

Media release

Continued growth in the 2023 financial year

In the 2023 financial year, Pfandbriefzentrale der schweizerischen Kantonalbanken AG issued Pfandbriefe (mortgage-backed covered bonds) totalling CHF 8.5 billion. In the same period, bonds totalling CHF 5.3 billion fell due for repayment. The portfolio of Pfandbriefe thus increased by CHF 3.2 billion and, with a new high of CHF 80.2 billion, exceeded CHF 80 billion for the first time. The rating agency Moody's has assigned its highest rating of Aaa to the bonds issued by Pfandbriefzentrale.

With CHF 80.2 billion in bonds at the end of the year, the volume of Pfandbriefe in circulation once again reached an all-time high. The 2023 financial year was very lively with eleven issues and a total of 38 transactions. The volume of new issues totalling CHF 8.5 billion and repayments of CHF 5.3 billion led to a growth of CHF 3.2 billion in 2023. The growth trend has been sustained for 15 years, although it has weakened slightly compared to the previous year. Over the years, our Pfandbrief has established itself as an important refinancing instrument in the mortgage business.

The two Pfandbrief institutions continued to dominate the domestic segment of the Swiss capital market with a share of 40 percent (previous year 43 percent) of the issuance volume. This consolidated the status of The Swiss Pfandbrief® as the most liquid instrument on the Swiss capital market, together with Swiss Confederation bonds. As a result, Swiss Pfandbriefe® also play a key role in banks' liquidity management. Thanks to their first-class credit rating, these instruments are among the Swiss National Bank securities eligible for repos.

Regulatory developments

At its meeting on 29 November 2023, the Federal Council adopted the amendment to the Capital Adequacy Ordinance (CAO) for banks. The Basel III final standards adopted by the international Basel Committee on Banking Supervision have thus been transposed into Swiss law. Disclosure obligations regarding the cover pool and minimum cover for Pfandbriefe are stipulated for Pfandbrief institutions. These new regulatory disclosure requirements, as well as requests for increased transparency from rating agencies, investors and analysts, require substantial investments in the IT systems of Pfandbriefzentrale and adjustments at the member banks. The necessary digitalisation project is currently in its decisive final phase.

Dividend proposal

In accordance with the Pfandbrief Act (*Pfandbriefgesetz*, PfG), our mandate is to refinance the mortgage business of our member banks as favourably and efficiently as possible. As a joint operation between all 24 cantonal banks, profit orientation is therefore not a priority for Pfandbriefzentrale. However, we were once again able to generate a highly satisfactory result. Profit for the 2023 financial year totalled CHF 19.6 million (previous year: CHF 16.2 million). The distribution of a dividend of 4.25 percent (previous year 4.0 percent) is to be proposed to the Annual General Meeting.

Changes in the Board of Directors

Rudolf Sigg, who had been a member of the Board of Directors for many years, announced his resignation at the 2023 Annual General Meeting. Rudolf Sigg had been a member of the Board of Directors since 2009, having previously served as CFO of Pfandbriefzentrale for two years. The Board of Directors would like to thank Rudolf Sigg for his many years of commitment to Pfandbriefzentrale. The Annual General Meeting elected Dr Martin Bardenhewer as a new member of the Board of Directors. Dr Martin Bardenhewer has worked for Zürcher Kantonalbank in various functions for around 20 years. He looks back on a very broad specialist and management experience in the areas of finance, treasury and corporate banking as well as in the investment business. He was appointed as the new CFO of Zürcher Kantonalbank with effect from 1 May 2023.

Outlook

In the 2024 financial year, bonds totalling CHF 6.8 billion (previous year: CHF 5.3 billion) will fall due for repayment. This is the highest volume ever to mature in a calendar year in the history of Pfandbriefzentrale and goes hand in hand with the record amount of CHF 38.0 billion (previous year: CHF 34.7 billion) maturing on the domestic segment of the Swiss capital market. We are planning ten issue dates for the 2024 financial year. We expect demand for loans from the cantonal banks to remain high. We also assume that there will continue to be strong demand from our investors next year for our safe, liquid and risk-adjusted mortgage bonds, which also offer attractive returns.

Further information

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Pfandbriefzentrale der schweizerischen Kantonalbanken AG

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

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