

Annual Report

20
25



Pfandbriefzentrale
Schweizer Kantonalbanken

Pfandbriefzentrale

Company

Pfandbriefzentrale der schweizerischen
Kantonalbanken AG
Centrale de lettres de gage des banques
cantonales suisses SA
Centrale delle banche cantonali svizzere
per le obbligazioni fondiarie SA

Established

10 February 1931 Founders' meeting
24 March 1931 Entry in the Commercial Register

Legal form

Public limited company

VAT no.

CHE-102.645.332

Registered office

c/o Zürcher Kantonalbank, Bahnhofstrasse 9,
CH-8001 Zurich

Office address

Josefstrasse 222, CH-8005 Zurich

Postal address

P.O. Box, CH-8010 Zurich

Phone

+41 44 292 31 97

Email

pfandbriefzentrale@zkb.ch

Internet

www.pfandbriefzentrale.ch/en

Trademark

Der Schweizer Pfandbrief®
La lettre de gage suisse®
The Swiss Pfandbrief®

Legal basis

Swiss Pfandbrief Act (PfA) of 25 June 1930
Swiss Pfandbrief Ordinance (PfO) of 23 January 1931

Shareholders

All 24 Swiss cantonal banks

Share capital

CHF 2 225 million; of which CHF 445 million paid in

Management

Zürcher Kantonalbank, Zurich

Auditors

Ernst & Young AG, Zurich

Supervision

Swiss Financial Market Supervisory Authority (FINMA),
Bern

Rating

Moody's
Zürcher Kantonalbank

FATCA status

Passive NFFE (Non-Financial Foreign Entity)

Annual Report

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About the figures

The amounts stated in this report have been rounded off. The total may therefore vary from the sum of the individual values.

The following rules apply to the tables:

- 0 (0 or 0.0) Figure that is smaller than half the unit of account used
- Value = Zero

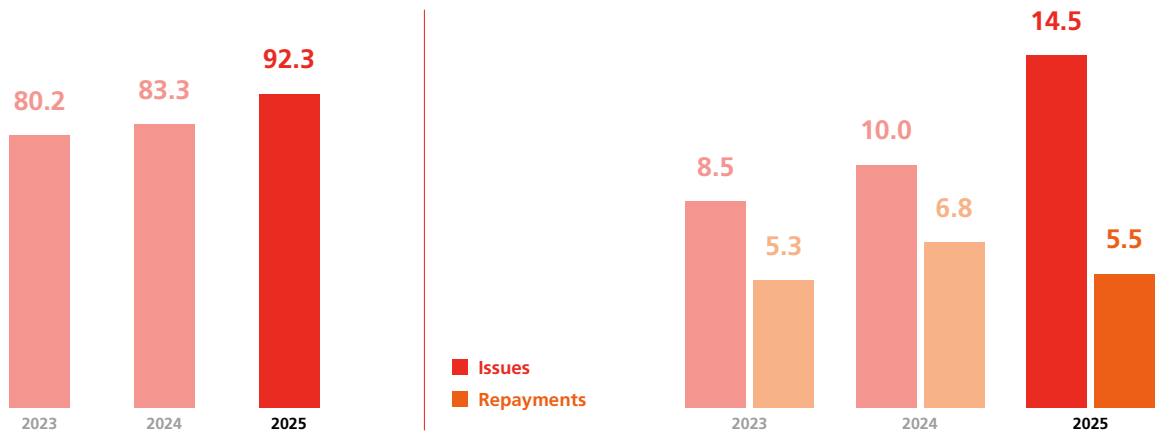
Key figures

	31.12.2025	31.12.2024
Issuing activity	CHF 1 000	CHF 1 000
Issues	14 512 000	9 981 000
Repayments	-5 528 000	-6 844 000
Change in outstanding bonds	8 984 000	3 137 000
Mortgage bonds/mortgage loans	CHF 1 000	CHF 1 000
Mortgage-backed bonds/mortgage-covered loans	92 306 000	83 322 000
Outstanding bonds	Quantity	Quantity
Outstanding bonds and direct placements	155	145
Annual interest expense and income	CHF 1 000	CHF 1 000
Annual interest expense of mortgage-backed bonds	809 536	704 341
Annual interest income from mortgage-covered loans	835 849	727 692
Capital-weighted average interest rates	in %	in %
Mortgage-backed bonds	0.88	0.85
Mortgage-covered loans	0.91	0.87
Capital-weighted residual maturity	Years	Years
Mortgage-backed bonds/mortgage-covered loans	6.23	6.27
Equity (after appropriation of profit)	CHF 1 000	CHF 1 000
Eligible capital (Art. 18 para. 2 PfO)	1 929 971	1 925 833
Required capital (Art. 10 PfA)	1 853 564	1 673 288
Excess capital	76 407	252 545
Capital requirement coverage ratio	104.1 %	115.1 %
Ratio of eligible capital to total debt capital	2.1 %	2.3 %
Rating	Rating	Rating
Moody's (bonds)	Aaa (stable)	Aaa (stable)
Zürcher Kantonalbank (issuer)	AAA (stable)	AAA (stable)
Sustainability rating (issuer)	Rating	Rating
MSCI ESG	AAA	AAA
ISS ESG	C Prime	C Prime

Mortgage bonds Pfandbriefzentrale

As at 31 December

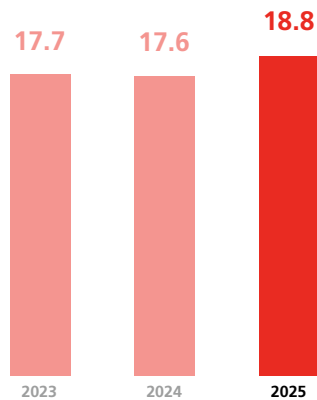
in billion Swiss francs



Share of mortgage-covered loans in the cantonal banks' mortgage loan portfolio

As at 31 December

in percent



Market share «The Swiss Pfandbrief®» Domestic bond volume Swiss francs

As at 31 December 2025

in percent

- Pfandbriefbank**
19.4
- Pfandbriefzentrale**
17.9
- Banks**
17.1
- Swiss Confederation**
15.8
- Cantons, cities**
8.8
- Various**
21.0



Swiss Pfandbriefe®
37.3

Foreword



Daniel Fust (left), Chairman of the Board of Directors and Sven Bucher (right), Director

Dear representatives of the shareholder banks,

Dear investors,

We can look back on an intensive and very successful financial year. Never before in our more than 90-year corporate history have we been able to issue such high volumes. Demand from member banks for mortgage-covered loans and from investors for mortgage-backed bonds remained high in 2025. One example of this high demand is the transaction on 15 July 2025, in which we raised a volume of CHF 1.9 billion with a quadruple tranche. This was the largest issue in our history.

Review of the 2025 financial year

In the 2025 financial year, Pfandbriefzentrale issued bonds with a total volume of CHF 14.5 billion (previous year CHF 10.0 billion) through twelve launches. Mortgage-backed bonds totalling CHF 5.5 billion (previous year CHF 6.8 billion) became due for repayment during this period. The amount of outstanding mortgage bonds thus increased by 10.8 % to a new high of CHF 92.3 billion. The outstanding mortgage bond volume has roughly doubled over the past ten financial years.

Against the backdrop of the interest rate reduction cycle initiated by the Swiss National Bank (SNB) from March 2024, the growth in banks' mortgage loans accelerated as property prices continued to rise. Swiss Pfandbriefe® are one of the most important sources of refinancing for Swiss banks on the capital market, and their importance has increased even further in recent years. They represent an interesting alternative to Swiss Confederation bonds in the AAA segment of the CHF bond market. Mortgage-backed bonds are standardised, denominated only in Swiss francs, available over many maturities, have a fixed interest rate and are highly stable and legally secure thanks to the Swiss Pfandbrief Act (PfA). They are also collateral for SNB repo-eligible securities. For that reason, they are also very important in the repo business. In addition to their crucial importance for the refinancing of bank loans, mortgage-backed bonds also play an important role as financial investments for banks in liquidity management. They are regarded as high-quality liquid assets (HQLA) and therefore enable liquidity to be raised easily and at any time.

The Swiss capital market realised the second-highest value in its history in 2025, with an issue volume of CHF 88.2 billion, just behind the record year of 2009 (CHF 88.9 billion). The previous year was exceeded by 14.8 %. The market was driven by another record year in domestic business with a volume of CHF 60.7 billion (+ 7.9 % compared to the previous year). As was the case in the previous year, the two Pfandbrief institutions continued to dominate the Swiss bond market in 2025 and achieved a total issue volume of CHF 26.0 billion (previous year CHF 20.6 billion), once again underlining their importance in the domestic segment with a market share of over 37 %. While the two Pfandbrief institutions still had to offer credit spreads of well over 30 basis points at the beginning of 2025, these spreads fell significantly during the year and were just around 20 basis points towards the end of the year.

The rating agency Moody's has rated the creditworthiness of Pfandbriefzentrale bonds unchanged since 2002 with the top rating of Aaa (outlook stable). The excellent credit rating is based on several factors, including the diversified cover pool with a limited lending ratio, the high level of legal certainty of the mortgage bond system in Switzerland, which is regulated by specific legislation, and the very good creditworthiness of the member banks. In accordance with the PfA, our mandate is to refinance the mortgage business of our member banks as favourably and efficiently as possible. As a joint venture of all 24 cantonal banks, Pfandbriefzentrale's focus is therefore not on maximising its profits. Even so, it again achieved a highly satisfactory result. The profit for the 2025 financial year totalled CHF 23.1 million (previous year CHF 20.6 million). A dividend distribution of 4.25 % (previous year: 4.25 %) will be proposed to the Annual General Meeting.

Sustainability

Sustainability is a key issue for us and is in the DNA of the Swiss Pfandbrief®. The Swiss Pfandbrief® enables member banks to obtain refinancing on a long-term, stable and, in particular, favourable basis. This allows the member banks to offer their clients mortgages at fair conditions, which can, among other things, then create incentives for carbon-saving property investments, such as energy-efficient renovations.

Pfandbriefzentrale aims to continuously improve its sustainability and create transparency. In this context, the Board of Directors revised the sustainability policy and published a sustainability report for 2024 in accordance with GRI standards for the first time in June 2025, including information on the carbon efficiency of the cover pool.

These and other measures were also positively recognised by the rating agency MSCI, which led to the rating being upgraded from A to AAA during 2024. For further information, please refer to our sustainability report 2025, which can be found at www.pfandbriefzentrale.ch/en.

Cover pool reporting

The requirements for the cover pool and the legitimacy, valuation and safekeeping of collateral are regulated by law, although Pfandbriefzentrale has issued further provisions in its business and valuation regulations.

We have been publishing comprehensive information about our cover pool on a quarterly basis since 30 September 2025 at www.pfandbriefzentrale.ch/en. Pfandbriefzentrale is therefore fulfilling the extended disclosure requirements under the Basel III final framework based on the Swiss Pfandbrief Ordinance (PfO, Article 21a «Disclosure»). Pfandbriefzentrale's well-diversified cover pool consists exclusively of residential properties throughout Switzerland. As at the end of December 2025, the mortgage-covered loans with a volume of CHF 92.3 billion had a cover value of CHF 119.2 billion, which corresponds to a coverage ratio of 129.1 %. The regulatory coverage ratio is 115 %. The loan values of the properties that secure the mortgages recognised as cover assets total CHF 230.8 billion. This results in a theoretical LTV of 40.0 %.

Annual General Meeting in Liestal and personnel changes

The 94th ordinary Annual General Meeting, which was organised by Basellandschaftliche Kantonalbank, took place on 27 June 2025 in an idyllic setting at the Hotel Bad Schauenburg in Liestal. The Annual General Meeting elected Glenda Brändli to the Board of Directors of Pfandbriefzentrale to replace Virginie Fauveau from Banque Cantonale de Genève, who stepped down from the Board on 19 September 2024. Glenda Brändli has been a member of the board of management and CFO/CIO of Banca dello Stato del Cantone Ticino since 2022. She previously worked for PricewaterhouseCoopers AG, among other firms, and has been a lead auditor and partner since 2014. Glenda Brändli is a qualified chartered accountant and holds a lic. oec. degree from the University of Lugano.

In addition to the member elected by the Swiss Federal Council, Pfandbriefzentrale's Board of Directors includes members of the boards of management of the cantonal banks. In accordance with our Statutes, the Board consists of eight to ten members, whose composition considers the diversity of the member banks in terms of size and regional representation.

Daniela Rey, the esteemed and long-serving CFO, stepped down from Pfandbriefzentrale's Board of Management at the end of September 2025. The Board of Directors elected Roger Schmid as her successor.

Activities of the Board of Directors

The Board of Directors held four meetings in 2025. The Audit Committee met once last year and the Nomination Committee twice. It dealt primarily with the management and supervisory tasks assigned to it. The Board of Directors performs regular risk analyses and reviews compliance with risk policy requirements and limits. One important topic was the complete revision of the valuation regulations. The valuation regulations form the basis for the valuation of Pfandbriefzentrale's cover pool. It specifies and supplements the requirements under the PfA.

This revision of the valuation regulations, which expanded and clarified various formulations among other changes, was based on the requirements of the Swiss Bankers Association's «Guidelines on Assessing Valuing and Processing Loans Secured Against Property». The revision of the valuation regulations also creates further foundations for taking even better account of sustainability aspects.

The Swiss Federal Council approved Pfandbriefzentrale's valuation regulations on 27 August 2025. Other important topics for the Board of Directors were the modification of the business and organisational regulations as well as an update of the sustainability policy.

Outlook for 2026

Bonds totalling CHF 6.5 billion (previous year CHF 5.5 billion) will become due for repayment in the 2026 financial year. Pfandbriefzentrale is planning ten issue dates for 2026. The resulting proceeds will be used to refinance the loans to the 24 member banks that were financed with these bonds and to raise additional funds.

The successful issuing activity of recent years necessitated an increase in Pfandbriefzentrale's equity. To enable Pfandbriefzentrale to grow further, an Extraordinary General Meeting was held in written form on 4 February 2026. It was decided to increase the nominal share capital from CHF 2,225 million to CHF 2,825 million. The paid-in share capital remains unchanged at 20%. As a result, Pfandbriefzentrale will receive liquid funds totalling CHF 120 million. At the same time, the member banks have additional funding obligations totalling CHF 480 million. The capital increase allows further growth in the mortgage bond volume to a maximum of CHF 120 billion. The newly issued shares are fully entitled to dividends for the first time for the 2027 financial year. The approval of the Statutes by the Swiss Federal Council, as required under the PfA, took place at the Swiss Federal Council meeting on 15 April 2026. The share capital increase should be completed by the end of April 2026.

Revision of corporate design and a thank you

Pfandbriefzentrale completely revised its corporate design last year. The various publications and the website now appear with a more modern look in different colour variations. The content of this annual report has been reorganised and expanded to include a corporate governance report and a risk report.

Pfandbriefzentrale serves all 24 member banks and successfully brokers capital between the capital market and the cantonal banks for refinancing the Swiss mortgage portfolio. The Board of Directors and the Board of Management would like to thank everyone involved, particularly the member banks and investors, for their cooperation and partnership in the past financial year. We are aware that trust in Pfandbriefzentrale is the most important prerequisite for the successful development of the joint venture in the service of all cantonal banks.



Daniel Fust
Chairman of the Board of Directors



Sven Bucher
Director

Corporate governance

This corporate governance report describes Pfandbriefzentrale's organisational structure. The report contains information on the work procedures of the Board of Directors and its committees, as well as details about the individual members.

Corporate governance is the entirety of the principles aligned with stakeholder interests (shareholders / member banks, investors, employees of Zürcher Kantonalbank working for Pfandbriefzentrale, public, etc.). These principles strive for transparency and a balanced relationship between management and control at the highest corporate level while maintaining decision-making ability and efficiency. Pfandbriefzentrale is expressly committed to this central theme of corporate governance.

Shareholders

The shareholders consist of all 24 cantonal banks, which are also the member banks of Pfandbriefzentrale. The participation of the individual member banks and the proportion of mortgage-covered loans obtained are shown in the following table:

As of 31 December 2025	Share capital				Mortgage-covered loans	
	Nominal CHF 1 000	Share in %	Paid in CHF 1 000	Not paid in ¹ CHF 1 000	Amount CHF 1 000	Share in %
Shareholders						
Zürcher Kantonalbank	396 430	17.82	79 286	317 144	12 041 000	13.04
Banque Cantonale Vaudoise	303 415	13.64	60 683	242 732	8 490 000	9.20
Berner Kantonalbank	238 685	10.73	47 737	190 948	7 591 000	8.22
Banque Cantonale de Genève	131 480	5.91	26 296	105 184	4 466 000	4.84
St. Galler Kantonalbank	129 455	5.82	25 891	103 564	5 580 000	6.05
Thurgauer Kantonalbank	129 455	5.82	25 891	103 564	6 895 000	7.47
Basellandschaftliche Kantonalbank	115 295	5.18	23 059	92 236	3 978 000	4.31
Basler Kantonalbank	115 295	5.18	23 059	92 236	3 493 000	3.78
Luzerner Kantonalbank	95 065	4.27	19 013	76 052	8 525 000	9.24
Graubündner Kantonalbank	84 955	3.82	16 991	67 964	4 982 000	5.40
Aargauische Kantonalbank	82 935	3.73	16 587	66 348	3 049 000	3.30
Banque Cantonale du Valais	64 730	2.91	12 946	51 784	2 643 000	2.86
Banque Cantonale de Fribourg	60 685	2.73	12 137	48 548	4 739 000	5.13
Schaffhauser Kantonalbank	48 545	2.18	9 709	38 836	1 302 000	1.41
Schwyzner Kantonalbank	40 455	1.82	8 091	32 364	1 976 000	2.14
Banque Cantonale Neuchâteloise	38 435	1.73	7 687	30 748	2 245 000	2.43
Zuger Kantonalbank	30 335	1.36	6 067	24 268	1 870 000	2.03
Banca dello Stato del Cantone Ticino	24 270	1.09	4 854	19 416	2 797 000	3.03
Glarner Kantonalbank	20 230	0.91	4 046	16 184	1 408 000	1.53
Obwaldner Kantonalbank	20 230	0.91	4 046	16 184	644 000	0.70
Nidwaldner Kantonalbank	18 205	0.82	3 641	14 564	1 324 000	1.43
Appenzeller Kantonalbank	14 165	0.64	2 833	11 332	552 000	0.60
Urner Kantonalbank	12 130	0.55	2 426	9 704	788 000	0.85
Banque Cantonale du Jura	10 120	0.45	2 024	8 096	928 000	1.01
Total	2 225 000	100	445 000	1 780 000	92 306 000	100

¹ Certificates of obligation from the 24 shareholder banks exist for the unpaid share capital in accordance with Article 18 para. 2 PfO.

Capital structure

The ordinary share capital is reported in the statement of changes in equity on page 38. As can be seen therein, the ordinary share capital amounts to CHF 2.225 billion, of which CHF 1.780 billion is not paid in. The 24 cantonal banks have issued certificates of obligation for the unpaid share capital in accordance with Article 18 para. 2 PfO. It is also possible to demand payment of the unpaid share capital on short notice by means of credit facilities with subsequent set-off of claims.

All shares are entitled to dividends. Pfandbriefzentrale does not have conditional share capital, nor a statutory capital band. Pfandbriefzentrale does not have any outstanding options, convertible bonds or bonds with warrants. In addition, Pfandbriefzentrale does not have any participation certificates or dividend-right certificates outstanding.

The ordinary share capital has remained unchanged over the past three reporting years.

Pfandbriefzentrale does not issue shares or options to its governing bodies.

Governing bodies

Board of Directors

The Board of Directors consists of eight to ten members in accordance with Art. 3 PfO and the Statutes. The Board currently comprises ten members, nine of whom are representatives of the member banks pursuant to Art. 4 PfO and one of whom is appointed by the Swiss Federal Council in accordance with Art. 37 PfA to represent mortgagees.

The term of office of the Board members from among the member banks is three years, beginning and ending with the ordinary Annual General Meeting. For the member appointed by the Swiss Federal Council, the term is four calendar years. The members are eligible for re-election.

In order to meet the requirements placed on a joint venture of the cantonal banks, the composition of the Board of Directors is balanced regarding the size of the respective member banks, but also in relation to geographic and linguistic criteria. A diverse range of expertise is important too, including financial and risk management experience. In addition, diversity is also emphasised in the selection process wherever possible.

The Chairman of the Board of Directors is not an executive manager of Pfandbriefzentrale, nor of Zürcher Kantonalbank, which is entrusted with the management of Pfandbriefzentrale.

Board of Directors

As at 31 December 2025



Daniel Fust (1966), Switzerland
Chairman since 2021
Chairman of the Nomination Committee since 2024
 CEO of Graubündner Kantonalbank

Key mandates

- Board Member Association of Swiss Cantonal Banks
- Board Member Privatbank Bellerive AG
- Board Member Albin Kistler AG
- Chairman Graubünden Economic Forum
- Board Member Rigahaus Senior Citizens' Centre



Dieter Widmer (1967), Switzerland
Member since 2019, Vice Chairman since 2021
Member of the Nomination Committee since 2024
 Chairman of the Executive Board of Aargauische Kantonalbank

Key mandates

- Board Member Association of Swiss Cantonal Banks



Dr Martin Bardenhewer (1967), Switzerland and Germany
Member since 2023
 Member of the Executive Board of Zürcher Kantonalbank, Head of the Finance business unit, CFO

Key mandates

- Chairman of the Board Swisscanto Holding AG
- Board Member association esisuisse



Glenda Brändli (1980), Switzerland
Member since 2025
 Member of the Executive Board and Head of the Finance department of Banca dello Stato del Cantone Ticino, CFO / CIO

Key mandates

- Board Member University of Lugano and Chairwoman of the Audit and Finance Committee
- Committee member Swiss American Chamber of Commerce, Ticino Chapter



Hans Egloff (1959), Switzerland

Member since 2017

Member of the Audit Committee since 2024

Representative appointed by the Federal Council in accordance with Article 37 of the PfA for the term of office from 2025 to 2028

Lawyer, Partner of the law firm BEELEGAL

Bösiger.Engel.Egloff

Key mandates

- Chairman of the Board Sparhafen Genossenschaft
- Board Member Sparhafen Immobilien AG
- Board Member Sparhafen Bank AG
- Board Member Gebäudeversicherung Kanton Zürich
- Chairman of the Supervisory Board SVA Kanton Zürich
- Chairman of the Board HEV Kanton Zürich



Beatrice Kern (1969), Switzerland

Member since 2024

Member of the Audit Committee since 2024

Member of the Executive Board of Berner Kantonalbank (BEKB), CFO

Key mandates

- Vice Chairwoman of the Board Bivial AG
- Board Member BEKB SME Promotion Foundation



Pierre-Alain Leuenberger (1971), Switzerland

Member since 2021

CEO of Banque Cantonale Neuchâteloise (BCN)

Key mandates

- Board Member Association of Swiss Cantonal Banks
- Board Member Chambre Neuchâteloise du Commerce et de l'Industrie
- Chairman of the Board Fondation de prévoyance Epargne 3 de la Banque Cantonale Neuchâteloise
- Board Member Caisse de retraite du personnel de la BCN
- Chairman of the Board Fondation Sport NE



Ueli Manser (1964), Switzerland

Member since 2019

Member of the Nomination Committee since 2024

CEO of Appenzeller Kantonalbank

Key mandates

- Board Member Association of Swiss Cantonal Banks
- Chairman of the Board Alpstein Finanz AG
- Chairman of the Board Stark AG
- Board Member Chamber of Commerce and Industry of Appenzell
- Member of the Board of Trustees of Vorsorge-stiftung Sparen 3 der Appenzeller Kantonalbank



Dr Thomas Paulsen (1965), Switzerland

Member since 2009

Chairman of the Audit Committee since 2024

Member of the Executive Board of Banque Cantonale Vaudoise (BCV), CFO

Key mandates

- Vice Chair Board of Directors and member of the Audit and Risk Committee of Piguet Galland & Cie SA
- Chair of the Swiss Cantonal Bank Issuing Committee
- Foundation Board Member of ISREC
- Board Member Fonds de Prévoyance en Faveur du Personnel de la BCV



Hanspeter Rhyner (1968), Switzerland

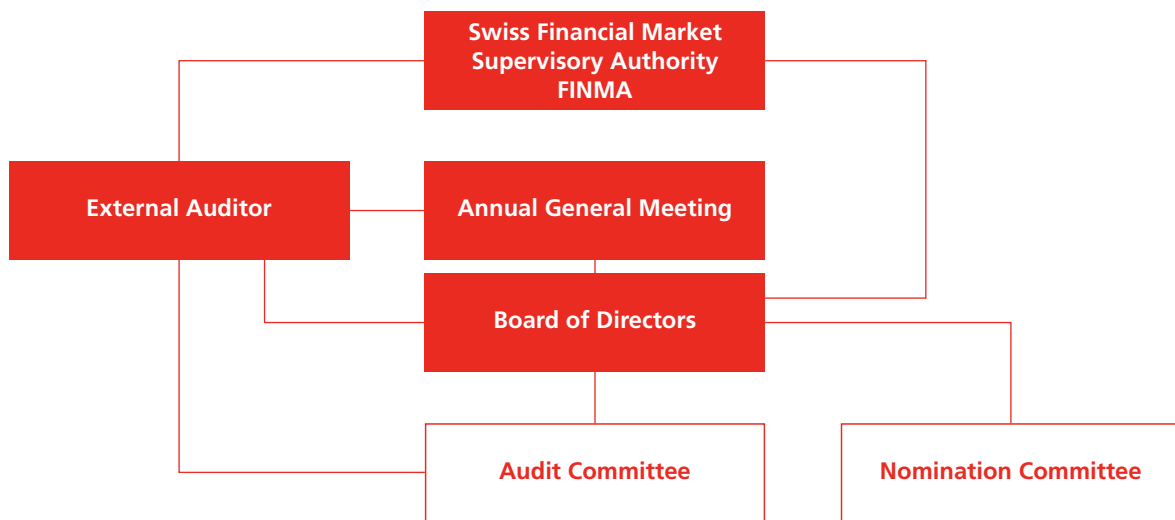
Member since 2021

Chairman of the Executive Board of Zuger Kantonalbank

Key mandates

- Board Member Association of Swiss Cantonal Banks
- Board Member Zug Chamber of Commerce
- Chairman of the Board Pension Fund of Zuger Kantonalbank
- Board Member Parkhaus Vorstadt AG
- Board Member IFZ Institute for Financial Services
- Board Member Greater Zurich Area Location Marketing Foundation

Corporate governance on the level of the Board of Directors



Board of Management

Sven Bucher (1968), Switzerland

Director

Key mandates

- Member Swiss GAAP FER Executive Committee
- Board Member SFAA
- Board Member AZEK

Michael Benn (1967), Switzerland

Deputy director, secretary Board of Directors

Ursina Kubli Burgauer (1979), Switzerland

Deputy director

Roger Schmid (1986), Switzerland

Deputy director

Michael Wölfle (1971), Switzerland

Deputy director



Team Pfandbriefzentrale (from left to right): Beat Auf der Maur, Roger Schmid, Ursina Kubli Burgauer, Sven Bucher, Michael Benn, Esther Kälin, Michael Wölfle, Peter Widmer

Auditors

Ernst & Young AG, Zurich

Internal organisation

Zürcher Kantonalbank has been responsible for the management of Pfandbriefzentrale since its founding in 1931 and has provided employees, premises and infrastructure to that end. It is compensated for this by means of a management commission, which is based, among other metrics, on the mortgage bond volume, and is regulated in a management agreement. The annual compensation is listed and explained in the annual report on page 45 under Business expenses and Transactions with related parties.

Regulation of competences

The competences of the Annual General Meeting, the Board of Directors and the Board of Management are governed by the Statutes dated 28 June 2024 and the organisational regulations dated 24 September 2025.

Annual General Meeting

The Annual General Meeting of shareholders is the highest governing body of Pfandbriefzentrale. It has the following non-transferable powers:

- Approval of the annual report and the annual financial statements and resolutions on the appropriation of net retained earnings.
- Discharge of the members of the Board of Directors.
- Election of the members of the Board of Directors, its Chairman and the auditor. This is subject to Art. 37 PfA, which authorises the Swiss Federal Council of the Swiss Confederation to appoint a representative of the mortgagees as a member.
- Issuance and amendments to the Statutes, which must be approved by the Swiss Federal Council in accordance with Article 2 para. 2 PfA.
- Dissolution of Pfandbriefzentrale or its merger with the other Pfandbrief institution.
- Resolutions on other transactions reserved for the Annual General Meeting by law or the Statutes.

Board of Directors

The Board of Directors adopts resolutions on all matters not reserved for other governing bodies by law, the Statutes and/or regulations, whereby it may delegate individual tasks to the Board of Management or third parties.

It is responsible in particular for the:

- Election and dismissal of the Board of Management, the other authorised signatories and the secretary.
- Conclusion of a management contract.
- Regulation of signatory authorisation, whereby only joint signatory authorisation by two persons is permitted.
- Issuance of organisational regulations, business regulations and valuation regulations. The latter is subject to approval by the Swiss Federal Council.
- Resolutions on the issue of mortgage bonds, determination of the conditions for mortgage bonds and loans and, if necessary, conclusion of agreements with issuing syndicates.
- Adoption of the annual report and the annual financial statements with the proposals to the Annual General Meeting.
- Consideration of the reports of the statutory auditor, the regulatory audit company and the audit firms of the member banks.
- Determination of the remuneration for the governing bodies.
- Certification confirming the existence of the legal cover on the mortgage bonds after having verified the existence and proper registration of the cover.
- Monitoring the cover and its safekeeping and administration, insofar as this is Pfandbriefzentrale's responsibility.
- External representation of Pfandbriefzentrale – in consultation with the Board of Management.
- Supervision of the business performance.

The full Board of Directors held four meetings in 2025. Three of these meetings were conducted in-person and one virtually.

Committees of the Board of Directors

In order to prepare its resolutions and perform its supervisory function, the Board of Directors appoints committees to analyse in depth specific technical or personnel issues and report to the Board of Directors. The Board of Directors has currently established two permanent committees to support it.

The full Board of Directors elects the members of the committees. They must be members of the Board of Directors. The committees comprise at least three members. Their term of office, which may not exceed three years, ends at the same time as the ordinary term of office on the Board of Directors. Re-election is possible.

Audit Committee

The Audit Committee has the task of supporting and advising the full Board of Directors regarding its financial management and monitoring duties (organisation of the accounting system, financial planning, internal control system (ICS) and risk management).

The Audit Committee also assesses risk management as well as compliance with legal and regulatory requirements, insofar as they affect finance and accounting. The Audit Committee meets at least once a year (2025: once).

Nomination Committee

The Nomination Committee defines principles and criteria for the selection of candidates for election to the Board of Directors or for re-election. When doing so, it ensures appropriate succession planning for the Board of Directors in accordance with the principles set out in Art. 15 of the Statutes. The Nomination Committee endeavours to ensure a balanced composition of the members of the Board of Directors. When selecting candidates, it considers the geographic and linguistic diversification of the cantonal banks to be represented. It is also responsible for ensuring that smaller and medium-sized cantonal banks are adequately represented and that diversity considerations are taken into account as far as possible.

Zürcher Kantonalbank, the managing entity of Pfandbriefzentrale, proposes for election from among its employees the members of the Board of Management, the other authorised signatories and the secretary to the Board of Directors. The Nomination Committee is informed about the personnel recruitment process and, together with Zürcher Kantonalbank (the managing entity of Pfandbriefzentrale), pre-selects candidates who are then appointed by the full Board of Directors.

The Nomination Committee met twice in 2025.

Remuneration of the Board of Directors

The Board of Directors was remunerated as follows for the 2025 financial year (in CHF):

Name	Function	Fee	Attendance fee	Travelling expenses	Social security deduction	Compensation
Daniel Fust	Chairman	20 000	3 000	530	–	23 530
Dieter Widmer	Vice Chairman	12 000	3 000	241	–	15 241
Dr. Martin Bardenhewer	Member	10 000	2 000	126	–	12 126
Glenda Brändli ¹	Member	5 000	1 000	300	–	6 300
Hans Egloff	Member	10 000	2 500	126	–663	11 964
Beatrice Kern	Member	10 000	2 500	490	–	12 990
Pierre-Alain Leuenberger	Member	10 000	2 000	548	–	12 548
Ueli Manser	Member	10 000	3 000	484	–	13 484
Dr. Thomas Paulsen	Member	10 000	2 500	774	–	13 274
Hanspeter Rhyner	Member	10 000	1 000	61	–	11 061
Total		107 000	22 500	3 680	–663	132 518

¹ from 27 June 2025

If a member of the Board of Directors belongs to the board of management of a bank, Pfandbriefzentrale has been paying the entire remuneration to the respective member bank since 2014. Pfandbriefzentrale does not grant loans or advances to members of the Board of Directors or to employees mandated by Zürcher Kantonalbank to manage Pfandbriefzentrale.

Dealing with conflicts of interest

The handling of conflicts of interest (identification, avoidance, implementation of measures) is governed by provisions in the organisational regulations and is reviewed annually by the Board of Directors. The members of the Board of Directors and the Board of Management are obliged to inform the Chairman of the Board of Directors immediately in writing of any potential or existing conflicts of interest and to fully disclose the details of the conflict of interest. The Chairman of the Board of Directors makes an initial assessment and, if deemed necessary, informs the full Board of Directors, to which the Chairman requests appropriate measures if necessary. In urgent cases, the Chairman of the Board of Directors may take the necessary measures himself.

Should the Chairman of the Board of Directors himself be impacted by a potential or existing conflict of interest, he must inform the Vice Chairman of the Board of Directors.

The Vice Chairman of the Board of Directors makes an initial assessment and, if deemed necessary, informs the full Board of Directors, to which the Vice Chairman requests appropriate measures if necessary. In urgent cases, the Vice Chairman of the Board of Directors may take the necessary measures himself.

The full Board of Directors consults the member concerned and decides on the specific course of action. The member of the Board of Directors in question must abstain from voting on the related resolution (but not from deliberations). In special cases, a qualified withdrawal of the member concerned may also be necessary, in which case the member is excluded from all information and deliberations. The disclosure of the conflict of interest, its assessment by the Chairman of the Board of Directors or the full Board of Directors and the measures taken (or the waiver of measures) are documented in writing, usually in the minutes of a Board of Directors meeting.

Auditor

The Annual General Meeting elects the auditor for a one-year term. Its mandate ends with the approval of the last annual financial statements. Re-election is possible.

The auditor must audit the annual financial statements and report to the Annual General Meeting. It recommends acceptance, with or without qualification, or rejection of the annual financial statements.

As a regulatory audit firm, it also carries out the supervisory audit, reporting to the Board of Directors and FINMA.

Board of Management

The Board of Management is made up of a Director and other members. The Director, who is responsible for the management, is supported by the other members. The Board of Directors appoints a Deputy Director from among the members of the Board of Management.

The Board of Management manages the business and affairs of Pfandbriefzentrale within the legal, statutory and regulatory limits. In addition to implementing the resolutions of the Board of Directors, its duties include in particular the:

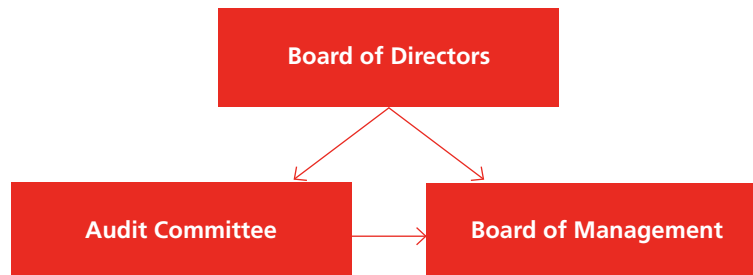
- External representation of Pfandbriefzentrale.
 - Fulfilment of all obligations arising from the issue of mortgage bonds and the granting of loans.
 - Monitoring of the cover and its safekeeping, insofar as this is Pfandbriefzentrale's responsibility, and verification of the existence of legal cover on the mortgage bonds in accordance with Article 9 PfA.
 - Management, administration and safekeeping of Pfandbriefzentrale's assets.
 - Management of the accounting system.
 - Periodic reporting to the Board of Directors on the performance of the business.
 - Preliminary handling of the business of the Board of Directors with reports and submissions of proposals.
- Preparation of the annual report and the annual financial statements with a proposal on the appropriation of net retained earnings.
 - Preparation of the budget with a proposal for approval to the Board of Directors.
 - Organisation of the Annual General Meetings.
 - Coordination with the auditor.
 - Annual information to the Board of Directors on planned issuing activity.
 - Marketing for mortgage bonds.
 - Proposals for the appointment of authorised signatories.

Employees of Zürcher Kantonalbank perform the management of Pfandbriefzentrale. As a result, Pfandbriefzentrale does not have any salaried employees. Accordingly, Pfandbriefzentrale does not pay a salary or variable remuneration to the members of the Board of Management or to other employees.

Risk report

The Board of Directors of Pfandbriefzentrale bears overall responsibility for risk management. It assesses the appropriateness of and compliance with risk policy requirements and limits, the risk profile and special events and developments. The Board of Management is responsible for implementing the risk policy. The risk policy framework of Pfandbriefzentrale is largely defined by the statutory provisions. The Board of Directors of Pfandbriefzentrale has issued risk policy guidelines and limits for individual key areas that are not regulated by law.

Risk organisation



Audit Committee

The Audit Committee's primary task is to support and advise the full Board of Directors in its management and supervisory duties. It reviews and assesses risk management in general and the annual risk analysis in particular for the attention of the Board of Directors.

Board of Directors

The Board of Directors is responsible for the overall management and ultimate supervision of the Board of Management and thus also of risk management. It issues the necessary instructions and monitors the business performance. To this end, the Board of Management updates the Board of Directors on a quarterly basis as part of the quarterly reporting and at the meetings of the Board of Directors.

It also assesses and approves the annual risk analysis, among other things, and monitors the cover and its safekeeping and administration, insofar as this is Pfandbriefzentrale's responsibility.

Board of Management

The Board of Management manages the business and affairs of Pfandbriefzentrale within the legal, statutory and regulatory limits. In addition to implementing the Board's resolutions, its responsibilities in relation to risk

management and the implementation of the ICS include, among other things, the monitoring of the cover and its safekeeping, insofar as this is Pfandbriefzentrale's responsibility; verifying the existence of legal cover on the mortgage bonds; managing, administering and safekeeping Pfandbriefzentrale's assets; preparing the risk analysis for the attention of the Audit Committee and the Board of Directors; and periodically reporting to the Board of Directors on the performance of the business.

Risk management

The objective of risk management is to identify potential risks at an early stage and take suitable measures to avoid or substantially limit them. Risk management serves as a management tool for the Board of Directors to define appropriate organisational structures, processes and responsibilities, which are used to identify, manage, optimise and monitor external and internal risks. The relevant principles are set out in various regulations of Pfandbriefzentrale and in the risk management framework.

Pfandbriefzentrale relies on effective risk management to ensure financial and operational stability and to strengthen the confidence of investors and shareholders/member banks. This ensures changes are identified at an early stage and that Pfandbriefzentrale's risks are actively and prudently managed.

The Board of Directors of Pfandbriefzentrale bears overall responsibility for risk management. It regularly performs risk analyses and assesses the appropriateness of risk management and the suitability of the ICS. In particular, it also reviews compliance with risk policy requirements and limits as well as the risk profile, and decides on any necessary measures in the event of special events and developments. The Board of Directors is informed about the main risk drivers at least quarterly. In addition, the audit company of Pfandbriefzentrale also prepares an annual risk analysis in accordance with FINMA requirements and derives the audit strategy from its assessment. In order to prepare its resolutions and fulfil its supervisory function, the Board of Directors has established an Audit Committee, which is chaired by a member with extensive financial and risk management experience. The Board of Management is responsible for implementing the risk policy. The risk policy framework of Pfandbriefzentrale is largely defined by the statutory provisions. The Board of Directors of Pfandbriefzentrale has issued risk policy guidelines and limits for individual key areas that are not regulated by law.

Inadequately assessed risks could lead to financial losses and/or reputational risks for Pfandbriefzentrale, investors and shareholders. By digitalising its cover pool reporting, Pfandbriefzentrale has further optimised risk monitoring and increased transparency, thereby also meeting the needs of the various stakeholders and the requirements under the Basel III final framework.

From the perspective of Pfandbriefzentrale, the risk assessment focal points for all stakeholders are the chain of protective measures for mortgage bonds and the cover pool. Please refer in this regard to the quarterly publication «Cover pool reporting». This disclosure, which is available at www.pfandbriefzentrale.ch/en, provides transparent and detailed information on the mortgage loans pledged as cover.

The following chart shows the risks identified as significant for Pfandbriefzentrale. The basis for this depiction is the risk assessment approved by the Board of Directors at its meeting on 2 April 2025:



Liquidity and refinancing risks

Illiquidity of Pfandbriefzentrale

Risk description:

- Failure to make loan repayments on time jeopardises Pfandbriefzentrale's liquidity.

Mitigating measures (not exhaustive):

- The business regulations limit the maturity of loans per bank to CHF 300 million within 30 days. This limit and the 30-day period are intended to ensure that Pfandbriefzentrale can raise the liquidity it needs on short notice, even in a difficult market environment.
- Limitation of maturity amount per bond to a maximum of CHF 1,200 million.
- A repo agreement and an existing credit line with Zürcher Kantonalbank (systemically important bank/SIB) make it possible to raise liquidity on short notice.
- Existing credit facilities at all member banks to the extent of their participation ensure that payment of the unpaid share capital totalling CHF 1,780 million can be made on short notice (within five bank working days) with subsequent set-off of claims.
- In extreme cases, liquidity could be raised by selling securities (liquid bond portfolio with high credit rating requirements).

Downgrade of bond rating

Risk description:

- A downgrade by the rating agency Moody's and thus a loss of the Aaa rating could result in Pfandbriefzentrale losing its position as a top borrower on the Swiss capital market. The ramifications of such a downgrade could include a reduction in demand from investors and an increase in the cost of refinancing for the cantonal banks.

Mitigating measures (not exhaustive):

- Regular interaction with Moody's, so that developments can be identified and addressed at an early stage.

Downgrade of ESG rating

Risk description:

- The downgrading of the rating of one of the main sustainability rating agencies could have a negative impact on the refinancing situation. This adverse effect could result because Pfandbriefzentrale might then either no longer fulfil the sustainability criteria of investors or equivalent alternatives with a better sustainability rating are available.

Mitigating measures (not exhaustive):

- Pfandbriefzentrale conducts an active dialogue with the rating agencies to sharpen their understanding of the special features of the Swiss mortgage bond system. Furthermore, Pfandbriefzentrale aims to create as much transparency as possible within the scope of the law.

Credit risks

Credit rating of a member bank

Risk description:

- The deterioration in the creditworthiness of the member banks leads to a higher default risk.
- 21 of the 24 cantonal banks have an unlimited state guarantee; the cancellation of these state guarantees could have a negative impact on their creditworthiness (rating).
- Deteriorating financial situations of the cantons could have an unfavourable impact on the creditworthiness of the cantonal banks.

Mitigating measures (not exhaustive):

- Deteriorations in creditworthiness do not influence the quality of the cover substrate for the mortgage-covered loans, as the cover is stipulated by the PfA and related regulations.
- The ratings (agency and/or bank ratings) of the member banks are monitored annually. The rating of Zürcher Kantonalbank, which is a systemically important bank/SIB and which is also closely integrated into Pfandbriefzentrale's processes, is monitored on a quarterly basis.
- If a member bank's rating deteriorates significantly, Pfandbriefzentrale can review corresponding measures, such as increasing the loan cover (according to the business regulations, a 10 % increase is possible at any time and without giving reasons).

Default of a member bank

Risk description:

- Bank restructurings that are not completed quickly enough jeopardise Pfandbriefzentrale.

Mitigating measures (not exhaustive):

- Articles 40 and 40a PfA, which were incorporated into the Act in 2023, have led to an additional strengthening of the mortgage bond system's resilience in the event of a member bank's insolvency or bankruptcy.
- If a member bank is declared bankrupt, its mortgage-covered loans do not become due. This enables an orderly liquidation without time pressure (Art. 40a para. 1 PfA).
- Art. 21a PfO governs the duties of the investigating agent appointed by FINMA to cooperate with the Pfandbrief institutions. This mandated person should inform the Pfandbrief institutions on a regular basis about the status of the procedure and provide them with all the information they require to fulfil their tasks.

Insufficient cover

Risk description:

- The value of the cover proves to be insufficient.

Mitigating measures (not exhaustive):

- Only properties located in Switzerland (residential properties) that are geographically distributed throughout Switzerland are eligible for cover.
- A maximum of 2/3 of the loan value is eligible as cover and a legally binding obligation exists to provide additional cover at any time.
- The loan cover must be at least 115 %.
- The interest cover must be at least 110 %.
- The limitation of mortgage-covered loans to 35 % of the domestic mortgage portfolio per cantonal bank facilitates the provision of any necessary additional cover, whereby any covered bond programmes of the member bank are deducted.

Default of investments (bonds)

Risk description:

- Losses on securities investments reduce the reserves.

Mitigating measures (not exhaustive):

- Principle that securities are held to maturity.
- High legal and regulatory quality requirements lead to a restrictive investment strategy focussing on highly liquid securities with very good credit ratings, which are frequently also eligible for repo transactions.
- The portfolio of own bonds (nominal value) is limited by regulations to 20 %.

Market risks

Slump in the real estate market

Risk description:

- A significant slump in the real estate market would have a negative impact on the cover value.

Mitigating measures (not exhaustive):

- The LTV (ratio of mortgage-covered loan/loan value) is reviewed on a quarterly basis. The ratio has remained stable at around 40 % since the first quarterly survey (31 December 2018). This stability demonstrates the solid value buffer of the cover pool.
- The limitation of mortgage-covered loans to 35 % of the domestic mortgage portfolio per cantonal bank facilitates the provision of any necessary additional cover.
- In 2019, a (voluntary) reduction in the proportion of multi-family houses (multi-family houses and properties with a commercial share of up to 30 %) was decided by member banks with an above-average proportion of multi-family houses in the cover pool.

Interest rate change

Risk description:

- Interest rate rises can lead to affordability problems for mortgage borrowers and declines in property prices, resulting in overdue or impaired loans for member banks.

Mitigating measures (not exhaustive):

- The PfA as well as the valuation and business regulations require that the capital and interest on the mortgage-covered loans must be covered at all times (including a margin of 15 % and 10 %, respectively).

- The PfA and the valuation regulations stipulate that if signs of reduced value become apparent because of impaired loans or non-performing loans, the member banks must immediately remove this cover from the cover pool and, if necessary, replace it.
- The cover pool of the individual member banks is audited annually by the respective audit company using an audit programme specified by Pfandbriefzentrale. The audit findings are submitted annually to Pfandbriefzentrale's Audit Committee and Board of Directors, as well as to the audit company of Pfandbriefzentrale.

Operational and other risks

Regulatory changes

Risk description:

- Regulatory changes (in particular to relevant requirements such as the PfA and PfO) could have an unfavourable impact on Pfandbriefzentrale (higher requirements, restrictions, etc.).
- Orders issued by FINMA or the SNB could adversely affect Pfandbriefzentrale's business activities.

Mitigating measures (not exhaustive):

- Maintaining regular contact, in particular with the SBA and ASCB, but also with FINMA, SIF and SNB, in order to identify developments at an early stage.
- Monitoring of hearings and consultations on relevant topics, assessment of drafts, possible involvement through opinion statements in cooperation with Pfandbriefbank and close dialogue with the SBA and ASCB.

Operational risks

Risk description:

- Operational risks – particularly in connection with the issuing business – can lead to financial losses or jeopardise Pfandbriefzentrale's reputation.

Mitigating measures (not exhaustive):

- The Board of Management minimises operational risks by issuing appropriate guidelines (BCM, ICS, user concept for WinCredit, etc.). Furthermore, Pfandbriefzentrale is also integrated into Zürcher Kantonalbank's emergency organisation.
- Compliance with the requirements for the external IT provider is monitored, among other ways, through the annual provision of the ISAE 3402 report and the ISO 27001 report.

Cyber risk

Risk description:

- Cyber risks include the risk of attacks by unknown third parties via the Internet or comparable networks (e.g. Extranet) with the aim of carrying out unauthorised value transactions, data theft or sabotage.

Mitigating measures (not exhaustive):

- Pfandbriefzentrale collaborates with an external web hosting provider that is contractually required to implement regular security updates.
- Extensive contractual security requirements have been agreed with the external IT provider, which are regularly reviewed.
- Taking out cyber risk insurance.

Loan cover

Chain of protective measures for covered bonds

The protection offered by Pfandbriefzentrale covered bonds is five-fold. First, Pfandbriefzentrale assumes primary liability with its own capital. Second, the cantonal banks are liable for their loan subscriptions. In most cases, the cantons also guarantee the obligations of their respective cantonal banks (with the exception of the Cantons of Berne, Geneva and Vaud). The fourth and fifth levels of protection are that the mortgage borrowers are liable to the cantonal banks, and the cantonal banks have a lien on their mortgaged properties. This results in the greatest possible protection for the investor. This is also reflected in the highest rating for bonds issued by Pfandbriefzentrale by the rating agency Moody's and the Research Department of Zürcher Kantonalbank.

Well diversified loan cover

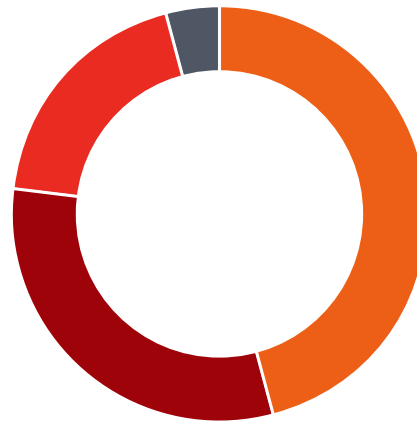
Residential properties (single-family houses, multifamily houses, condominiums and properties with commercial use of up to 30 %) serve as cover for the mortgage-covered loans. The mortgaged properties are broadly diversified throughout Switzerland. The audit companies of the cantonal banks check the compliance with the cover requirements on an annual basis.

Properties in Switzerland

Strict legal and regulatory provisions apply to the member banks' mortgage loans that serve as collateral. They limit the lending to a maximum of two-thirds of the properties' loan value. All mortgaged properties are located in Switzerland. The cantonal banks must pledge mortgaged properties with a value of 115 % of the loan amount as collateral for their loans. In addition, the interest income from the mortgages set aside for the mortgage-covered loans must be at least 10 % higher than the interest expense for the mortgage-covered loans obtained. The legal obligation to comply with these criteria at all times ensures that any collateral which is no longer sufficient has to be replaced immediately if necessary. The Board of Directors of Pfandbriefzentrale has also limited the loan subscriptions for member banks to 35 % of their reported mortgage loans in Switzerland.

Cover pool Pfandbriefzentrale

As at 31 December 2025



Single-family houses
46 %

Multi-family houses
31 %

Condominiums
19 %

Properties with commercial use <= 30 %
4 %

New mortgage-backed bonds

Pfandbriefzentrale completed 48 transactions with twelve launches for new issues and increases in the 2025 financial year.

Issue date	Series	Interest rate in %	Issue price in %	Term years	CHF million	Repayment	
						Series	CHF million
14.02.2025	462	0.625	99.954	4.422	192	461	957
	601	0.850	100.256	8.928	361		
	510	0.700	96.718	14.056	81		
	602	1.000	100.436	17.978	219		
10.03.2025	544	0.350	99.588	2.394	448	-	-
	583	1.400	104.017	6.850	367		
	603	0.950	100.272	10.047	192		
	599	1.050	99.521	19.639	274		
02.04.2025	585	1.500	103.193	6.000	108	-	-
	554	1.700	104.740	7.319	62		
	592	1.450	102.959	8.681	338		
	601	0.850	97.950	8.794	174		
	558	1.800	106.391	11.142	140		
	565	2.350	113.074	12.625	305		
	584	1.450	102.507	13.794	218		
	602	1.000	95.586	17.844	189		
16.04.2025	489	0.375	99.891	2.431	401	432	298
	604	0.900	100.129	9.164	441	503	433
	598	1.070	99.931	14.875	206		
	605	1.150	100.501	20.772	229		
21.05.2025	566	1.500	102.637	1.911	541	488	761
	606	0.800	100.206	9.736	350		
	607	0.950	100.003	14.867	116		
	608	1.000	100.044	20.258	325		
23.06.2025	521	0.100	98.991	4.969	581	511	230
	603	0.950	102.665	9.761	167		
	609	0.891	100.004	15.614	181		
	605	1.150	103.674	20.586	177		
28.07.2025	610	0.350	100.056	3.069	498	467	961
	611	0.800	100.177	8.067	775		
	612	1.150	100.564	14.958	288		
	613	1.200	100.257	20.244	297		
15.09.2025	610	0.350	100.306	2.939	295	469	588
	614	0.500	100.108	5.467	382		
	615	0.750	100.190	8.969	632		
	607	0.950	99.458	14.550	287		
30.09.2025	474	0.500	100.378	4.972	388	-	-
	616	0.700	100.119	9.292	669		
	617	1.000	100.400	20.158	284		
30.10.2025	614	0.500	100.586	5.342	267	405	590
	600	0.900	102.099	9.989	482		
	618	0.900	100.555	14.125	200		
01.12.2025	561	2.100	108.064	4.633	412	496	710
	606	0.800	101.117	9.208	433		
	619	0.850	100.178	12.372	241		
22.12.2025	580	1.800	108.188	7.583	30	-	-
	570	2.125	114.035	12.747	139		
	555	1.900	112.889	16.542	130		
Total					14 512		5 528

Management report

Economic environment

The global economy was characterised in 2025 by US President Trump's unpredictable trade and security policy, as well as by various geopolitical conflicts. Amid this environment it proved to be unexpectedly resilient. Growth was supported by the central banks' interest rate cuts and the ongoing investment boom in the field of artificial intelligence. Growth momentum in Europe, however, remained subdued. The Swiss economy had a surprisingly strong start to 2025, for two reasons. First, growth was driven by the services sector. Second, the chemical-pharmaceutical industry grew strongly, partially in connection with a sharp increase in deliveries to the US. The 31 % tariff announced by the US President on 2 April and its increase to 39 % on 1 August contributed significantly to the weak growth of the Swiss economy in the second half of the year. In November, an agreement was reached with the US administration and the US import tariff was reduced to 15 % – the outlook brightened accordingly.

After years of job growth, the Swiss labour market was weak in 2025, with employment falling for two consecutive quarters. The unemployment rate rose steadily from 2.6 % to 3 %.

Swiss inflation fell unexpectedly in the first quarter of 2025 and hovered around the 0 % mark for the rest of the year. The SNB saw a corresponding need to act and lowered its key interest rate by 25 basis points in both March and June to 0 %. In the aftermath of these interest rate cuts, the SNB explicitly emphasised that the hurdles for reintroducing negative interest rates were high.

Yields on foreign government bonds remained high. This was due to the expansion of government debt and an increased risk of inflation. The situation was different in Switzerland, where inflation was repeatedly below expectations. Accordingly, the yield on 10-year Swiss Confederation bonds declined sharply between the spring and the beginning of December. At the end of the year, a countermovement occurred in line with foreign bond yields due to globally higher swap rates. The spreads on Confederation bonds nevertheless lingered at an unchanged low level.

The equity markets benefited from a generally positive macroeconomic environment in 2025. Thanks to companies' ability to adapt, the temporarily sharp increase in US tariffs did not leave as deep a mark as feared. Earnings growth was also supported by the global interest rate cuts by central banks. The price of gold knew only one way (up) and repeatedly reached new record highs amid robust demand.

The Swiss franc was one of the strongest currencies in 2025. While it moved sideways against the euro for long stretches, it rose sharply against the US dollar, especially in April. The Swiss currency, however, also appreciated against the other G7 currencies. Measured in terms of the trade-weighted exchange rate, 2025 was an above-average year at around 5 %.

The prices for Swiss owner-occupied homes continued their long-term growth, but without gaining momentum. The brief period of higher interest rates has prolonged the marketing process. The accumulated supply also dampened price growth in 2025. The planned elimination of the imputed rental value will probably have only a minor overall impact on price trends. The elimination of deductions for renovation costs, however, could lead to greater price differentiation between new and old buildings. The high price level will probably lead to a certain saturation of demand in the future. Many tenants are no longer able financially to realise their desire for home ownership. Moderate but stable price growth indicates a stable situation on the market for owner-occupied homes.

The outlook for a sustained low-interest-rate environment noticeably revitalised the market for residential investment properties in 2025. A lack of investment alternatives and stable rental income increased the demand for real estate. Capital increases at listed companies, investment foundations and investment funds on the Swiss real estate market reached an impressive volume of around CHF 9 billion in 2025, significantly exceeding the previous year's figure of CHF 4 billion. This growth provides sufficient capital for real estate purchases, development projects and renovations. These developments, however, are overshadowed by housing policy discussions. The shortage on the rental housing market has significantly increased the political pressure for additional regulations, which should be monitored as a risk.

Balance sheet

The loans to member banks and the mortgage-backed bonds increased by CHF 8,984 million to CHF 92,306 million in the past financial year. This surpassed not only the previous year's high, but also the CHF 90 billion mark for the first time.

Income statement

The growth in mortgage-covered loans also led to an increase in the interest margin in the mortgage bond business, resulting in income of CHF 24.8 million for 2025 (previous year CHF 22.6 million). Interest income from securities increased, among other things, as a result of sale proceeds due to credit rating downgrades, from CHF 4.7 million to CHF 5.5 million. The falling interest rates in 2025 meant that short-term time deposits no longer generated a positive return from the second quarter onwards. Since then, Pfandbriefzentrale held its short-term liquidity in the bank account without interest. Hence, interest income from bank debtors fell from CHF 0.6 million in the previous year to CHF 0.1 million. Commission expenses remained largely unchanged year-on-year at CHF 1.4 million. Administrative expenses decreased slightly to CHF 4.8 million, while issuance expenses increased by CHF 0.1 million to CHF 1.2 million due to the high issue volume.

This resulted in a profit for the year totalling CHF 23.1 million (previous year CHF 20.6 million). The Board of Directors proposes to the Annual General Meeting that a dividend payment be made for the 2025 financial year totalling 4.25 % on the paid-in share capital (previous year 4.25 %).

Capital

The eligible capital (after appropriation of profit) increased by CHF 4.1 million to CHF 1,930.0 million. Article 18 para. 2 of the PfO stipulates that 75 % of the unpaid share capital may be recognised if shareholders' certificates of obligation are available.

The required capital increased by CHF 180.3 million to CHF 1,853.6 million due to the renewed growth in the balance sheet. This resulted (after appropriation of profit) in a capital surplus of CHF 76.4 million (previous year CHF 252.5 million) and a capital requirement coverage ratio of 104.1 % (previous year 115.1 %) as at 31 December 2025.

Conducting a risk assessment

The Board of Directors regularly deals with the risks of Pfandbriefzentrale. It assesses the appropriateness of and compliance with risk policy requirements and limits, as well as the risk profile and special events and developments. The Board's assessment includes in particular the planned risk minimisation measures and internal controls.

Risks are consistently monitored. According to the risk assessment by the Board of Directors, provisions or value adjustments were not necessary in these annual financial statements.

Research and development activities

Pfandbriefzentrale operates a business model under the PfA and PfO without research and development activities.

Extraordinary events

No extraordinary events occurred in the 2025 financial year that are reflected in the annual financial statements.

Outlook

Bonds totalling CHF 6,523 million (previous year CHF 5,528 million) will become due for repayment in the 2026 financial year. Pfandbriefzentrale is planning ten issue dates for 2026 in order to meet the needs of member banks and investors as effectively as possible. Due to Pfandbriefzentrale's narrowly defined business activities under the prevailing legislation and the associated strict security requirements, there are no significant changes to the opportunities and risks of Pfandbriefzentrale for 2026. We anticipate a lively issuing business and that increasing income from the interest margin will continue. Together with essentially stable costs, an improved result is expected.

Balance sheet

Assets	Notes	31.12.2025 CHF 1 000	31.12.2024 CHF 1 000	Change CHF 1 000	Change in %
Bank deposits at sight		45 690	15 805	29 885	189.1
Liquid assets		45 690	15 805	29 885	189.1
Securities (maturity up to 1 year)	1	71 097	64 815	6 282	9.7
Current assets		71 097	64 815	6 282	9.7
Due from banks on time (maturity up to 1 year)		–	36 500	–36 500	–100.0
Mortgage-covered loans (maturity up to 1 year)	2	6 523 000	5 528 000	995 000	18.0
Withholding tax		723	684	39	5.7
Other current receivables		6 523 723	5 565 184	958 539	17.2
Accrued interest		196 364	162 566	33 798	20.8
Issue costs to be amortised	3	6 330	5 977	353	5.9
Transitory assets		38	38	0	0.9
Accrued income and prepaid expenses		202 733	168 581	34 152	20.3
Current assets		6 843 242	5 814 384	1 028 857	17.7
Securities (maturity over 1 year)	1	646 918	646 846	72	0.0
Mortgage-covered loans (maturity over 1 year)	2	85 783 000	77 794 000	7 989 000	10.3
Financial investments		86 429 918	78 440 846	7 989 072	10.2
Fixed assets		86 429 918	78 440 846	7 989 072	10.2
Total assets		93 273 160	84 255 231	9 017 930	10.7

Liabilities	Notes	31.12.2025 CHF 1 000	31.12.2024 CHF 1 000	Change CHF 1 000	Change in %
Mortgage-backed bonds (maturity up to 1 year)	4	6 523 000	5 528 000	995 000	18.0
Current interest-bearing liabilities		6 523 000	5 528 000	995 000	18.0
Withholding tax		–	25 601	–25 601	–100.0
Other non interest-bearing current liabilities		–	25 601	–25 601	–100.0
Accrued interest		352 754	297 302	55 452	18.7
Accrual of title redemption commission		395	450	–55	–12.2
Transitory liabilities		128	133	–5	–3.4
Accrued expenses and deferred income		353 277	297 884	55 393	18.6
Short-term debt capital		6 876 277	5 851 485	1 024 791	17.5
Mortgage-backed bonds (maturity over 1 year)	4	85 783 000	77 794 000	7 989 000	10.3
Non-current interest-bearing liabilities		85 783 000	77 794 000	7 989 000	10.3
Long-term debt capital		85 783 000	77 794 000	7 989 000	10.3
Share capital	5	2 225 000	2 225 000	–	–
Company's capital		2 225 000	2 225 000	–	–
Unpaid share capital	5	–1 780 000	–1 780 000	–	–
Statutory retained earnings reserves	6	43 220	42 185	1 035	2.5
Voluntary retained earnings reserves		102 300	101 700	600	0.6
Profit carried forward		313	254	58	23.0
Result for the period		23 051	20 606	2 445	11.9
Reserves and result for the period		168 883	164 745	4 138	2.5
Equity		613 883	609 745	4 138	0.7
Total liabilities		93 273 160	84 255 231	9 017 930	10.7

Income statement

	Notes	2025 CHF 1 000	2024 CHF 1 000	Change CHF 1 000	Change in %
Interest income mortgage-covered loans		783 564	664 031	119 533	18.0
Interest expense mortgage-backed bonds		-758 807	-641 425	-117 382	18.3
Interest margin mortgage bond business	7	24 756	22 606	2 150	9.5
Interest income securities		5 483	4 742	741	15.6
Interest income bank debtors		67	557	-490	-88.0
Interest expense banks		-	-1	1	-100.0
Other result from interest operations	8	5 550	5 298	253	4.8
Commission income	9	78	67	11	16.0
Other net income		-0	0	-0	n/a
Operating income		30 385	27 971	2 414	8.6
Commission expenses and fees	10	-1 372	-1 367	-5	0.4
Board of Directors and personnel	11	-137	-139	2	-1.2
Business expenses	12	-4 634	-4 783	149	-3.1
Administrative expenses		-4 772	-4 922	151	-3.1
Issuance expenses	13	-1 190	-1 076	-114	10.6
Operating expenses		-7 334	-7 365	31	-0.4
Gross profit		23 051	20 606	2 445	11.9
Depreciation and value adjustments	14	-	-	-	n/a
Provisions	15	-	-	-	n/a
Result for the period		23 051	20 606	2 445	11.9

Basic earnings per share (CHF) 51.80 46.31

Diluted earnings per share (CHF) 51.80 46.31

Cash flow statement

	2025 CHF 1 000	2024 CHF 1 000
Business activity		
Result for the period	23 051	20 606
+ Depreciation and value adjustments	–	–
+ Increase / – decrease in provisions	–	–
Cash flow	23 051	20 606
+ Decrease / – increase in securities (maturity up to 1 year)	–6 282	–15 862
+ Decrease / – increase in other current receivables	–958 539	1 295 490
+ Decrease / – increase in accrued income and prepaid expenses	–34 152	–27 514
+ Increase / – decrease in current interest-bearing liabilities	995 000	–1 316 000
+ Increase / – decrease in other non interest-bearing current liabilities	–25 601	4 493
+ Increase / – decrease in accrued expenses and deferred income	55 393	49 392
Change in net current assets	25 818	–10 000
+ Issue of mortgage-backed bonds	14 512 000	9 981 000
– Issue of mortgage-covered loans	–14 512 000	–9 981 000
+ Repayment of mortgage-covered loans	5 528 000	6 844 000
– Repayment of mortgage-backed bonds	–5 528 000	–6 844 000
Cash flow from mortgage bond activity	–	–
Cash flow from operating activity	48 869	10 606
Investment activity		
+ Decrease / – increase in securities (maturity over 1 year)	–72	20 553
Cash flow from investment activity	–72	20 553
Financing activity		
– Dividend distribution	–18 913	–18 913
Cash flow from financing activity	–18 913	–18 913
Change in liquid assets	29 885	12 246
Validation		
Liquid assets as at 1 January	15 805	3 559
Liquid assets as at 31 December	45 690	15 805
Change in liquid assets	29 885	12 246

The «Liquid assets» fund corresponds to the balance sheet item «Liquid assets».

Statement of changes in equity

	Share capital CHF 1 000	Unpaid share capital CHF 1 000	Statutory retained earnings reserves CHF 1 000	Voluntary retained earnings reserves ¹ CHF 1 000	Equity CHF 1 000
As at 31.12.2023	2 225 000	-1 780 000	41 205	121 847	608 052
Contribution to statutory retained earnings reserves	-	-	980	-980	-
Dividend distribution	-	-	-	-18 913	-18 913
Result for the period 2024	-	-	-	20 606	20 606
As at 31.12.2024	2 225 000	-1 780 000	42 185	122 560	609 745
Contribution to statutory retained earnings reserves	-	-	1 035	-1 035	-
Dividend distribution	-	-	-	-18 913	-18 913
Result for the period 2025	-	-	-	23 051	23 051
As at 31.12.2025	2 225 000	-1 780 000	43 220	125 663	613 883

¹ Including profit carried forward and result for the period

The share capital of Pfandbriefzentrale der schweizerischen Kantonalbanken AG consists of 445,000 (previous year 445,000) registered shares with a nominal value of CHF 5,000 each. Of this amount, 20 % is paid in. Certificates of obligation from the 24 shareholder banks exist for the unpaid share capital in accordance with Article 18 para. 2 of the Pfandbrief Ordinance.

Under Article 3 of the Pfandbrief Act, only cantonal banks as defined in Article 3a of the Federal Law on Banks and Savings Banks may be shareholders of Pfandbriefzentrale der schweizerischen Kantonalbanken AG. Information on the shareholders can be found in the «Shareholders» table.

There is no conditional or authorised capital.

The non-distributable, statutory or legal reserves amount to CHF 43.2 million (previous year CHF 42.2 million).

Notes to the Annual Report

Financial reporting principles

Pfandbriefzentrale prepared these annual financial statements in accordance with all Swiss GAAP FER accounting recommendations. It also complied with the provisions of the Swiss Pfandbrief Act (PfA), the Swiss Pfandbrief Ordinance (PfO), the Swiss Code of Obligations (CO) and the Statutes of Pfandbriefzentrale. The annual financial statements provide a true and fair view of the financial position, results of operations and cash flows.

Accounting and valuation principles

The valuation principles are generally based on historical cost as the basis for valuation. The principle of item-by-item valuation of assets and liabilities applies. With regard to the most important balance sheet items, this means the following:

Cash and cash equivalents

Cash and cash equivalents include bank balances and short-term investments with a remaining term of no more than 90 days. These are recognised at nominal value.

Securities

Securities for investment purposes are usually held to maturity. The portfolio consists exclusively of first-class bonds denominated in Swiss francs. They are valued in accordance with the accrual method because securities for investment purposes are generally held to maturity. Any premiums/discounts on the purchase are amortised on a straight-line basis over the remaining term. Realised gains/losses from sales prior to maturity are recognised in the income statement upon realisation. Impairments due to creditworthiness are accounted for using an individual valuation adjustment.

Securities lending is limited to the lending of securities without associated loan transactions. As Pfandbriefzentrale retains the economic power of disposal over the rights associated with the lent securities, the transfer of securities does not trigger a recognisable transaction in the balance sheet. These transactions are conducted with Zürcher Kantonalbank as the principal.

Mortgage-covered loans

The loans to member banks match the mortgage-backed bonds in terms of maturity and amount. Amounts due from loans to members are recognised at nominal value.

Issue costs to be amortised

The expenses from bond issues that are borne by Pfandbriefzentrale are capitalised when incurred and amortised over the term of the bonds through profit or loss via issuance expenses.

Other balance sheet items

The other balance sheet items are recognised at nominal value.

Recognition of transactions

Pfandbriefzentrale applies trade date accounting. Balance sheet fixed-term transactions are recognised as of the settlement date (value date).

Changes

The accounting and valuation principles were not changed during the reporting year.

Legal form and management

Pfandbriefzentrale der schweizerischen Kantonalbanken AG (Pfandbriefzentrale) is a public limited company based in Zurich. As at 31 December 2025, its share capital consisted of 445,000 registered shares with a nominal value of CHF 5,000 each. Of this amount, 20 % has been paid in. Certificates of obligation from the 24 shareholder banks exist for the unpaid share capital.

Pfandbrief institutions are exempt from direct federal, cantonal and communal taxes; the exemption does not extend to direct taxes levied by the cantons and communes on real estate (Article 6 PfA).

Zürcher Kantonalbank has been responsible for the management of Pfandbriefzentrale since its foundation in 1931. It provides the staff and the infrastructure.

Pfandbriefzentrale does not have any employees.

Notes to the balance sheet

1 | Securities

The securities are broken down on the balance sheet date into maturities of up to 1 year and over 1 year as follows:

Nominal value			Carrying amount		Market value	
31.12.2025 CHF 1 000	31.12.2024 CHF 1 000		31.12.2025 CHF 1 000	31.12.2024 CHF 1 000	31.12.2025 CHF 1 000	31.12.2024 CHF 1 000
71 000	64 720	Maturity up to 1 year	71 097	64 815	71 283	64 736
641 580	640 900	Maturity over 1 year	646 918	646 846	645 882	651 017
712 580	705 620	Total	718 015	711 661	717 165	715 754
138 245	122 875	of which in securities lending	140 382	125 358	139 349	125 304
538 310	558 000	of which SNB repo-eligible securities (incl. own bonds)	542 758	563 283	543 590	569 059

Pfandbriefzentrale does not hold any subordinated bonds.

Maturity up to 1 year

Nominal value		Issuer category	Carrying amount		Market value	
31.12.2025 CHF 1 000	31.12.2024 CHF 1 000		31.12.2025 CHF 1 000	31.12.2024 CHF 1 000	31.12.2025 CHF 1 000	31.12.2024 CHF 1 000
Bonds issued by domestic borrowers						
3 500	5 000	Swiss Confederation	3 524	5 062	3 521	5 036
8 500	3 000	Cantons	8 498	2 998	8 559	3 023
-	2 500	Cities, municipalities	-	2 500	-	2 500
400	-	Supranational companies	404	-	404	-
13 500	9 940	Cantonal banks	13 514	9 942	13 519	9 931
8 700	29 500	Oth. financial services providers	8 754	29 523	8 829	29 472
-	1 000	Energy companies	-	1 000	-	1 001
23 000	-	Own bonds	22 999	-	22 990	-
4 400	4 600	Miscellaneous	4 403	4 607	4 415	4 583
62 000	55 540	Total	62 097	55 633	62 236	55 545
Bonds issued by foreign borrowers						
9 000	6 000	Oth. financial services providers	9 000	6 002	9 047	5 981
-	3 180	Energy companies	-	3 180	-	3 211
9 000	9 180	Total	9 000	9 182	9 047	9 191
71 000	64 720	Total maturities up to 1 year	71 097	64 815	71 283	64 736
3 510	5 000	of which in securities lending	3 534	5 062	3 531	5 036
53 100	46 580	of which SNB repo-eligible securities (incl. own bonds)	53 179	46 668	53 349	46 625

Maturity over 1 year

Nominal value		Issuer category	Carrying amount		Market value	
31.12.2025 CHF 1 000	31.12.2024 CHF 1 000		31.12.2025 CHF 1 000	31.12.2024 CHF 1 000	31.12.2025 CHF 1 000	31.12.2024 CHF 1 000
Bonds issued by domestic borrowers						
30 000	33 500	Swiss Confederation	31 596	35 545	32 034	36 140
50 900	57 400	Cantons	51 292	57 872	50 254	57 900
33 350	33 350	Cities, municipalities	33 584	33 678	34 025	34 549
1 000	1 400	Supranational companies	1 085	1 521	1 097	1 539
90 540	81 050	Cantonal banks	90 984	81 574	89 580	79 971
135 300	128 300	Oth. financial services providers	136 772	129 938	135 525	130 006
10 700	9 700	Energy companies	10 736	9 739	10 468	9 385
115 000	134 000	Own bonds	115 259	134 278	115 455	135 152
45 530	39 330	Miscellaneous	46 143	39 515	47 042	41 018
512 320	518 030	Total	517 451	523 660	515 479	525 660
Bonds issued by foreign borrowers						
8 000	3 000	Federal states	7 969	3 000	8 049	3 270
4 000	3 000	Cities, municipalities	4 000	3 000	4 061	3 101
1 140	1 140	Supranational companies	1 140	1 140	1 130	1 115
100 930	106 430	Oth. financial services providers	101 185	106 747	101 971	108 443
5 300	2 300	Energy companies	5 284	2 300	5 260	2 248
9 890	7 000	Miscellaneous	9 890	7 000	9 933	7 181
129 260	122 870	Total	129 468	123 187	130 403	125 358
641 580	640 900	Total maturities over 1 year	646 918	646 846	645 882	651 017
134 735	117 875	of which in securities lending	136 848	120 296	135 818	120 269
485 210	511 420	of which SNB repo-eligible securities (incl. own bonds)	489 579	516 615	490 241	522 434

2 | Mortgage-covered loans

The mortgage-covered loans are broken down into maturities of up to 1 year and over 1 year as follows:

	31.12.2025 CHF 1 000	31.12.2024 CHF 1 000
Maturity up to 1 year	6 523 000	5 528 000
Maturity over 1 year	85 783 000	77 794 000
Total	92 306 000	83 322 000

Strict legal and regulatory provisions apply to the member banks' mortgage loans that serve as collateral. Only residential properties in Switzerland serve as cover for mortgage-covered loans. Lending is limited to a maximum of two-thirds of the collateral value of the property. Pledged assets totalling at least 115 % of the loans must be pledged as collateral for the loans obtained from the cantonal banks. In addition, the interest income from the mortgages set aside for the mortgage-covered loans must be at least 10 % higher than the interest expense for the mortgage-covered loans obtained. The PfA stipulates that the value of the cover pool may not be less than the sum of the mortgage-covered loans including the interest accrued on them. This legal obligation and the regulatory requirement imposed on Pfandbriefzentrale to limit mortgage-covered loans to a maximum of 35 % of the domestic mortgage volume per cantonal bank ensure, if necessary, that insufficient collateral can be replaced immediately.

No individual value adjustments or general value adjustments are necessary as at the balance sheet date. Information on the mortgage-covered loans of the individual member banks can be found in the «Shareholders» table.

3 | Issue costs to be amortised

The expenses from bond issues that are borne by Pfandbriefzentrale are capitalised when incurred and amortised over the term of the bonds through profit or loss via issuance expenses. The issue costs to be amortised are not broken down in the balance sheet into maturities of up to 1 year and over 1 year.

The capitalised issue costs changed as follows:

	2025 CHF 1 000	2024 CHF 1 000
Beginning balance	5 977	5 775
Capitalised issue costs current year	1 543	1 278
Amortisation/issuance expenses current year	-1 190	-1 076
Ending balance	6 330	5 977

The capitalised issue costs will be amortised as follows in the coming years:

	31.12.2025 CHF 1 000	31.12.2024 CHF 1 000
In the year 2025		1 075
In the year 2026	1 186	955
In the year 2027	1 035	835
In the year 2028	878	716
In the year 2029	712	570
In the year 2030	587	460
In the year 2031 and later	1 933	1 367
Total	6 330	5 977

4 | Mortgage-backed bonds

The mortgage-backed bonds are broken down into maturities of up to 1 year and over 1 year as follows:

Interest rates	Maturities as at 31.12.2025			Maturities as at 31.12.2024		
	Up to 1 year CHF 1 000	Over 1 year CHF 1 000	Total CHF 1 000	Up to 1 year CHF 1 000	Over 1 year CHF 1 000	Total CHF 1 000
0.000 to 0.999%	3 561 000	50 520 000	54 081 000	4 640 000	44 847 000	49 487 000
1.000 to 1.999%	2 427 000	30 701 000	33 128 000	298 000	28 706 000	29 004 000
2.000 to 2.999%	385 000	4 562 000	4 947 000	590 000	4 091 000	4 681 000
3.000 to 3.999%	150 000	-	150 000	-	150 000	150 000
Total	6 523 000	85 783 000	92 306 000	5 528 000	77 794 000	83 322 000

Average interest rate as at 31.12.2025: 0.88 %

Average interest rate as at 31.12.2024: 0.85 %

Details of the individual series, including increases, can be found in the «Outstanding mortgage-backed bonds» table.

	31.12.2025 CHF 1 000	31.12.2024 CHF 1 000
Annual interest expense of mortgage-backed bonds	809 536	704 341
Annual interest income from mortgage-covered loans	835 849	727 692

5 | Share capital / Unpaid share capital

Share capital consists of 445,000 registered shares with a nominal value of CHF 5,000 each. Of this amount, 20 % has been paid in. Certificates of obligation from the 24 shareholder banks exist for the unpaid share capital in accordance with Article 18 para. 2 PfO.

Information on the shareholders can be found under «Shareholders».

Pfandbriefzentrale does not have conditional share capital, nor a statutory capital band.

6 | Statutory retained earnings reserves

The non-distributable, statutory or legal reserves amount to CHF 43.2 million (previous year CHF 42.2 million).

Notes to the income statement

7 | Interest margin mortgage bond business

An interest margin of three basis points has been charged on mortgage-covered loans granted since 1 January 2014 compared to the interest rate of the corresponding mortgage-backed bonds.

8 | Other result from interest operations

Long-term liquidity surpluses from the mortgage bond business and from capital measures are invested in high-quality, fixed-interest securities, while short-term liquidity is managed via time deposits (due from banks on time) and bank deposits at sight as well as fixed advances (due to banks on time).

9 | Commission income

Commission income includes securities lending commissions for securities lent to Zürcher Kantonalbank.

10 | Commission expenses and fees

The redemption commission on coupons is charged to the income statement when incurred. An accrual is recognised under accrued expenses and deferred income for the redemption commission on mortgage bonds over the term of the bond. From series 443 onwards, only an annual paying agent commission is paid and charged to the income statement as incurred. The SIX listing fees are charged to the income statement at the time of issue.

	2025 CHF 1 000	2024 CHF 1 000
Coupon redemption / paying agent commission	1 098	1 139
Security redemption commission	34	40
Listing fees SIX	241	188
Commission expenses and fees	1 372	1 367

11 | Board of Directors and personnel

This item includes primarily compensation to the members of the Board of Directors.

	2025 CHF 1 000	2024 CHF 1 000
Board of Directors' fees and attendance fees	130	131
Other personnel expenses, social insurance	8	8
Board of Directors and personnel	137	139

Employees of Zürcher Kantonalbank perform the management of Pfandbriefzentrale. Pfandbriefzentrale therefore does not have any salaried employees. Accordingly, Pfandbriefzentrale does not pay a salary or variable remuneration to members of the Board of Management or other employees.

12 | Business expenses

This item includes primarily the costs of operating the company.

	2025 CHF 1 000	2024 CHF 1 000
Management	3 237	3 046
Auditing services	85	181
- of which for financial and regulatory audits	85	95
- of which for other auditing services ¹	-	85
Other expenses	1 313	1 557
Business expenses	4 634	4 783

¹ in connection with the cover pool reporting project

13 | Issuance expenses

Note 3 in the notes to the balance sheet contains additional information on the composition of this expense.

14 | Depreciation and value adjustments

None in the reporting year (previous year none).

15 | Provisions

None in the reporting year (previous year none).

Further notes to the annual financial statements

Extraordinary, non-recurring or prior-period items in the income statement

None in the reporting year (previous year none).

Obligations not to be recognised

The management of Pfandbriefzentrale is governed by a management contract with Zürcher Kantonalbank. This contract was updated on 1 January 2014 and was valid for a two-year period. It is tacitly extended for a further two additional years unless it is terminated by one of the contracting parties at least 12 months before expiry. Neither party has exercised this right of termination. The compensation for services depends on the volume of business and the volume of the mortgage-backed bonds as at the end of the respective calendar year.

Transactions with related parties

Zürcher Kantonalbank has been responsible for the management of Pfandbriefzentrale der schweizerischen Kantonalbanken AG since its foundation in 1931. It provides the staff and the infrastructure. The compensation for services, which depends on the volume of business and the volume of mortgage-backed bonds, corresponds to the «Management» item shown in Note 12. It is paid on an annual basis.

All banking transactions are processed exclusively via Zürcher Kantonalbank. The banking services are provided at market conditions. Both the granting of mortgage-covered loans (see «Shareholders» table) and issue-related transactions with the syndicate banks, which correspond to the shareholder banks, are likewise subject to market conditions. Otherwise there are no further transactions with related parties.

Segment results

Pfandbriefzentrale does not prepare segment-level reporting for internal purposes due to the simplicity of its business model (exclusively granting loans to cantonal banks by raising money on the Swiss capital market). Segment results are therefore not disclosed.

Material events occurring after the balance sheet date

The Board of Directors approved these annual financial statements on 22 April 2026. They are also subject to approval by the Annual General Meeting. No significant events occurred between the balance sheet date and 22 April 2026 that would require an adjustment to these financial statements and would have to be disclosed here.

The Extraordinary General Meeting of 4 February 2026 resolved to increase the share capital by CHF 600 million, from the previous nominal CHF 2,225 million to CHF 2,825 million, by issuing 120,000 registered shares with a nominal value of CHF 5,000 each and an issue price of CHF 5,000 each (issue at par). The approval of the Statutes by the Swiss Federal Council, as required under the PfA, took place at the Swiss Federal Council meeting on 15 April 2026. Payment of 20 % of the capital is planned by the end of April 2026. The inflow from the share capital increase strengthens Pfandbriefzentrale's equity and enables future growth of mortgage bonds. This event does not have an impact on the financial position, results of operations and cash flows presented in this annual report.

Equity

The capital adequacy requirements for the two Pfandbrief institutions in Switzerland are governed by the Swiss Pfandbrief Act (PfA) and the Swiss Pfandbrief Ordinance (PfO).

Equity (after appropriation of profit) as at the balance sheet date amounts to:

	31.12.2025 CHF 1 000	31.12.2024 CHF 1 000
Paid-in share capital	445 000	445 000
Statutory retained earnings reserves	44 375	43 220
Voluntary retained earnings reserves	105 300	102 300
Profit carried forward	296	313
75 % of the unpaid share capital	1 335 000	1 335 000
Eligible capital (Art. 18 para. 2 PfO)	1 929 971	1 925 833
2 % of the balance sheet debt obligations of	92 678 189	83 664 398
Required capital (Art. 10 PfA)	1 853 564	1 673 288
Excess capital	76 407	252 545
Capital requirement coverage ratio	104.1 %	115.1 %

Outstanding mortgage-backed bonds

ISIN	Series	Interest rate in %	Issue price ¹ in %	Issue date	Maturity	Amount CHF million 31.12.2025	Amount CHF million 31.12.2024
CH 002 705 139 7	372 D	3.000	101.150	02.10.2006	02.10.2026	150	150
CH 011 901 508 6	405	2.000	100.030	01.11.2010	30.10.2025		320
			98.908	10.12.2010			270 590
CH 012 735 037 6	410	2.375	100.191	06.04.2011	06.04.2026	385	385
CH 013 684 715 6	413	1.750	101.466	02.09.2011	02.09.2026	245	245
			104.330	03.02.2012		250 495	250 495
CH 018 121 502 8	420	1.375	100.204	19.03.2012	19.03.2027	532	532
			102.453	13.11.2012		185 717	185 717
CH 018 291 088 2	422	1.625	101.854	17.04.2012	17.04.2028	396	396
			105.050	10.09.2012		256 652	256 652
CH 018 525 822 2	423	1.500	101.416	21.05.2012	21.05.2029	456	456
			96.193	12.12.2013		275 731	275 731
CH 020 456 725 6	429	1.375	100.720	05.02.2013	05.11.2027	227	227
			99.254	20.02.2013		170	170
			101.209	15.05.2013		425 822	425 822
CH 021 024 031 0	432	1.375	101.259	16.04.2013	16.04.2025		298
CH 021 506 435 0	433	1.500	101.075	21.06.2013	21.06.2028	165	165
			95.404	13.09.2013		179 344	179 344
CH 021 851 789 1	436	1.750	101.328	25.07.2013	25.02.2026	216	216
			100.497	31.10.2013		85 301	85 301
CH 023 547 535 4	445	1.625	100.049	17.02.2014	17.06.2026	281	281
			101.748	10.04.2014		125	125
			111.074	14.09.2018		117	117
			99.065	04.10.2022		293 816	293 816
CH 024 586 398 7	450	1.500	100.363	20.06.2014	05.02.2029	200	200
			105.149	15.09.2014		115	115
			102.023	24.05.2022		173 488	173 488
CH 025 981 058 5	457	1.250	101.802	18.11.2014	16.11.2029	305	305
			109.643	06.10.2017		199	199
			113.569	27.06.2019		275	275
			99.549	12.03.2024		163 942	163 942
CH 026 343 298 8	459	1.000	101.521	22.12.2014	22.09.2028	655	655
			107.436	22.04.2020		214	214
			96.875	13.02.2023		251 1 120	251 1 120
CH 026 878 698 2	460	0.625	102.495	12.02.2015	12.02.2030	700	700
			107.065	29.10.2020		117 817	117 817
CH 027 348 538 0	461	0.375	101.676	16.03.2015	14.02.2025		250
			101.584	15.02.2018			707 957
CH 027 348 539 8	462	0.625	101.940	16.03.2015	16.07.2029	366	366
			104.715	03.05.2017		98	98
			104.319	22.04.2020		263	263
			106.894	29.10.2020		107	107 834
			99.954	14.02.2025		192 1 026	
CH 027 866 711 5	464	0.500	101.490	30.04.2015	30.04.2030	333	333
			96.415	28.07.2015		370 703	370 703

ISIN	Series	Interest rate in %	Issue price ¹ in %	Issue date	Maturity	Amount CHF million 31.12.2025	Amount CHF million 31.12.2024	
CH 028 584 936 7	466	0.625	100.115	30.06.2015	30.06.2027	295	295	
			104.001	19.11.2015		141	141	
			103.499	06.10.2017		167	167	
			106.521	22.12.2020		171	171	
			98.287	24.05.2022		83	83	857
CH 028 828 638 5	467	0.500	100.586	28.07.2015	28.07.2025		740	
			103.841	19.11.2015			221	961
CH 029 518 638 8	469	0.375	100.664	15.09.2015	15.09.2025		167	
			103.475	21.11.2016			108	
			101.610	02.05.2018			313	588
CH 030 087 428 3	471	0.625	100.181	02.11.2015	01.11.2030	487	487	
			101.941	19.11.2015		189	189	
			104.319	22.04.2020		230	230	906
CH 030 617 373 0	473	0.125	100.248	15.12.2015	25.02.2026	105	105	
			100.038	31.10.2017		426	426	531
CH 030 617 374 8	474	0.500	100.917	15.12.2015	20.09.2030	233	233	
			100.358	15.12.2016		155	155	
			102.025	15.09.2017		141	141	
			103.031	22.04.2020		283	283	812
			100.378	30.09.2025		388	388	1 200
CH 030 725 642 7	475	0.250	100.089	11.02.2016	11.02.2028	138	138	
			100.917	30.03.2016		394	394	
			101.639	21.11.2016		160	160	
			99.165	14.09.2018		81	81	
			102.839	21.05.2021		118	118	891
CH 030 725 645 0	476	0.600	100.334	11.02.2016	11.12.2035	393	393	
			97.486	08.02.2019		120	120	
			103.222	04.06.2019		119	119	
			106.783	28.01.2020		264	264	896
CH 031 251 271 5	478	0.500	101.576	30.03.2016	30.03.2034	485	485	
			99.177	31.10.2017		130	130	
			95.284	03.12.2018		93	93	
			104.467	21.05.2021		109	109	817
CH 031 940 374 4	480	0.050	100.416	07.06.2016	06.11.2026	276	276	
			100.823	25.07.2016		397	397	
			100.003	21.11.2016		231	231	904
CH 031 940 378 5	481	0.300	100.626	07.06.2016	06.06.2031	212	212	
			103.702	25.07.2016		277	277	
			97.354	17.07.2017		341	341	
			96.396	14.09.2018		106	106	936
CH 033 658 771 9	483	0.000	100.209	02.09.2016	27.01.2027	270	270	
			98.722	08.02.2019		210	210	
			104.964	10.09.2019		100	100	
			102.751	21.02.2020		209	209	789
CH 033 658 772 7	484	0.125	101.158	02.09.2016	02.09.2031	183	183	
			100.213	21.10.2016		150	150	
			95.755	28.11.2016		236	236	
			96.351	04.05.2017		131	131	
			100.180	26.11.2021		140	140	840

ISIN	Series	Interest rate in %	Issue price ¹ in %	Issue date	Maturity	Amount CHF million 31.12.2025	Amount CHF million 31.12.2024	
CH 033 764 558 1	485	0.000	100.000	21.10.2016	02.10.2026	277	277	
			101.668	03.12.2019		182	459	
CH 034 458 381 7	487	0.375	100.325	28.11.2016	24.10.2028	412	412	
			98.696	08.06.2018		330	330	
			106.577	11.10.2019		185	927	
CH 034 458 379 1	488	0.250	100.846	15.12.2016	21.05.2025		475	
			102.282	03.05.2017			286	761
CH 035 259 588 5	489	0.375	100.902	21.02.2017	21.09.2027	407	407	
			101.300	28.02.2017		177	177	
			102.536	03.05.2017		215	215	799
			99.891	16.04.2025		401	1 200	
CH 035 259 589 3	490	0.500	100.110	21.02.2017	20.02.2032	285	285	
			102.562	03.05.2017		190	190	
			100.593	06.06.2017		196	196	
			100.283	01.12.2017		98	769	
CH 035 767 616 9	492	0.375	100.969	12.04.2017	07.12.2026	250	250	
			102.523	15.09.2017		270	270	
			100.431	08.06.2018		295	815	
CH 035 767 617 7	493	0.500	100.682	12.04.2017	12.10.2029	150	150	
			104.522	04.06.2019		170	170	
			104.598	22.05.2020		680	1 000	
CH 036 153 282 0	494	0.250	100.684	04.05.2017	26.05.2027	370	370	
			98.854	28.03.2018		207	207	
			103.402	06.10.2020		116	116	
			103.735	16.09.2021		195	888	
CH 036 153 291 1	495	0.250	101.028	06.06.2017	12.05.2026	161	161	
			103.780	15.07.2019		316	316	
			102.927	21.05.2021		180	657	
CH 036 153 306 7	496	0.250	100.664	17.07.2017	01.12.2025		452	
			101.088	06.10.2017			208	
			103.782	27.06.2019			50	710
CH 037 347 607 3	497	0.375	100.652	31.10.2017	24.07.2028	374	374	
			99.034	03.12.2018		297	297	
			102.231	22.04.2020		195	866	
CH 037 347 619 8	498	0.250	100.040	01.12.2017	06.12.2027	542	542	
			103.629	27.06.2019		267	267	
			103.548	29.10.2020		191	1 000	
CH 037 347 641 2	499	0.500	101.034	15.02.2018	19.05.2028	373	373	
			100.873	21.06.2018		350	350	
			103.916	15.12.2021		254	977	
CH 037 347 642 0	500	0.650	100.285	15.02.2018	15.02.2033	222	222	
			98.907	28.03.2018		247	247	
			99.671	02.05.2018		77	77	
			98.338	08.06.2018		111	111	
			105.471	26.11.2021		116	773	
CH 037 347 669 3	501	0.500	100.588	02.05.2018	24.11.2028	120	120	
			100.765	24.07.2018		65	65	
			105.265	28.01.2020		714	899	

ISIN	Series	Interest rate in %	Issue price ¹ in %	Issue date	Maturity	Amount CHF million 31.12.2025	Amount CHF million 31.12.2024		
CH 037 347 696 6	502	0.750	100.390	21.06.2018	21.06.2033	176	176		
			100.378	24.07.2018		42	42		
			99.213	06.11.2018		71	71		
			108.201	27.06.2019		133	422	133	422
CH 039 863 327 8	503	0.125	100.243	24.07.2018	16.04.2025		314		
			101.662	02.04.2019			119	433	
CH 039 863 348 4	504	0.250	100.170	02.10.2018	20.07.2026	195	195		
CH 039 863 349 2	505	0.750	100.500	02.10.2018	01.10.2032	129	129		
			112.058	11.10.2019		129	129		
			108.931	03.09.2020		266	266		
			109.388	29.10.2020		142	666	142	666
CH 039 863 357 5	507	0.625	100.739	06.11.2018	08.03.2029	164	164		
			106.922	15.07.2019		146	146		
			103.972	06.04.2020		690	1 000	690	1 000
CH 041 904 084 2	508	0.550	100.341	08.02.2019	29.01.2031	100	100		
			102.530	02.04.2019		351	351		
			105.941	27.06.2019		149	149		
			111.339	10.09.2019		60	60		
			104.882	21.05.2021		231	891	231	891
CH 041 904 094 1	509	0.300	100.420	05.03.2019	09.04.2029	349	349		
			102.620	15.07.2020		587	936	587	936
CH 041 904 095 8	510	0.700	100.281	05.03.2019	04.03.2039	133	133		
			100.930	02.04.2019		181	181		
			106.940	15.07.2019		135	449	135	449
			96.718	14.02.2025		81	530		
CH 041 904 116 2	511	0.000	101.106	15.05.2019	23.06.2025		230		
CH 041 904 117 0	512	0.200	100.455	15.05.2019	10.09.2029	265	265		
			102.585	01.11.2019		90	90		
			100.366	22.04.2020		355	710	355	710
CH 041 904 118 8	513	0.500	100.760	15.05.2019	15.05.2034	270	270		
			105.062	03.12.2019		224	494	224	494
CH 041 904 146 9	514	0.000	104.571	10.09.2019	10.09.2037	115	115		
			96.353	01.11.2019		147	262	147	262
CH 046 123 896 3	515	0.100	100.478	03.12.2019	03.12.2031	980	980		
CH 046 123 913 6	516	0.125	100.734	28.01.2020	23.03.2032	367	367		
			98.448	22.04.2020		338	705	338	705
CH 050 607 116 3	517	0.000	102.416	21.02.2020	02.04.2031	146	146		
			99.615	10.06.2021		481	627	481	627
CH 050 607 117 1	518	0.020	100.122	21.02.2020	30.01.2040	190	190		
			93.222	22.04.2020		204	394	204	394
CH 053 689 270 3	519	0.125	100.238	22.05.2020	23.04.2032	409	409		
			100.481	15.07.2020		287	696	287	696
CH 053 689 271 1	520	0.200	100.593	22.05.2020	22.05.2042	271	271		
			103.295	29.10.2020		25	296	25	296
CH 053 689 275 2	521	0.100	100.174	12.06.2020	12.06.2030	394	394		
			98.991	23.06.2025		581	975		
CH 053 689 276 0	522	0.250	100.342	12.06.2020	12.06.2040	146	146		
CH 053 689 290 1	523	0.200	100.483	15.07.2020	13.07.2035	335	335		
			102.939	29.10.2020		106	106		
			103.409	22.12.2020		142	583	142	583

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CH 053 689 319 8	524	0.000	100.902	03.09.2020	21.06.2028	355	355		
			101.119	09.03.2021		209	564	209	564
CH 053 689 321 4	525	0.125	100.260	03.09.2020	03.09.2035	218	218		
			101.027	10.11.2020		245	463	245	463
CH 053 689 341 2	526	0.000	101.005	06.10.2020	19.07.2030	155	155		
			101.752	22.12.2020		362	517	362	517
CH 053 689 342 0	527	0.050	100.804	06.10.2020	06.10.2043	131	131		
CH 057 057 615 4	528	0.000	100.941	10.11.2020	15.03.2030	405	405		
			98.017	11.02.2022		542	947	542	947
CH 058 903 101 9	529	0.000	102.235	17.02.2021	05.02.2029	448	448		
			100.295	29.10.2021		264	712	264	712
CH 058 903 102 7	530	0.000	101.027	17.02.2021	18.03.2033	280	280		
			98.398	21.05.2021		129	409	129	409
CH 058 903 103 5	531	0.000	100.340	17.02.2021	15.02.2036	342	342		
			97.116	21.05.2021		61	61		
			97.103	10.06.2021		170	170		
			97.352	15.12.2021		255	828	255	828
CH 058 903 111 8	532	0.100	100.379	09.03.2021	03.10.2031	504	504		
CH 058 903 112 6	533	0.250	100.634	09.03.2021	21.04.2036	183	183		
			100.452	26.11.2021		18	201	18	201
CH 110 109 652 2	534	0.000	101.419	16.04.2021	13.03.2028	347	347		
			101.306	10.06.2021		280	280		
			101.323	20.07.2021		373	1 000	373	1 000
CH 110 109 653 0	535	0.100	100.352	16.04.2021	25.05.2032	207	207		
CH 110 109 654 8	536	0.200	100.588	16.04.2021	12.06.2035	372	372		
CH 111 822 342 4	537	0.100	100.045	20.07.2021	25.06.2032	488	488		
CH 113 193 124 3	538	0.000	101.194	16.09.2021	25.07.2031	206	206		
			98.755	29.10.2021		601	807	601	807
CH 113 193 125 0	539	0.000	100.000	16.09.2021	16.09.2036	200	200		
CH 113 193 140 9	540	0.300	100.147	29.10.2021	29.10.2036	227	227		
CH 114 872 804 6	541	0.100	100.239	15.12.2021	05.05.2031	595	595		
CH 114 872 817 8	542	0.375	100.055	11.02.2022	03.11.2032	249	249		
CH 114 872 818 6	543	0.450	100.430	11.02.2022	11.02.2042	156	156		
CH 114 872 825 1	544	0.350	100.020	02.03.2022	02.08.2027	448	448		
			99.588	10.03.2025		448	896		
CH 114 872 826 9	545	0.650	100.269	02.03.2022	03.10.2031	411	411		
CH 114 872 827 7	546	0.750	100.532	02.03.2022	02.03.2037	156	156		
CH 117 056 565 4	547	0.750	100.402	28.03.2022	19.08.2030	445	445		
CH 117 056 566 2	548	0.900	100.301	28.03.2022	20.05.2033	212	212		
CH 117 056 567 0	549	1.000	100.035	28.03.2022	12.10.2037	168	168		
CH 117 056 579 5	550	1.100	100.367	22.04.2022	18.04.2028	324	324		
			100.132	24.05.2022		78	402	78	402
CH 117 056 580 3	551	1.400	100.444	22.04.2022	30.08.2032	316	316		
			98.832	24.05.2022		296	296		
			96.942	13.02.2023		201	813	201	813
CH 117 056 581 1	552	1.450	100.857	22.04.2022	14.03.2042	333	333		
			97.389	24.05.2022		194	527	194	527
CH 118 921 782 6	553	1.500	100.346	20.06.2022	17.12.2029	323	323		
			97.518	07.03.2023		217	540	217	540

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CH 118 921 783 4	554	1.700	100.419	20.06.2022	27.07.2032	366	366		
			100.147	09.09.2022		348	348		
			100.832	22.12.2022		96	96	810	
			104.740	02.04.2025		62	872		
CH 118 921 784 2	555	1.900	100.167	20.06.2022	07.07.2042	267	267		
			111.867	06.08.2024		224	224		
			115.925	03.09.2024		120	120	611	
			112.889	22.12.2025		130	741		
CH 118 921 789 1	556	1.450	100.266	19.07.2022	30.04.2030	292	292		
CH 118 921 790 9	557	1.650	100.082	19.07.2022	21.12.2032	346	346		
			97.171	07.03.2023		343	343		
			98.425	30.05.2023		85	85		
			99.232	16.06.2023		302	1 076	302	1 076
CH 118 921 791 7	558	1.800	100.078	19.07.2022	23.05.2036	305	305		
			98.636	30.05.2023		128	128	433	
			106.391	02.04.2025		140	573		
CH 120 636 740 6	559	1.500	100.128	09.09.2022	22.05.2029	252	252		
CH 120 636 742 2	560	1.850	100.068	09.09.2022	02.04.2037	265	265		
			102.162	22.12.2022		120	120		
			102.132	28.11.2023		156	541	156	541
CH 120 636 752 1	561	2.100	100.356	04.10.2022	19.07.2030	184	184		
			102.447	20.10.2023		87	87	271	
			108.064	01.12.2025		412	683		
CH 120 636 753 9	562	2.200	100.183	04.10.2022	04.10.2034	407	407		
			105.802	22.12.2022		231	638	231	638
CH 120 636 757 0	563	1.625	100.162	07.11.2022	07.04.2026	237	237		
			99.240	25.07.2023		188	188		
			101.322	02.12.2024		390	815	390	815
CH 120 636 758 8	564	2.125	100.547	07.11.2022	19.08.2030	432	432		
			102.506	30.05.2023		123	555	123	555
CH 120 636 759 6	565	2.350	100.821	07.11.2022	17.11.2037	260	260		
			105.112	30.05.2023		74	74		
			106.786	16.06.2023		184	184	518	
			113.074	02.04.2025		305	823		
CH 123 210 702 4	566	1.500	100.389	12.12.2022	19.04.2027	143	143		
			101.796	31.10.2024		168	168	311	
			102.637	21.05.2025		541	852		
CH 123 210 703 2	567	1.700	100.660	12.12.2022	02.12.2030	264	264		
			100.274	19.09.2023		69	69		
			101.826	14.06.2024		238	238		
			103.557	06.08.2024		191	762	191	762
CH 123 210 704 0	568	1.800	100.510	12.12.2022	12.12.2034	428	428		
			99.153	30.05.2023		141	569	141	569
CH 123 946 455 0	569	1.900	100.911	13.02.2023	12.02.2038	200	200		
CH 123 946 463 4	570	2.125	101.532	07.03.2023	21.09.2038	300	300		
			114.035	22.12.2025		139	439		
CH 123 946 472 5	571	2.000	100.094	28.04.2023	17.12.2029	355	355		
			102.035	19.09.2023		55	410	55	410
CH 123 946 473 3	572	2.050	100.325	28.04.2023	25.05.2032	450	450		
			110.283	19.12.2024		104	554	104	554

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CH 123 946 474 1	573	2.100	100.897	28.04.2023	27.04.2035	230	230
			102.107	30.05.2023		230	460
CH 126 684 710 7	574	1.700	100.165	16.06.2023	24.07.2028	199	199
			100.222	19.09.2023		50	249
CH 126 684 721 4	575	1.850	100.146	25.07.2023	05.05.2031	432	432
			101.331	19.09.2023		151	583
CH 126 684 722 2	576	1.850	100.422	25.07.2023	19.07.2038	526	526
			111.253	03.09.2024		125	651
CH 126 684 726 3	577	1.800	100.240	30.08.2023	10.09.2029	145	145
			101.611	28.11.2023		345	490
CH 126 684 727 1	578	1.850	100.541	30.08.2023	22.09.2033	430	430
			101.892	28.11.2023		218	218
			107.650	03.09.2024		91	739
CH 126 684 728 9	579	1.850	100.667	30.08.2023	26.11.2038	425	425
			102.157	19.09.2023		86	511
CH 129 022 244 2	580	1.800	100.189	20.10.2023	22.07.2033	296	296
			108.188	22.12.2025		30	326
CH 129 022 245 9	581	1.850	100.520	20.10.2023	25.10.2038	187	187
CH 130 611 710 7	582	1.300	100.239	18.12.2023	27.12.2028	165	165
			100.575	17.07.2024		260	260
			101.650	03.09.2024		241	241
			101.500	23.09.2024		289	955
CH 130 611 711 5	583	1.400	100.535	18.12.2023	16.01.2032	217	217
			100.744	15.04.2024		187	187
			103.469	31.10.2024		108	512
			104.017	10.03.2025		367	879
CH 130 611 712 3	584	1.450	100.604	18.12.2023	18.01.2039	291	291
			102.507	02.04.2025		218	509
CH 131 996 840 5	585	1.500	100.374	05.02.2024	02.04.2031	155	155
			101.016	07.05.2024		184	339
			103.193	02.04.2025		108	447
CH 131 996 841 3	586	1.550	100.401	05.02.2024	24.10.2033	472	472
CH 131 996 842 1	587	1.550	100.273	05.02.2024	05.04.2039	195	195
CH 131 996 852 0	588	1.450	100.377	12.03.2024	03.11.2032	381	381
			104.789	02.12.2024		329	710
CH 131 996 853 8	589	1.500	100.450	12.03.2024	23.06.2036	330	330
			105.797	03.09.2024		118	118
			105.221	31.10.2024		262	710
CH 131 996 861 1	590	1.400	100.294	15.04.2024	06.11.2034	437	437
			104.017	03.09.2024		131	568
CH 131 996 862 9	591	1.400	100.362	15.04.2024	15.03.2038	364	364
			108.057	19.12.2024		171	535
CH 131 996 868 6	592	1.450	100.353	07.05.2024	07.12.2033	394	394
			103.647	23.09.2024		220	614
			102.959	02.04.2025		338	952
CH 131 996 869 4	593	1.450	100.319	07.05.2024	07.09.2039	288	288
CH 134 674 298 9	594	1.450	100.009	14.06.2024	02.08.2034	324	324
			102.485	06.08.2024		324	324
			107.092	19.12.2024		181	829
CH 134 674 299 7	595	1.450	100.299	14.06.2024	10.10.2039	175	175

ISIN	Series	Interest rate in %	Issue price ¹ in %	Issue date	Maturity	Amount CHF million 31.12.2025	Amount CHF million 31.12.2024
CH 136 140 171 9	596	1.250	100.180	17.07.2024	19.04.2033	187	187
CH 136 140 172 7	597	1.300	100.542	17.07.2024	14.11.2039	161	161
CH 137 390 446 0	598	1.070	100.111	23.09.2024	01.03.2040	134	134
			101.549	02.12.2024		432	432
			104.208	19.12.2024		109	109 675
			99.931	16.04.2025		206	881
CH 138 091 031 0	599	1.050	100.405	31.10.2024	31.10.2044	117	117
			104.861	19.12.2024		117	117 234
			99.521	10.03.2025		274	508
CH 139 290 362 6	600	0.900	100.026	02.12.2024	26.10.2035	199	199
			101.933	19.12.2024		191	191 390
			102.099	30.10.2025		482	872
CH 140 547 210 6	601	0.850	100.256	14.02.2025	18.01.2034	361	
			97.950	02.04.2025		174	535
CH 140 547 212 2	602	1.000	100.436	14.02.2025	06.02.2043	219	
			95.586	02.04.2025		189	408
CH 140 547 222 1	603	0.950	100.272	10.03.2025	27.03.2035	192	
			102.665	23.06.2025		167	359
CH 142 393 161 2	604	0.900	100.129	16.04.2025	15.06.2034		441
CH 142 393 163 8	605	1.150	100.501	16.04.2025	24.01.2046	229	
			103.674	23.06.2025		177	406
CH 144 645 226 5	606	0.800	100.206	21.05.2025	16.02.2035	350	
			101.117	01.12.2025		433	783
CH 144 645 227 3	607	0.950	100.003	21.05.2025	03.04.2040	116	
			99.458	15.09.2025		287	403
CH 144 645 228 1	608	1.000	100.044	21.05.2025	24.08.2045		325
CH 144 645 241 4	609	0.891	100.004	23.06.2025	04.02.2041		181
CH 145 599 007 2	610	0.350	100.056	28.07.2025	23.08.2028	498	
			100.306	15.09.2025		295	793
CH 145 599 008 0	611	0.800	100.177	28.07.2025	22.08.2033		775
CH 145 599 009 8	612	1.150	100.564	28.07.2025	13.07.2040		288
CH 145 599 010 6	613	1.200	100.257	28.07.2025	26.10.2045		297
CH 147 140 381 1	614	0.500	100.108	15.09.2025	03.03.2031	382	
			100.586	30.10.2025		267	649
CH 147 140 382 9	615	0.750	100.190	15.09.2025	04.09.2034		632
CH 147 140 390 2	616	0.700	100.119	30.09.2025	15.01.2035		669
CH 147 140 391 0	617	1.000	100.400	30.09.2025	27.11.2045		284
CH 148 733 205 3	618	0.900	100.555	30.10.2025	15.12.2039		200
CH 149 842 288 5	619	0.850	100.178	01.12.2025	15.04.2038		241
Total						92 306	83 322

¹ On 1 March 2015, the principle for the takeover commission was switched from gross to net. From this date, the issue prices are correspondingly lower.

Maturity structure of the mortgage-backed bonds

As at 31 December 2025

Maturities	Amount CHF million Interest rate 0.000 to 0.999 %	Amount CHF million Interest rate 1.000 to 1.999 %	Amount CHF million Interest rate 2.000 to 2.999 %	Amount CHF million Interest rate 3.000 to 3.999 %	Total CHF million
2026	3 561	2 427	385	150	6 523
2027	5 630	2 391	–	–	8 021
2028	6 917	3 722	–	–	10 639
2029	5 384	3 443	410	–	9 237
2030	6 510	1 054	1 238	–	8 802
2031	7 240	1 030	–	–	8 270
2032	3 780	4 350	554	–	8 684
2033	2 591	2 676	–	–	5 267
2034	2 919	1 966	638	–	5 523
2035	4 997	–	460	–	5 457
2036	1 456	1 283	–	–	2 739
2037	418	709	823	–	1 950
2038	241	2 084	439	–	2 764
2039	730	1 328	–	–	2 058
2040	943	1 169	–	–	2 112
2041	181	–	–	–	181
2042	452	1 268	–	–	1 720
2043	131	408	–	–	539
2044	–	508	–	–	508
2045	–	906	–	–	906
2046	–	406	–	–	406
Total	54 081	33 128	4 947	150	92 306



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To the General Meeting of
Pfandbriefzentrale der schweizerischen Kantonalbanken AG, Zurich

Zurich, 22 April 2026

Report of the statutory auditor

Report on the audit of the financial statements



Opinion

We have audited the financial statements of Pfandbriefzentrale der schweizerischen Kantonalbanken AG (the Company), which comprise the balance sheet as at 31 December 2025, the income statement, the statement of changes in equity and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 34 to 55) give a true and fair view of the financial position of the Company as at 31 December 2025 and of its financial performance and its cash flows for the year then ended in accordance with the accounting standards applicable to Pfandbriefzentrale der schweizerischen Kantonalbanken AG and Swiss GAAP FER as well as comply with the provisions of Swiss law and the Company's articles of incorporation.



Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession that are relevant to audits of the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our



assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the financial statements.

Lending business – Recoverability of the mortgage-covered loans to the member banks

Risk	<p>The mortgage-covered loans to the member banks amount to CHF 92.306 bn or 99.0% of total assets as of 31 December 2025. There are no impairments as of the balance sheet date. Pfandbriefzentrale der schweizerischen Kantonalbanken AG discloses the mortgage-covered loans to the member banks at nominal value. Any need for impairment is determined on an individual basis and is measured according to the difference between the nominal value of the receivable and the expected recoverable amount, taking into account the counterparty risk and the pledged collateral.</p> <p>The member banks of Pfandbriefzentrale der schweizerischen Kantonalbanken AG must pledge mortgages amounting to at least 115% of the loans as collateral in accordance with the regulatory provisions of Pfandbriefzentrale. Only properties located in Switzerland may serve as collateral for the mortgage-covered loans and the pledge is limited to a maximum of two thirds of the collateral value of the pledged mortgages.</p> <p>The assessment of the recoverability of the mortgage-covered loans is crucial to the earnings and equity situation as well as the financial position of Pfandbriefzentrale der schweizerischen Kantonalbanken AG and is therefore considered a key audit matter. Pfandbriefzentrale der schweizerischen Kantonalbanken AG discloses the accounting and valuation principles as well as further information in connection to the mortgage-covered loans on pages 34-35 (balance sheet), 39 (accounting and valuation principles) and 42 (table of mortgage-covered loans) of the annual report.</p>
Our audit response	<p>Our audit procedures contained the assessment of the processes for granting and monitoring mortgage-covered loans as well as the assessment of the creditworthiness of the borrowers. The member banks of Pfandbriefzentrale der schweizerischen Kantonalbanken AG are required to engage their respective audit firm to conduct the annual audit of the register of collateral as well as the coverage of the mortgage-covered loans (art. 38b of the mortgage bond act). As part of our audit, we inspected the corresponding reports of the member banks' audit firms.</p> <p>Our audit procedures did not lead to any reservations relating to the creditworthiness of the mortgage-covered loans.</p>



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Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements, which give a true and fair view in accordance with the accounting standards applicable to Pfandbriefzentrale der schweizerischen Kantonalbanken AG and Swiss GAAP FER as well as comply with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.



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Report on other legal and regulatory requirements



In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

Based on our audit in accordance with Art. 728a para. 1 item 2 CO, we confirm that the proposal of the Board of Directors complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

A blue ink signature of Patrick Schwaller, written in a cursive style.

Patrick Schwaller
Licensed audit expert
(Auditor in charge)

A blue ink signature of Martina Deplazes, written in a cursive style.

Martina Deplazes
Licensed audit expert

Appropriation of profit

The Board of Directors resolved on 22 April 2026 to propose the following appropriation of profit to the Annual General Meeting:

	2025 CHF 1 000	2024 CHF 1 000
Profit carried forward	313	254
Result for the period	23 051	20 606
At the disposal of the Annual General Meeting	23 363	20 860
Contribution to statutory retained earnings reserves	-1 155	-1 035
Contribution to voluntary retained earnings reserves	-3 000	-600
Dividend distribution		
4.25 % on 445 000 shares (CHF 1 000 paid in)	-18 913	-18 913
Carried forward to new account	296	313

If the Annual General Meeting approves the proposed appropriation of profit on 19 June 2026, the dividend will be paid out with a value date of 3 July 2026 (gross CHF 42.50 per share, net less 35 % withholding tax).

Multi-year overview

(financial years)

	2025 CHF 1 000	2024 CHF 1 000	2023 CHF 1 000	2022 CHF 1 000	2021 CHF 1 000
Issuing activity					
Issues	14 512 000	9 981 000	8 532 000	10 443 000	8 583 000
Repayments	-5 528 000	-6 844 000	-5 301 000	-3 716 000	-4 047 000
Change in outstanding bonds	8 984 000	3 137 000	3 231 000	6 727 000	4 536 000
Mortgage bonds/mortgage loans	31.12.2025 CHF 1 000	31.12.2024 CHF 1 000	31.12.2023 CHF 1 000	31.12.2022 CHF 1 000	31.12.2021 CHF 1 000
Mortgage-backed bonds/ mortgage-covered loans	92 306 000	83 322 000	80 185 000	76 954 000	70 227 000
Capital-weighted average interest rates	31.12.2025 in %	31.12.2024 in %	31.12.2023 in %	31.12.2022 in %	31.12.2021 in %
Mortgage-backed bonds	0.88	0.85	0.73	0.62	0.53
Mortgage-covered loans	0.91	0.87	0.76	0.65	0.56
Income statement	2025 CHF 1 000	2024 CHF 1 000	2023 CHF 1 000	2022 CHF 1 000	2021 CHF 1 000
Operating income	30 385	27 971	25 886	23 009	22 190
of which interest margin on mortgage bond business	24 756	22 606	21 643	19 378	16 801
of which other result from interest operations	5 550	5 298	4 154	3 542	5 397
Commission expenses and fees	-1 372	-1 367	-1 398	-1 696	-1 839
Administrative expenses	-4 772	-4 922	-3 852	-4 175	-3 753
Issuance expenses	-1 190	-1 076	-1 053	-978	-927
Gross profit	23 051	20 606	19 582	16 160	15 672
Result for the period	23 051	20 606	19 582	16 160	15 672
Equity (after appropriation of profit)	31.12.2025 CHF 1 000	31.12.2024 CHF 1 000	31.12.2023 CHF 1 000	31.12.2022 CHF 1 000	31.12.2021 CHF 1 000
Eligible capital (Art. 18 para. 2 PFO)	1 929 971	1 925 833	1 924 139	1 923 469	1 925 110
Required capital (Art. 10 PFA)	1 853 564	1 673 288	1 609 470	1 543 946	1 409 011
Excess capital	76 407	252 545	314 669	379 524	516 098
Capital requirement coverage ratio	104.1 %	115.1 %	119.6 %	124.6 %	136.6 %
Ratio of eligible capital to total debt capital	2.1 %	2.3 %	2.4 %	2.5 %	2.7 %
Rating	31.12.2025	31.12.2024	31.12.2023	31.12.2022	31.12.2021
Moody's (bonds)	Aaa (stable)	Aaa (stable)	Aaa (stable)	Aaa (stable)	Aaa (stable)
Zürcher Kantonalbank (issuer)	AAA (stable)	AAA (stable)	AAA (stable)	AAA (stable)	AAA (stable)
Sustainability rating (issuer)	31.12.2025	31.12.2024	31.12.2023	31.12.2022	31.12.2021
MSCI ESG	AAA	AAA	A	A	A
ISS ESG	C Prime	C Prime	C Prime	C Prime	C Prime

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