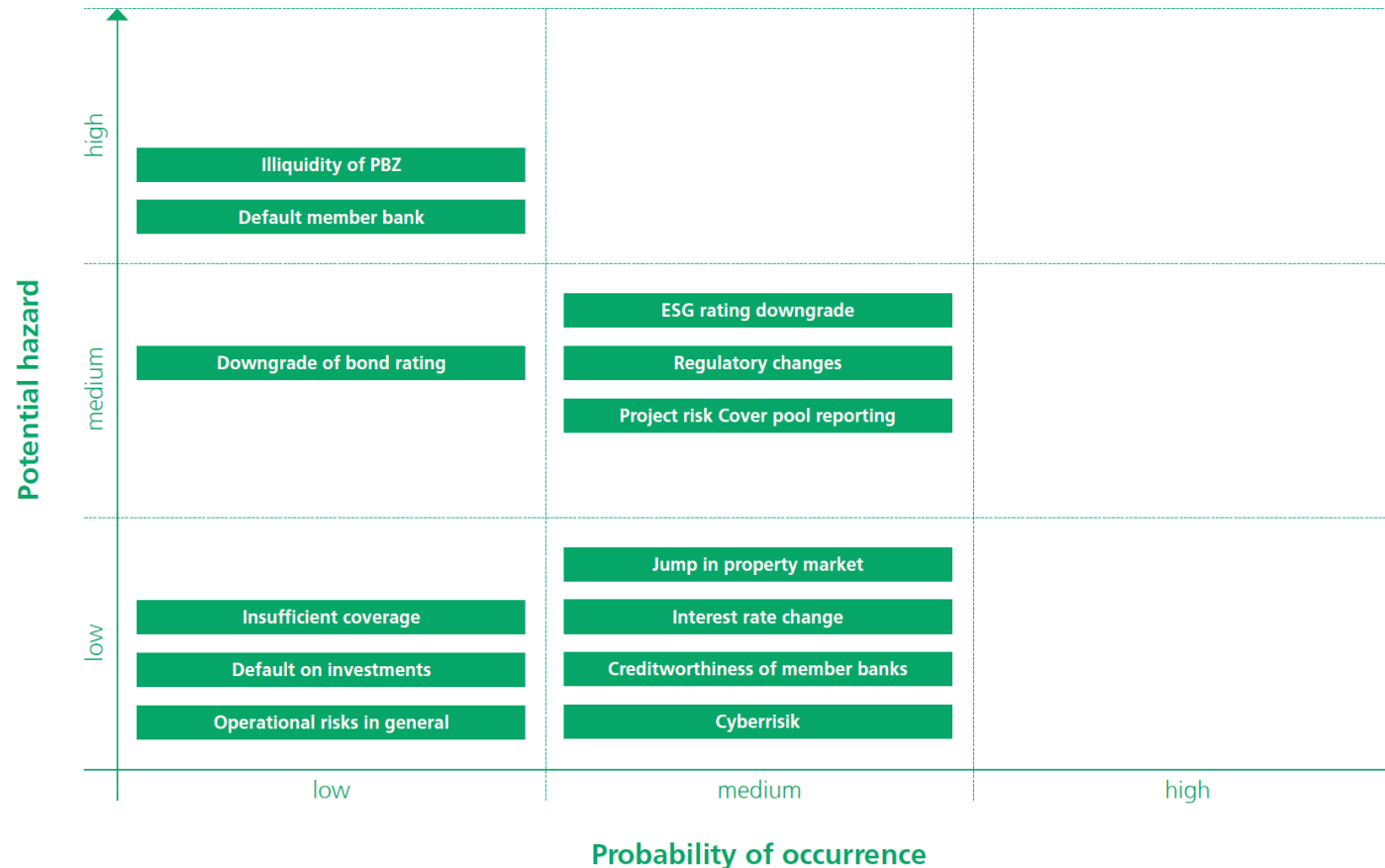
7. Risk management

Basis

- Pfandbriefzentrale relies on effective risk management to ensure financial and operational stability and to strengthen the confidence of investors and shareholders/member banks. It is ensured that changes are identified at an early stage and that the company's own risks are managed actively and prudently.
- The Board of Directors of Pfandbriefzentrale bears overall responsibility for risk management. It conducts regular risk analyses and assesses the adequacy of risk management and the effectiveness of the internal control system (ICS). The Board of Directors is informed of the main risk drivers at least once a quarter. In addition, the audit company of Pfandbriefzentrale prepares an annual risk analysis in accordance with FINMA guidelines and derives its audit strategy from this. The Executive Board is responsible for implementing the risk policy.

7. Risk management

Risk profile for 2024 (from: Sustainability Report 2024)



7. Risk management

Real estate market risk – collapse of property prices

Mitigating measures



The pledged objects are broadly diversified across Switzerland. They can be mortgaged up to a maximum of 2/3 (or including a 15% cover margin up to a maximum of 58%). Obligation to provide additional cover in the event of non-compliance in accordance with the Pfandbrief Act and the regulations of the Pfandbriefzentrale.



With an LTV (mortgage-covered loan to lending value ratio) of 39.4% as at 30 June 2025, **PBZ's cover pool has a solid value buffer**. Since it was first calculated on a quarterly basis (31 December 2018), the ratio has remained stable at around 40%.



The **regulatory limit on mortgage-covered loans** (including any covered bonds) to 35% of each credit institution's domestic mortgage portfolio and the obligation to provide additional cover in accordance with the Pfandbrief Act make it easier to arrange additional coverage.

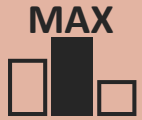


The gradual reduction of the MFH share over many years has led to a **reduction in the MFH share from 44.0% to 32%** as at 30 June 2025. The sub-portfolio of owner-occupied residential property has grown accordingly. The share of real estate with up to 30% commercial use remains insignificant (4%).

7. Risk management

Illiquidity – Loan repayments not made on time (I/II)

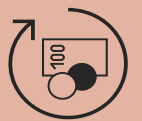
Mitigating measure



Restriction of bond loan maturities to a maximum of CHF 1.2 billion



The business regulations **limit the maturity of loans per bank** to CHF 300 million within 30 days.



A **repo agreement** enables the short-term procurement of several hundred million Swiss francs in liquidity.



Existence of a credit facility that can be drawn down in the form of fixed advances with a term of up to 12 months.

7. Risk management

Illiquidity – Loan repayments not made on time (II/II)

Mitigating measures



The sale of securities is an absolute **worst-case scenario**.



Short-term call on the unpaid share capital of CHF 1,780 million possible by means of credit facilities with subsequent offsetting.

8. Monitoring


Fundamentals and supervision

- Pfandbrief Act (PfG) of 25 June 1930 (as amended on 1 January 2023)
(enacted by the Federal Assembly)
- Pfandbrief Ordinance (PfV) of 23 January 1931 (as amended on 1 January 2025)
(issued by the Federal Council)
- Articles of Association of the Pfandbriefzentrale dated 28 June 2024
(issued by the Annual General Meeting, approved by the Federal Council)
- Valuation regulations of the Pfandbriefzentrale dated 2 April 2025
(issued by the Board of Directors, approved by the Federal Council on 27 August 2025)
- Business regulations of the Pfandbriefzentrale dated 5 April 2024
(issued by the Board of Directors)
- Organisational regulations of the Pfandbriefzentrale dated 24 September 2025
(issued by the Board of Directors)
- Supervision by the Swiss Financial Market Supervisory Authority (FINMA) in Bern
- Appointment of a delegate elected by the Federal Council to the Board of Directors of the Pfandbriefzentrale

9. Further documents


The following documents are available on our website


Annual reports 

Quarterly reports 

Cover pool reporting 

Sustainability 

Statutes/Guidelines/Regulations 

Covered bond loans (available in German only) 

Media and ad hoc announcements 

Ratings 

9. Disclaimer

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