Zürcher Kantonalbank

# Half-yearly — Report 2024

Zürcher Kantonalbank

# Close to you.

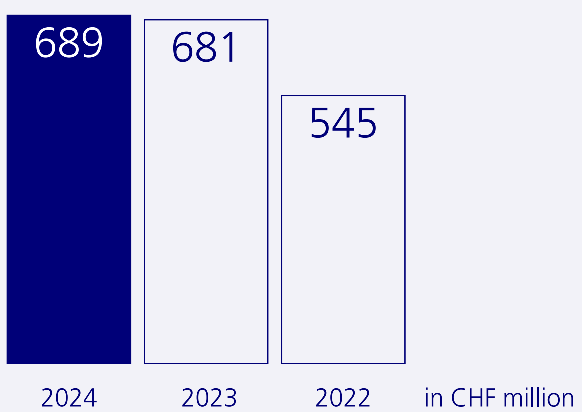
Zürcher Kantonalbank is the second-largest universal bank and one of the most important cantonal banks in Switzerland. We have successfully positioned ourselves as a universal bank with a regional base as well as a domestic and international network. With a market penetration of 50 percent, we are the number 1 for retail and corporate clients in the Greater Zurich Area. We fulfil our increased economic responsibility throughout Switzerland and are a strong partner for large companies as well as private and institutional investors. We are one of the safest banks in the world – as confirmed by top marks from leading rating agencies. Zürcher Kantonalbank is an autonomous public-law institution of the Canton of Zurich and benefits from a state guarantee. Through our public service mandate, we are committed to the well-being of society and the environment – and have been for over 150 years. We uphold our values: responsible, inspiring and passionate. Our vision is “Close to you”.

# The first half of 2024 in brief

## Consolidated profit before taxes

**689** CHF million

The consolidated profit before taxes is CHF 689 million (previous year: CHF 681 million).

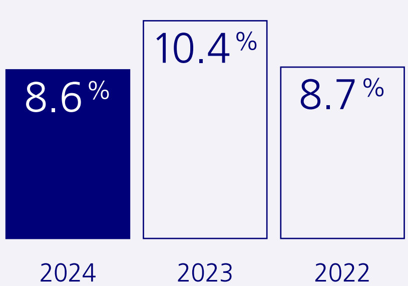



## Cost/income ratio (CIR)

The cost/income ratio as at 30 June 2024 has normalised again and, at 54.7 %, is below the target range (58 %–64 %).

## Return on equity (RoE)

as at 30 June




## Net new money inflow managed assets

**10.0** CHF billion

Managed assets increased by CHF 33.4 billion compared to 31 December 2023. CHF 10.0 billion of this increase is attributable to net new money inflow and CHF 24.1 billion includes primarily the effects of market developments. Further information on managed assets and net new money inflow can be found in the overview of key figures on page 5.

## Group rating

**(Fitch, Moody's, Standard & Poor's)**

**AAA Aaa**

## Risk-based TLAC ratio

**26.0** %

The total loss absorbing capacity (TLAC ratio) corresponds to the sum of the eligible equity going-concern (18.0 %) and the eligible additional loss absorbing funds gone-concern as a percentage of the risk-weighted positions (7.9 %).

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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
– Figure not available or not meaningful

# Key figures (group)

| | | 1st half 2024 | 1st half 2023 | Change in % |
|---|---|---|---|---|
| **› Key figures** | in % | | | |
| Return on equity (RoE) | | **8.6** | 10.4 | |
| Cost/income ratio (CIR) [1] | | **54.7** | 48.7 | |
| Common equity tier 1 ratio (CET1) (going-concern) [2] | | **16.8** | 16.6 | |
| Risk-based capital ratio (going-concern) [2] | | **18.0** | 18.0 | |
| Risk-based capital ratio (gone-concern) [2] | | **7.9** | 5.9 | |
| Risk-based TLAC ratio [2/3] | | **26.0** | 23.9 | |
| Leverage ratio (going-concern) [2] | | **6.6** | 6.2 | |
| Leverage ratio (gone-concern) [2] | | **2.9** | 2.0 | |
| TLAC Leverage Ratio [2/3] | | **9.4** | 8.2 | |
| Liquidity coverage ratio (LCR) [4] | | **146** | 147 | |
| Net stable funding ratio (NSFR) | | **117** | 121 | |
| **› Income statement** | in CHF million | | | |
| Operating income | | **1,560** | 1,687 | –7.5 |
| Operating result | | **679** | 831 | –18.3 |
| Changes in reserves for general banking risks | | **–** | –150 | –100.0 |
| Consolidated profit before taxes | | **689** | 681 | 1.2 |
| Consolidated profit | | **601** | 677 [5] | –11.3 |
| | | **30.06.2024** | **31.12.2023** | |
| **› Balance sheet** | in CHF million | | | |
| Total assets | | **202,568** | 201,259 | 0.7 |
| Mortgage loans | | **103,112** | 100,874 | 2.2 |
| Amounts due in respect of customer deposits | | **102,325** | 101,452 | 0.9 |
| Equity | | **14,343** | 14,268 | 0.5 |
| **› Further information** | in CHF million | | | |
| Total customers' assets (managed assets and custody) | | **488,711** | 450,789 | 8.4 |
| Total managed assets [6] | | **429,235** | 395,786 | 8.5 [7] |
| - of which, net new money inflow/outflow (NNM) | | **10,039** | 27,419 | –63.4 |
| Headcount after adjustment for part-time employees, as at the reporting date | number | **5,652** | 5,539 | 2.0 |
| Branches [8] | number | **53** | 53 | 0.0 |

1 Calculation: Cost/income ratio (excl. changes in default-related value adjustments and losses from interest operations).
2 In accordance with the provisions for systemically important banks.
3 TLAC = Total Loss Absorbing Capacity
4 Simple average of the closing values on the business days during the quarter under review.
5 Tax expenses, taking into account the OECD minimum taxation already introduced in 2023, would have amounted to approximately CHF 111million in total, consequently would have reduced the consolidated profit to CHF 570 million.
6 A review of the methodology has led to the reclassification of various portfolios, which are no longer deemed to be managed assets. For this reason, an additional distinction is made between client assets and managed assets. The previous year was restated accordingly.
7 In addition to NNM, the change in managed assets contains the change arising from price developments, interest, dividends and currency developments as well as other effects.
8 Of which 51 branches (previous year: 51) of Zürcher Kantonalbank in Zurich as well as 2 branches (previous year: 2) of the subsidiary Zürcher Kantonalbank Österreich AG in Salzburg and Vienna.

# Significant developments and events

With a consolidated profit before taxes of CHF 689 million, Zürcher Kantonalbank achieved an encouraging half-year result in 2024 and therefore remains on track despite the challenging environment. The OECD minimum taxation adopted in the June 2023 referendum has been applied since the beginning of 2024.

1

## First quarter of 2024

The leading economic indicators have brightened in most countries. The US economy has continued to flourish, and signs have appeared that the eurozone has gradually bottomed out. To summarise, however, the positive impetus for the global economy failed to materialise in the first quarter. The global equity markets nevertheless had a very good quarter and reached new highs in many places.

In Switzerland, the moderate economic growth of the previous quarters continued in the first quarter of 2024. With this quarterly result, Switzerland has seamlessly integrated itself into the European trend. The usual economic indicators have stabilised at a relatively low level. The Swiss National Bank (SNB) also lowered the key interest rate by 25 basis points to 1.5 percent on 21 March 2024.

2

## Second quarter of 2024

Although the key interest rates have been falling only slowly, the macroeconomic outlook has remained constructive. The economic recovery in Europe has gained increasing momentum, which is also benefiting the Swiss economy. The latter is supported by private consumption and the SNB's further key interest rate cut of 25 basis points to 1.25 percent on 21 June 2024. Inflation also remained stable at a low level in the second quarter.

On 10 April 2024, the Federal Council published the report on banking stability. It concludes that many of the measures already introduced nationally and internationally to increase financial stability have fundamentally proven their worth. The analysis also shows, however, that gaps remain in the prevailing system and that therefore a need for action exists to enhance and strengthen regulation. These findings will shape the political agenda in the coming months and will have a greater or lesser impact on Zürcher Kantonalbank depending on the outcome of the political decisions.

At the end of the first semester, Zürcher Kantonalbank announced the sale of its subsidiary, Zürcher Kantonalbank Österreich AG, to Liechtensteinische Landesbank (LLB). The transaction, which is subject to the approval of the supervisory and competition authorities, is planned to close in the first quarter of 2025.

# Encouraging half-year result

Zürcher Kantonalbank achieved a consolidated profit before taxes totalling CHF 689 million in the first half of 2024 (previous year: CHF 681 million). The bank is therefore reporting an encouraging half-year result. The OECD minimum taxation adopted in the June 2023 referendum has been applied since the beginning of 2024.

The net result from interest operations, at CHF 858 million, did not quite match the excellent result of the same period last year (CHF 946 million). In contrast, the result from commission business and services, at CHF 509 million, is around CHF 34 million higher year-on-year. The result from trading activities, however, came in at CHF 177 million, which did not match the previous year's strong result of CHF 252 million.

Operating expenses totalled CHF 859 million, an increase of CHF 41 million or 5.0 percent compared to the previous year. The year-on-year increase in expenses is due to a planned build-up for innovation and growth.

The return on equity (RoE) amounts to 8.6 percent (first half of 2023: 10.4 percent). The cost/income ratio (CIR) is 54.7 percent and is back to normal compared to 48.7 percent in the same period of the previous year. The cost/income ratio remains below the target range of 58–64 percent.

### Aggravating conditions for interest operations

Chart 01
↓

Gross interest income reached CHF 868 million, which is a decrease on the previous year (CHF 939 million). This decline is primarily due to a normalisation of client behaviour. While the bank in the first half of 2023 was still able to benefit from the slower-than-expected shift of client funds to higher-yielding investment opportunities, the latter increased until the beginning of 2024. Other factors that also contributed to the decline in the result include the adjustment to the interest rate on sight deposits at the end of 2023 and the SNB's easing of monetary policy twice in the first half of 2024. Another influencing factor is the loss of opportunities in the money market business, which had a positive impact on interest income in the first half of the previous year.

Zürcher Kantonalbank assesses credit default risks and all other recognisable risks on an ongoing basis. The line item Changes in value adjustments for default risk and losses from interest operations is a net allocation of CHF 10 million for the first half of the year (previous year: net release of CHF 7 million). The net result from interest operations therefore totalled CHF 858 million (minus 9.3 percent compared to the same period of the previous year).

01 **Breakdown of result from interest operations** in CHF million

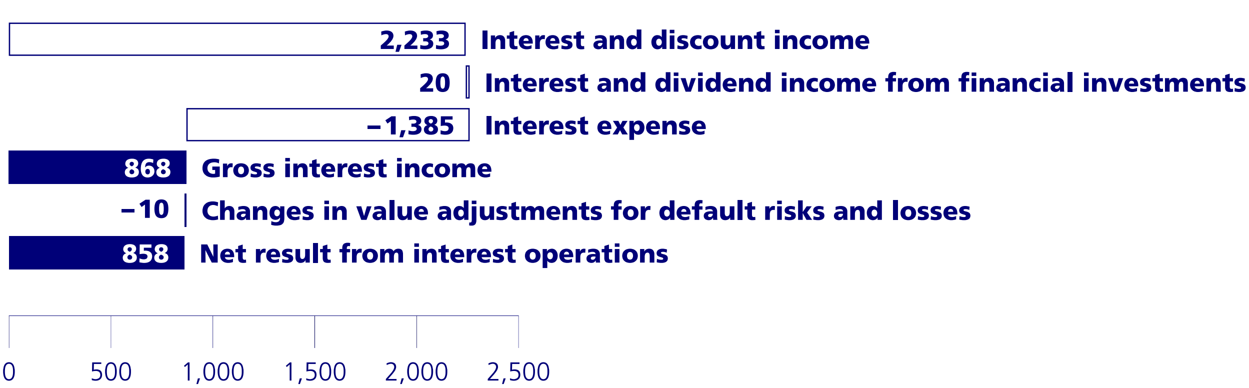


Chart 02
↓

## Strong volume base boosts commission business and services

The bank generated a result from commission business and services totalling CHF 509 million in the first half of 2024, which is 7.1 percent higher on the previous year (CHF 475 million).

This result is attributable mainly to commission income from securities trading and investment activities (CHF 557 million), which rose by CHF 48 million or 9.4 percent compared to the same period last year. This increase, which was due to the recent inflow of client funds in combination with a positive market trend, more than offset both the lower result from other services as a result of the introduction of ZKB Banking (free everyday banking) at the beginning of the year and the higher commission expenses.

## Trading result

The trading result of CHF 177 million reflects the lack of impetus in the first semester and therefore stands in clear contrast to the outstanding half-year result in the previous year (CHF 252 million). The decreases occurred in particular in the result from trading in bonds, interest rate and credit derivatives (minus 51.6 percent) and the result from trading in foreign exchange, bank notes and precious metals (minus 36.6 percent). Despite all the challenges in the trading business, the positive equity market trend manifested itself in a lively client dynamic, which was reflected in the result from trading in equities and structured products. This momentum led to a 32.6 percent increase in income in this sub-segment.

02 **Breakdown of result from commission business and services** in CHF million

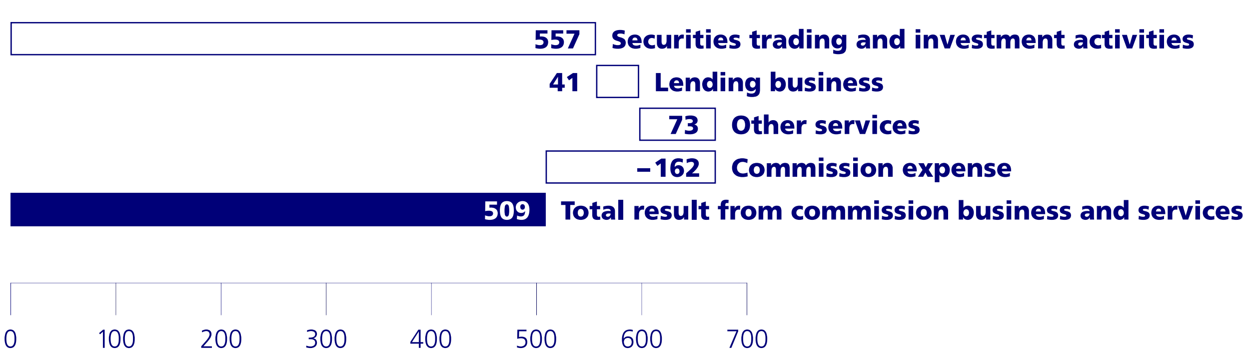


Chart 03
↓

**Operating income characterised by the interest rate environment**

The bank generated operating income of CHF 1,560 million in the first half of 2024, which corresponds to a decrease of 7.5 percent or CHF 126 million compared to the prior-year period. A solid result was achieved thanks to the bank's diversified and stable income structure. This is even an above-average operating income compared to average revenues, even though the record high of the previous year could not be reached. The latter was due primarily to the very high results from interest operations and the trading business. The very good results from the commission business and services, however, could partially offset the decreases in interest operations and the trading business. With a share of 55.0 percent, interest operations remain the bank's most important income stream, followed by the commission business and services with a share of 32.6 percent. The trading business, the third main income component, contributed 11.4 percent to operating income.

03 **Breakdown of operating income** in CHF million / percent

**Result from interest operations**

**858** (55.0 %)

**Result from commission business and services**

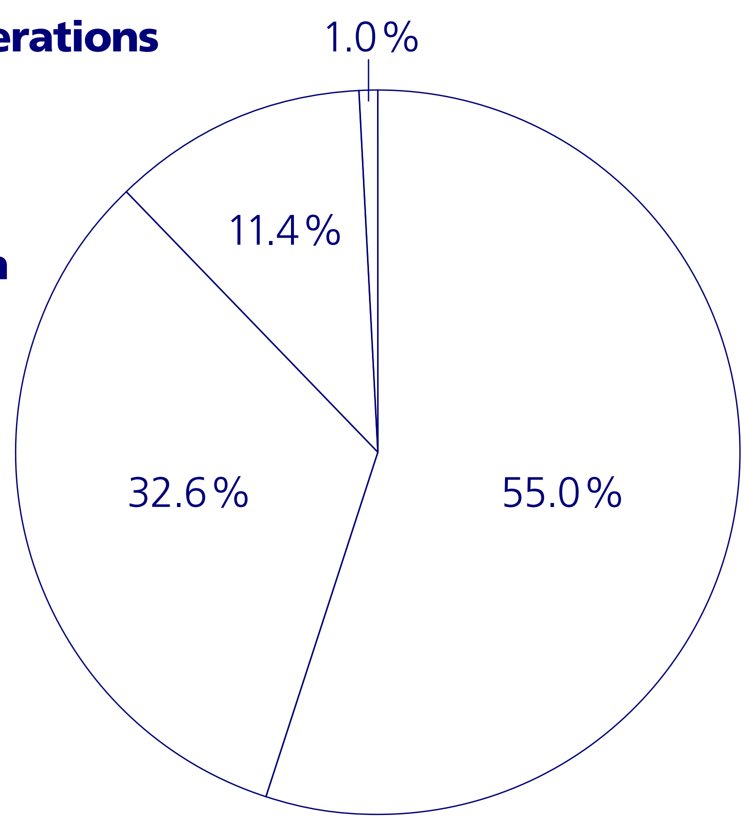
**509** (32.6 %)

**Result from trading activities**

**177** (11.4 %)

**Other result**

**16** (1.0 %)



## Growth is reflected in higher operating expenses

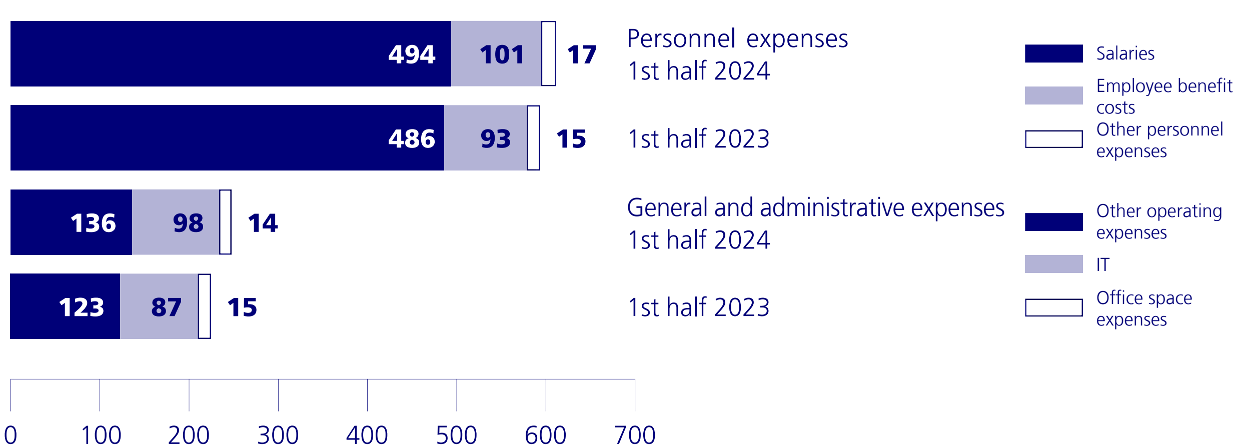
Chart 04
↓

Operating expenses totalled CHF 859 million in the first half of the year and were therefore 5.0 percent higher on the previous year. Personnel expenses increased by 3.0 percent or CHF 18 million to CHF 612 million, with headcount rising from 5,337 FTEs at the end of June 2023 to 5,652 FTEs as at the end of June 2024. This rise corresponds to a year-on-year increase of 315 FTEs.

At CHF 248 million, general and administrative expenses were higher by CHF 23 million or 10.3 percent compared to the same period last year. The higher operating expenses reflect greater costs for maintenance, licences and also the expansion of the workplace infrastructure for the additional employees.

Further details on the development of operating expenses can be found in Chart 04 Development of operating expense components.

04 **Development of operating expense components** in CHF million



## Decrease in depreciation and amortisation and lower provisions

Value adjustments on participations as well as depreciation and amortisation of tangible fixed assets and intangible assets amount to CHF 32 million, which is a year-on-year decrease of 25.9 percent or CHF 11 million.

The expense item no longer included compared to the previous year is the goodwill amortisation of the investment in Swisscanto in the amount of CHF 8 million. This goodwill was fully amortised in 2023.

The changes to provisions and other value adjustments and losses amount to a net release of CHF 10 million (first half of 2023: net release of CHF 5 million), which is attributable largely to the net release of provisions for off-balance-sheet default risks totalling CHF 12 million.

## Profit before taxes

Zürcher Kantonalbank posted a consolidated profit before taxes totalling CHF 689 million for the first half of 2024. This corresponds to a year-on-year increase of CHF 8 million or 1.2 percent, whereby additional reserves for general banking risks of CHF 150 million were created in the first half of the previous year.

## Taxes characterised by OECD minimum taxation

Tax expenses totalled CHF 88 million and were significantly higher than in the previous year (CHF 4 million). This change is attributable mainly to the introduction of OECD minimum taxation, which will be levied for the first time in 2024 at the national level in the form of a supplementary tax. Further information on OECD minimum taxation can be found in the condensed notes under Changes in accounting policies.

## Stable total assets as well as an unchanged balance sheet structure

Total assets amount to CHF 202.6 billion as at 30 June 2024. This corresponds to a change of CHF 1.3 billion or 0.7 percent compared to 31 December 2023. The balance sheet structure also remains fundamentally unchanged.

At CHF 103.1 billion, mortgage loans remain the largest asset item at 50.9 percent (end of 2023: 50.1 percent), followed by liquid assets, which at CHF 37.3 billion accounted for 18.4 percent (end of 2023: 19.7 percent) of total assets. On the liabilities side, client deposits account for the largest share at 50.5 percent (end of 2023: 50.4 percent) or CHF 102.3 billion.

## Stable liquidity situation

Liquid assets, at CHF 37.3 billion, are down slightly compared to the end of 2023 (minus 6.0 percent). Deposits at the SNB continue to account for the largest share and are directly related to the particularly high liquidity requirements that apply to systemically important banks such as Zürcher Kantonalbank. The liquidity coverage ratio (LCR) of 146 percent (previous year: 147 percent), which is determined as the simple average of the end-of-day values on business days during the quarter under review, confirms the bank's high liquidity reserves and the resulting excellent liquidity situation. The latter also applies to the net stable funding ratio (NSFR) of 117 percent (previous year: 121 percent).

## Comfortable capital base

The risk-based total loss absorbing capacity (risk-based TLAC ratio) amounted to 26.0 percent as at 30 June 2024 (previous year: 23.9 percent).

The risk-based equity ratio included in this figure on a going-concern basis was 18.0 percent as at the end of the first half of the year. This ratio is unchanged compared to 30 June of the previous year and significantly exceeds the current capital adequacy requirement of 13.8 percent.

On an unweighted basis, the total loss absorbing capacity (TLAC leverage ratio) is 9.4 percent (previous year: 8.2 percent). This includes the leverage ratio (going-concern), which at 6.6 percent (previous year: 6.2 percent) is likewise well above the requirement of 4.5 percent. These figures confirm Zürcher Kantonalbank's strong capitalisation.

## Growth in net new money and positive market performance characterise client assets

Client assets amounted to CHF 488.7 billion as at 30 June 2024 (client assets as at 31 December 2023: CHF 450.8 billion). The change of around CHF 37.9 billion is due in particular to the positive market performance (price, interest rate and currency trend) totalling CHF 24.1 billion and the continued encouraging net new money inflow of CHF 10.0 billion.

## Confirmed AAA rating

The rating agencies Fitch, Moody's and Standard & Poor's continue to rate Zürcher Kantonalbank at AAA and Aaa, respectively. This rating is reconfirmed as part of an annual review. Zürcher Kantonalbank is also one of the safest universal banks in the world on a stand-alone basis (i.e. without taking any government support into account), as evidenced by the stand-alone rating of aa- (Standard & Poor's).

# Outlook

As was already apparent in the first half of the year, the exceptionally high interest income from the previous year will not be repeated to the same extent in 2024. In addition, the Swiss National Bank (SNB) has already cut interest rates for the second time in 2024. Uncertainty currently prevails in the market regarding the SNB's next interest rate steps. Our diversified business model will nevertheless be the key once again to a good result in financial year 2024. Our encouraging half-year result has certainly created the basis to achieve this outcome.

# Consolidated income statement

| in CHF million | 1st half 2024 | 1st half 2023 | Change | Change in % |
|---|---|---|---|---|
| **› Result from interest operations** | | | | |
| Interest and discount income | **2,233** | 1,900 | 333 | 17.5 |
| Interest and dividend income from financial investments | **20** | 15 | 5 | 31.4 |
| Interest expense | **–1,385** | –976 | –409 | 41.9 |
| **› Gross result from interest operations** | **868** | **939** | **–71** | **–7.6** |
| Changes in value adjustments for default risk and losses from interest operations | **–10** | 7 | –17 | –238.7 |
| **› Subtotal net result from interest operations** | **858** | **946** | **–88** | **–9.3** |
| **› Result from commission business and services** | | | | |
| Commission income from securities trading and investment activities | **557** | 509 | 48 | 9.4 |
| Commission income from lending activities | **41** | 38 | 3 | 9.1 |
| Commission income from other services | **73** | 78 | –5 | –6.0 |
| Commission expense | **–162** | –149 | –13 | 8.6 |
| **› Subtotal result from commission business and services** | **509** | **475** | **34** | **7.1** |
| **› Result from trading activities** | | | | |
| **› Result from trading activities and the fair value option** | **177** | **252** | **–75** | **–29.6** |
| **› Other result from ordinary activities** | | | | |
| Result from the disposal of financial investments | **5** | 6 | –1 | –15.1 |
| Income from participations | **10** | 10 | 0 | 1.4 |
| – of which, participations valued using the equity method | **1** | 1 | 0 | 9.5 |
| – of which, from other non-consolidated participations | **9** | 9 | 0 | 0.7 |
| Result from real estate | **3** | 3 | –1 | –17.5 |
| Other ordinary income | **4** | 4 | 0 | 8.9 |
| Other ordinary expenses | **–6** | –9 | 4 | –39.8 |
| **› Subtotal other result from ordinary activities** | **16** | **13** | **3** | **20.7** |
| **› Operating income** | **1,560** | **1,687** | **–126** | **–7.5** |
| **› Operating expenses** | | | | |
| Personnel expenses | **–612** | –594 | –18 | 3.0 |
| General and administrative expenses | **–248** | –225 | –23 | 10.3 |
| **› Subtotal operating expenses** | **–859** | **–818** | **–41** | **5.0** |
| Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets | **–32** | –43 | 11 | –25.9 |
| Changes to provisions and other value adjustments and losses | **10** | 5 | 5 | 84.6 |
| **› Operating result** | **679** | **831** | **–152** | **–18.3** |
| Extraordinary income | **10** | 0 | 10 | – |
| Extraordinary expenses | **–0** | – | –0 | – |
| Changes in reserves for general banking risks | **–** | –150 | 150 | –100.0 |
| **› Consolidated profit before taxes** | **689** | **681** | **8** | **1.2** |
| Taxes | **–88** | –4 [1] | –84 | – |
| **› Consolidated profit** | **601** | **677** [1] | **–76** | **–11.3** |

1 Tax expenses, taking into account the OECD minimum taxation already introduced in 2023, would have amounted to approximately CHF 111 million in total, consequently would have reduced the consolidated profit to CHF 570 million.

# Consolidated balance sheet

| in CHF million | 30.06.2024 | 31.12.2023 | Change | Change in % |
|---|---|---|---|---|
| **› Assets** | | | | |
| Liquid assets | **37,304** | 39,706 | –2,402 | –6.0 |
| Amounts due from banks | **3,306** | 3,401 | –95 | –2.8 |
| Amounts due from securities financing transactions | **23,039** | 25,740 | –2,700 | –10.5 |
| Amounts due from clients | **12,547** | 11,252 | 1,295 | 11.5 |
| Mortgage loans | **103,112** | 100,874 | 2,238 | 2.2 |
| Trading portfolio assets | **13,500** | 11,880 | 1,620 | 13.6 |
| Positive replacement values of derivative financial instruments | **744** | 968 | –224 | –23.1 |
| Other financial instruments at fair value | **–** | – | – | – |
| Financial investments | **5,182** | 5,577 | –396 | –7.1 |
| Accrued income and prepaid expenses | **473** | 644 | –171 | –26.5 |
| Non-consolidated participations | **154** | 154 | –0 | –0.1 |
| Tangible fixed assets | **511** | 534 | –23 | –4.2 |
| Intangible assets | **1** | 3 | –2 | –64.6 |
| Other assets | **2,695** | 527 | 2,168 | 411.5 |
| **› Total assets** | **202,568** | **201,259** | **1,309** | **0.7** |
| Total subordinated claims | **331** | 292 | 39 | 13.3 |
| – of which, subject to conversion and/or debt waiver | **105** | 96 | 9 | 9.5 |
| **› Liabilities** | | | | |
| Amounts due to banks | **40,171** | 35,404 | 4,767 | 13.5 |
| Liabilities from securities financing transactions | **9,758** | 14,095 | –4,337 | –30.8 |
| Amounts due in respect of customer deposits | **102,325** | 101,452 | 873 | 0.9 |
| Trading portfolio liabilities | **3,036** | 3,224 | –188 | –5.8 |
| Negative replacement values of derivative financial instruments | **902** | 2,458 | –1,556 | –63.3 |
| Liabilities from other financial instruments at fair value | **4,406** | 4,000 | 407 | 10.2 |
| Cash bonds | **267** | 288 | –20 | –7.0 |
| Certificate of deposits | **356** | 632 | –276 | –43.6 |
| Bond issues | **10,591** | 10,547 | 44 | 0.4 |
| Central mortgage institution loans | **11,446** | 11,558 | –112 | –1.0 |
| Accrued expenses and deferred income | **1,056** | 1,371 | –315 | –23.0 |
| Other liabilities | **3,746** | 1,789 | 1,957 | 109.4 |
| Provisions | **163** | 174 | –11 | –6.4 |
| Reserves for general banking risks | **379** | 379 | – | – |
| Bank's capital | **2,425** | 2,425 | – | – |
| Retained earnings reserve | **10,952** | 10,241 | 711 | 6.9 |
| Foreign currency translation reserve | **–14** | –16 | 2 | –13.6 |
| Consolidated profit | **601** | 1,238 | –638 | –51.5 |
| | **–** | – | – | – |
| **› Shareholders' equity** | **14,343** | **14,268** | **75** | **0.5** |
| **› Total liabilities** | **202,568** | **201,259** | **1,309** | **0.7** |
| Total subordinated liabilities | **3,357** | 3,035 | 321 | 10.6 |
| – of which, subject to conversion and/or debt waiver | **3,357** | 3,035 | 321 | 10.6 |
| **› Off-balance-sheet transactions** | | | | |
| Contingent liabilities | **3,705** | 3,772 | –67 | –1.8 |
| Irrevocable commitments | **14,871** | 14,167 | 704 | 5.0 |
| Obligations to pay up shares and make further contributions | **351** | 353 | –2 | –0.6 |
| Credit commitments | **–** | – | – | – |

# Consolidated statement of changes in equity

| in CHF million | Bank's capital | Retained earnings reserve | Reserves for general banking risks | Consolidated profit | Foreign currency translation reserve | Total equity |
|---|---|---|---|---|---|---|
| **› 2023** | | | | | | |
| Total equity as at 31.12.2022 | 2,425 | 9,674 | 154 | 1,059 | –13 | 13,299 |
| Effect of any restatement | – | – | – | –1 [1] | – | –1 |
| Capital increase | – | – | – | – | – | – |
| Capital decrease | – | – | – | – | – | – |
| Increase in scope of capital consolidation | – | – | – | – | – | – |
| Decrease in scope of capital consolidation | – | – | – | – | – | – |
| Other contributions / other capital paid in | – | – | – | – | – | – |
| Currency translation differences | – | – | – | – | –3 | –3 |
| Dividends and other distributions | – | – | – | –491 | – | –491 |
| Allocation to (transfers from) the reserves for general banking risks | – | – | 225 | – | – | 225 |
| Allocation to (transfers from) the retained earnings reserve | – | 567 | – | –567 | – | – |
| Consolidated profit | – | – | – | 1,238 | – | 1,238 |
| **› Total equity as at 31.12.2023** | **2,425** | **10,241** | **379** | **1,238** | **–16** | **14,268** |

| in CHF million | Bank's capital | Retained earnings reserve | Reserves for general banking risks | Consolidated profit | Foreign currency translation reserve | Total equity |
|---|---|---|---|---|---|---|
| **› 2024** | | | | | | |
| Total equity as at 31.12.2023 | 2,425 | 10,241 | 379 | 1,238 | –16 | 14,268 |
| Effect of any restatement | – | – | – | 0 [1] | – | 0 |
| Capital increase | – | – | – | – | – | – |
| Capital decrease | – | – | – | – | – | – |
| Increase in scope of capital consolidation | – | – | – | – | – | – |
| Decrease in scope of capital consolidation | – | – | – | – | – | – |
| Other contributions / other capital paid in | – | – | – | – | – | – |
| Currency translation differences | – | – | – | – | 2 | 2 |
| Dividends and other distributions | – | – | – | –528 | – | –528 |
| Allocation to (transfers from) the reserves for general banking risks | – | – | – | – | – | – |
| Allocation to (transfers from) the retained earnings reserve | – | 711 | – | –711 | – | – |
| Consolidated profit | – | – | – | 601 | – | 601 |
| **› Total equity as at 30.06.2024** | **2,425** | **10,952** | **379** | **601** | **–14** | **14,343** |

1 Corrections of subsidiaries after the reporting deadline for the consolidated financial statements.

## Capital and liquidity disclosures

The bank's disclosures on capital adequacy and liquidity regulations are published in a separate report at zkb.ch/disclosure.

# Condensed notes

### Scope of consolidation

The consolidated interim financial statements comprise the accounts of the parent company and its subsidiaries Swisscanto Holding Ltd. (and its subsidiaries), Zürcher Kantonalbank Finance (Guernsey) Ltd., Zürcher Kantonalbank Österreich AG and ZKB Securities (UK) Ltd.

### Changes in accounting and valuation principles

#### OECD minimum taxation

Although Zürcher Kantonalbank is an independent public-law institution that is exempt from taxes on its income and capital under both cantonal tax law and the federal law on direct taxation, it has been subject to OECD minimum taxation since 1 January 2024. This will be implemented in the form of a national supplementary tax. Switzerland uses this supplementary tax to ensure a minimum domestic taxation of 15 percent for large, internationally active corporate groups with revenue of more than EUR 750 million. Due to the introduction of OECD minimum taxation, Zürcher Kantonalbank now shows the consolidated profit before and after tax.

#### Intangible assets

Addition in the section on goodwill: Fully amortised goodwill is derecognised in the subsequent period. This addition did not impact the half-yearly financial statements.

### Factors influencing the half-year result in 2024

While the moderate economic growth of the previous quarters continued in the first quarter, the Swiss economy benefited from the economic recovery in Europe in the second quarter. Other influencing factors were the two key interest rate cuts by the SNB in March and June, each by 25 basis points, to 1.25 percent. Furthermore, the recent inflow of client funds combined with a positive market trend boosted the commission business and services.

### Events occurring after the reporting date of the interim financial statements

No significant events affecting the assets, liabilities, financial position and the results of operations of the group occurred between the reporting date of the interim financial statements and the date on which the report was approved for publication.

# Explanations regarding material losses, extraordinary income and expenses, reserves for general banking risks and value adjustments and provisions no longer required

| in CHF million | 1st half 2024 | 1st half 2023 |
|---|---|---|
| **› Extraordinary income** | | |
| Reversal of impairment on other participations | – | 0 |
| Income from sale of other real estate / bank premises | 9 | – |
| Income from sale of participations | 0 | – |
| Other | 0 | 0 |
| **› Total** | **10** | **0** |
| **› Extraordinary expenses** | | |
| Losses from sale of other real estate / bank premises | – | – |
| Losses from disposal of participations | – | – |
| Other | 0 | – |
| **› Total** | **0** | – |
| **› Changes in reserves for general banking risks** | | |
| Creation of reserves for general banking risks | – | 150 [1] |
| Release of reserves for general banking risks | – | – |
| **› Total** | **–** | **150** |

1 Allocation to strengthen the bank’s capital.

# Group structure

**Zürcher Kantonalbank (parent company)**

**Swisscanto Holding Ltd.**

- Swisscanto Fund Management Company Ltd.
- Swisscanto Pensions Ltd.
- Swisscanto Asset Management International SA

**Zürcher Kantonalbank Finance (Guernsey) Ltd.**

**Zürcher Kantonalbank Österreich AG**

**ZKB Securities (UK) Ltd.**

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