Zürcher Kantonalbank

Financial — Report 2024

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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

Consolidated financial statements

Consolidated income statement

in CHF million	Notes	2024	2023	Change	Change in %
› Result from interest operations					
Interest and discount income		**4,339**	4,013	326	8.1
Interest and dividend income from financial investments		**40**	32	8	23.6
Interest expense		**–2,642**	–2,176	–466	21.4
Gross result from interest operations	**33**	**1,737**	**1,870**	**–132**	**–7.1**
Changes in value adjustments for default risk and losses from interest operations		**–57**	–49	–8	17.0
Subtotal net result from interest operations		**1,680**	**1,821**	**–140**	**–7.7**
› Result from commission business and services					
Commission income from securities trading and investment activities		**1,152**	1,022	130	12.8
Commission income from lending activities		**77**	72	5	7.0
Commission income from other services		**148**	160	–12	–7.6
Commission expense		**–353**	–314	–39	12.6
Subtotal result from commission business and services		**1,024**	**940**	**84**	**8.9**
› Result from trading activities					
Result from trading activities and the fair value option	**32**	**353**	**415**	**–63**	**–15.1**
› Other result from ordinary activities					
Result from the disposal of financial investments		**10**	7	3	47.3
Income from participations		**14**	13	1	5.0
– of which, participations valued using the equity method		**1**	1	0	49.4
– of which, from other non-consolidated participations		**13**	12	0	2.1
Result from real estate		**5**	6	–1	–10.4
Other ordinary income		**9**	9	1	7.4
Other ordinary expenses		**–6**	–16	10	–60.2
Subtotal other result from ordinary activities		**32**	**19**	**13**	**71.2**
Operating income		**3,088**	**3,194**	**–106**	**–3.3**
› Operating expenses					
Personnel expenses	34	**–1,223**	–1,180	–43	3.7
General and administrative expenses	35	**–508**	–499	–9	1.9
Subtotal operating expenses		**–1,731**	**–1,679**	**–52**	**3.1**
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets		**–72**	–75	3	–3.5
Changes to provisions and other value adjustments and losses		**–8**	28	–37	–129.7
Operating result		**1,277**	**1,469**	**–193**	**–13.1**
Extraordinary income	36	**12**	1	11	–
Extraordinary expenses	36	**–0**	–	–0	–
Changes in reserves for general banking risks	36	**–**	–225	225	–100.0
Consolidated profit before taxes		**1,289**	**1,246**	**43**	**3.4**
Taxes	39	**–168**	–7	–161	–
Consolidated profit		**1,120**	**1,238**	**–118**	**–9.5**

Consolidated balance sheet

in CHF million	Notes	2024	2023	Change	Change in %
› Assets					
Liquid assets		**32,733**	39,706	−6,972	−17.6
Amounts due from banks		**3,405**	3,401	4	0.1
Amounts due from securities financing transactions	1	**25,349**	25,740	−390	−1.5
Amounts due from clients	2	**11,621**	11,252	369	3.3
Mortgage loans	2	**106,600**	100,874	5,725	5.7
Trading portfolio assets	3	**13,437**	11,880	1,557	13.1
Positive replacement values of derivative financial instruments	4	**2,669**	968	1,702	175.9
Other financial instruments at fair value	3	**–**	–	–	–
Financial investments	5	**5,206**	5,577	−371	−6.6
Accrued income and prepaid expenses		**513**	644	−131	−20.4
Non-consolidated participations	6,7	**155**	154	1	0.7
Tangible fixed assets	8	**497**	534	−37	−6.9
Intangible assets	9	**3**	3	0	3.3
Other assets	10	**405**	527	−122	−23.2
Total assets		**202,594**	**201,259**	**1,334**	**0.7**
Total subordinated claims		**333**	292	41	14.0
– of which, subject to conversion and/or debt waiver		**128**	96	32	33.4
› Liabilities					
Amounts due to banks		**39,691**	35,404	4,287	12.1
Liabilities from securities financing transactions	1	**8,008**	14,095	−6,087	−43.2
Amounts due in respect of customer deposits		**106,980**	101,452	5,528	5.4
Trading portfolio liabilities	3	**2,862**	3,224	−363	−11.2
Negative replacement values of derivative financial instruments	4	**1,005**	2,458	−1,453	−59.1
Liabilities from other financial instruments at fair value	3,14	**4,421**	4,000	421	10.5
Cash bonds	15	**260**	288	−27	−9.5
Certificate of deposits	15	**50**	632	−582	−92.1
Bond issues	15	**10,994**	10,547	447	4.2
Central mortgage institution loans	15	**11,162**	11,558	−396	−3.4
Accrued expenses and deferred income		**1,287**	1,371	−83	−6.1
Other liabilities	10	**834**	1,789	−955	−53.4
Provisions	16	**177**	174	3	1.8
Reserves for general banking risks	16	**379**	379	–	–
Bank's capital	21	**2,425**	2,425	–	–
Retained earnings reserve	21	**10,952**	10,241	711	6.9
Foreign currency translation reserve	21	**−15**	−16	1	−6.2
Consolidated profit	21	**1,120**	1,238	−118	−9.5
Shareholders' equity	**21**	**14,862**	**14,268**	**594**	**4.2**
Total liabilities		**202,594**	**201,259**	**1,334**	**0.7**
Total subordinated liabilities		**3,346**	3,035	311	10.2
– of which, subject to conversion and/or debt waiver		**3,346**	3,035	311	10.2
› Off-balance-sheet transactions					
Contingent liabilities	2,28	**4,056**	3,772	284	7.5
Irrevocable commitments	2	**14,045**	14,167	−122	−0.9
Obligations to pay up shares and make further contributions	2	**349**	353	−5	−1.3
Credit commitments	2,29	**–**	–	–	–

Consolidated cash flow statement

in CHF million	Cash inflow 2024	Cash outflow 2024	Cash inflow 2023	Cash outflow 2023
› Cash flow from operating activities (internal financing)				
Result of the period	**1,120**	**–**	1,238	–
Change in reserves for general banking risks	**–**	**–**	225	–
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	**72**	**–**	75	–
Provisions and other value adjustments	**119**	**116**	140	180
Changes in value adjustments for default risks and losses	**301**	**259**	280	244
Accrued income and prepaid expenses	**131**	**–**	–	187
Accrued expenses and deferred income	**–**	**83**	308	–
Other items	**–**	**2**	–	1
Previous year's dividend	**–**	**528**	–	491
Balance	**756**	**–**	**1,163**	**–**
› Cash flow from equity transactions				
Share capital / participation capital / cantonal banks' endowment capital etc.	**–**	**–**	–	–
Recognised in reserves	**1**	**–**	–	4
Balance	**1**	**–**	**–**	**4**
› Cash flow from transactions in respect of non-consolidated participations, tangible fixed assets and intangible assets				
Non-consolidated participations	**0**	**3**	–	6
Real estate	**2**	**10**	0	7
Other tangible fixed assets	**0**	**8**	0	18
Intangible assets	**–**	**15**	0	0
Mortgages on own real estate	**–**	**–**	–	–
Balance	**–**	**34**	**–**	**31**

Consolidated cash flow statement (continued)

in CHF million	Cash inflow 2024	Cash outflow 2024	Cash inflow 2023	Cash outflow 2023
› Cash flow from banking operations				
Medium and long-term business (> 1 year):				
Amounts due to banks	1	–	–	6
Amounts due in respect of customer deposits	28	–	–	28
Liabilities from other financial instruments at fair value	421	–	42	–
Cash bonds	51	78	92	0
Bond issues	700	300	1,541	250
Central mortgage institution loans	1,527	1,923	887	1,253
Loans from central issuing institutions	–	–	–	–
Other obligations (other liabilities)	–	955	892	–
Amounts due from banks	–	80	–	101
Amounts due from customers	259	–	–	91
Mortgage loans	–	5,744	–	4,025
Other financial instruments at fair value	–	–	–	–
Financial investments	–	473	317	–
Other accounts receivable (other assets)	122	–	–	127
Balance	**–**	**6,444**	**–**	**2,111**
Short-term business:				
Amounts due to banks	4,286	–	–	3,642
Liabilities from securities financing transactions	–	6,087	3,459	–
Amounts due in respect of customer deposits	5,500	–	–	1,871
Trading portfolio liabilities	–	363	–	412
Negative replacement values of derivative financial instruments	–	1,453	393	–
Liabilities from other financial instruments at fair value	0	–	5	–
Certificate of deposits	563	1,144	1,236	707
Amounts due from banks	76	–	–	361
Amounts due from securities financing transactions	390	–	2,065	–
Amounts due from customers	–	652	–	642
Trading portfolio assets	–	1,510	–	953
Positive replacement values of derivative financial instruments	–	1,702	222	–
Other financial instruments at fair value	–	–	–	–
Financial investments	844	–	1,596	–
Balance	**–**	**1,251**	**386**	**–**
Liquidity:				
Liquid assets	6,972	–	596	–
Balance	**–**	**723**	**–**	**1,129**
Total	**757**	**757**	**1,163**	**1,163**

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**
› 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	–	–	–	–	1	1
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	–	–	–	1,120	–	1,120
Total equity as at 31.12.2024	**2,425**	**10,952**	**379**	**1,120**	**−15**	**14,862**

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

Notes to the consolidated financial statements

a) Portrait

Zürcher Kantonalbank is "Close to you". Zürcher Kantonalbank has its registered office in Zurich, was founded in 1870 and is an independent public-law institution of the Canton of Zurich. We have successfully positioned ourselves as a systemically important universal bank with a regional base as well as a domestic and international network. With a market penetration of around 50 percent, we occupy the leading position in both the retail and the corporate banking business in the Canton of Zurich. In addition, we are Switzerland's second-largest fund provider. Our public service mandate is to provide financial services to the public and businesses, to contribute towards efforts to address economic and social issues and to ensure that its actions are environmentally and socially responsible. We uphold our values: responsible, inspiring and passionate.

Broad diversification

Zürcher Kantonalbank's business model is based on income diversification, in which we diversify our income base across different business areas. This reduces our dependence on individual income components and thus our entrepreneurial risk. We aim to ensure continuity, build on our existing strengths and at the same time continue to diversify our income in the future through sustainable growth. Sustainability is an integral aspect of our business model. That means we incorporate environmental, social and economic criteria into everything we do.

The group includes as parent company the largest cantonal bank and the second-largest universal bank in Switzerland. The broadly diversified group continues to include Swisscanto Holding Ltd. with its subsidiaries and sub-subsidiaries (Swisscanto Fund Management Company Ltd., Swisscanto Pensions Ltd. in liquidation, Swisscanto Private Equity CH I AG, Swisscanto Private Equity CH II AG and Swisscanto Asset Management International SA), which operate primarily in the asset management business. The group also owns Zürcher Kantonalbank Finance (Guernsey) Ltd., a company specialising in the issue of structured investment products; ZKB Securities (UK) Ltd., which is active in equity brokerage and research; and Zürcher Kantonalbank Österreich AG[1], which renders international private banking services. Complementa AG, which specialises in investment reporting services, and its subsidiary Complementa GmbH have also been part of the group since the end of July 2024. The group also includes the representative office Zürcher Kantonalbank Representações Ltda. as well as a majority stake in Philanthropy Services Ltd.

b) Accounting and valuation principles

Changes in accounting and valuation principles

OECD minimum taxation

In December 2021, the Organisation for Economic Co-operation and Development (OECD) published global rules to combat base erosion and profit shifting (BEPS). The core of these regulations is the introduction of a global minimum tax rate of 15 percent. This minimum tax rate applies to multinational groups with consolidated revenue of at least EUR 750 million. Zürcher Kantonalbank falls within the scope of this global minimum tax.

1 Please refer to the comments in the section "Material events occurring after the balance sheet date" on page 121.

As of 1 January 2024, Switzerland and other countries in which Zürcher Kantonalbank has subsidiaries and branches have implemented corresponding regulations for the introduction of a national supplementary tax (referred to as a qualified domestic minimum top-up tax). With this supplementary tax, Switzerland and other countries ensure that a minimum taxation of 15 percent is guaranteed domestically.

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. Due to the introduction of OECD minimum taxation, Zürcher Kantonalbank now discloses its consolidated profit before and after tax.

Intangible assets

Addition in the section on goodwill: Fully amortised goodwill is derecognised in the subsequent period.

Addition in the section on other intangible assets: Fully amortised items are derecognised in the subsequent period.

General principles

Pursuant to the Listing Rules of the Swiss Exchange, the consolidated financial statements of Zürcher Kantonalbank are prepared in line with the accounting rules for banks, securities firms, financial groups and conglomerates (consisting of the FINMA Accounting Ordinance (RelV-FINMA) and FINMA Circular 2020/1).

The consolidated financial statements provide a true and fair view of the financial position, results of operations and cash flows.

Scope of consolidation

The consolidated financial statements comprise the accounts of the parent company and the directly and indirectly owned subsidiaries in which the bank has a participation of more than 50 percent of the voting capital or which it controls in another way. An exception are the immaterial (from an accounting perspective) subsidiaries Zürcher Kantonalbank Representações Ltda. and Complementa GmbH, as well as the immaterial majority stake in Philanthropy Services Ltd. Please refer to the section "Non-consolidated participations" for further information.

The consolidated financial statements are prepared in accordance with the principle of substance-over-form. The individual accounts of the group companies are included in the consolidated financial statements on the basis of uniform accounting standards that are applied throughout the group.

Method of consolidation

Capital is consolidated in accordance with the purchase method. This involves offsetting the equity of the group companies at the time of acquisition or at the time of incorporation against the book value of the parent company's interest. Please refer to the section on "Intangible assets" for details of the treatment of any goodwill. All the assets and liabilities as well as expenses and income of the subsidiaries and sub-subsidiaries to be consolidated are included in the consolidated financial statements. Intragroup transactions and intercompany earnings are eliminated on consolidation.

Period of consolidation

The period of consolidation corresponds to the calendar year.

Recognition of transactions

All business transactions are recorded and measured in accordance with recognised principles on the day they occur. Foreign exchange and precious metal transactions (spot and forward) concluded but not yet executed are booked in accordance with the settlement-day principle. These transactions are stated between the trade and settlement dates (value date) at replacement value under the corresponding item (Positive and negative replacement values of derivative financial instruments). Securities and options transactions are posted and recognised on the trade date. Balance sheet fixed-term transactions are recognised as a rule on the settlement date. Own bond issues, which are posted on the transaction day, are an exception.

Foreign exchange translation

Transactions in foreign currency are translated at the corresponding daily rate. Assets and liabilities in foreign currency, with the exception of bank notes, are translated at the average rate as at the balance sheet date. The bid rates on the balance sheet date are applied for foreign bank notes.

Translation gains and losses are recognised under "Result from trading activities and the fair value option". The annual financial statements of Zürcher Kantonalbank Österreich AG are prepared in euros and the annual financial statements of ZKB Securities (UK) Ltd. in pounds sterling. The assets and liabilities are translated at the rate on the balance sheet date, and income and expenses at the respective average exchange rate for the year. The difference between these exchange rates is reported directly in equity as a currency translation difference effect under the item "Currency translation reserve".

	2024		2023	
	Rates on the balance sheet date	**Average annual rates**	Rates on the balance sheet date	Average annual rates
EUR	**0.9384**	**0.9518**	0.9297	0.9701
GBP	**1.1350**	**1.1267**	1.0729	1.1178
USD	**0.9063**	**0.8818**	0.8417	0.8962

Offsetting of assets and liabilities as well as expenses and income

There is generally no offsetting of assets and liabilities. Assets and liabilities may, however, be offset in the following cases:

- Receivables and liabilities if they stem from similar transactions with the same counterparty; have the same due date as the receivable or earlier; are in the same currency and do not result in a counterparty risk. These conditions must be met cumulatively.
- Positive and negative changes in the book value in the compensation account not recognised in the income statement.
- For over-the-counter (OTC) transactions, between the positive and negative replacement values of derivative financial instruments as well as the related cash collateral. For this purpose, a relevant bilateral netting agreement with the affected counterparties must be in place. This agreement must be proven to be recognised and legally enforceable.

Assets and liabilities are also offset in the following cases:

- For holdings of own bonds, money market securities and cash bonds are offset against the corresponding liability items.
- Value adjustments with the corresponding asset item.
- For sub-participations given as lead bank in a loan with the principle.

There is generally no offsetting of expenses and income.

Expenses and income may be offset in the following cases:

- Newly recognised value adjustments for default risk and losses from interest operations as well as newly recognised provisions and other value adjustments and losses with the corresponding recoveries and released value adjustments and provisions.
- Gains on trading in securities and transactions valued using the fair value option with losses from these transactions.
- Positive value adjustments of financial investments valued at the lower of cost or market with the corresponding negative value adjustments.
- Expenses and income from real estate under the item Result from real estate.

– Results from hedging transactions with the corresponding result from the hedged transaction.

Liquid assets

Liquid assets mainly comprise sight deposits and central bank digital currency with the Swiss National Bank. They also include cash holdings in Swiss francs, foreign bank notes, as well as sight deposits with foreign central banks. These items are recognised at nominal value.

Amounts due from and to banks

Unless stated otherwise in a different item, amounts due from and to banks are stated in this item. These items are recognised at nominal value.

Appropriate value adjustments are created for default risks on existing positions and directly deducted from assets (see also the section "Value adjustments for default risks in respect of impaired loans/receivables", and "Value adjustments and provisions for expected losses").

Claims and liabilities from securities financing transactions

The amounts due from securities financing transactions include reverse repo transactions, which are treated as advances against collateral in the form of securities. This underscores the financing nature of the transactions. The securities are transferred in the same way as if they had been pledged as collateral for a loan. Reimbursement claims in the context of securities borrowing which arise from cash collateral for the borrowed, non-monetary values are also included.

Repo transactions in the sense of a collateralised refinancing are entered in the balance sheet under Liabilities from securities financing transactions. Within the framework of securities lending, Zürcher Kantonalbank lends non-monetary assets, such as securities, on its own account and at its own risk (principal status). The repayment obligation for cash deposits received is also shown here. The bank conducts lending and borrowing transactions within the framework of trading operations.

Loan transactions involving securities or money market securities that are not collateralised with cash are not recognised in the balance sheet but reported in the Notes.

Amounts due from clients, mortgage loans and amounts due in respect of customer deposits

These items are recognised at nominal value. One exception to this are book claims in precious metals, which are stated at market values.

Leasing arrangements are reported in the balance sheet under Loans, at their nominal value (or property value) less accumulated amortisation plus instalments due but not paid, interest on arrears and fees. The element of the leasing instalment representing the interest for the period in question is included in Interest income. The remaining amount of the leasing instalment represents the repayment element and reduces the claim amount. Appropriate value adjustments are created for default risks on existing positions and directly deducted from the corresponding assets (see also the following section and the section "Value adjustments and provisions for expected losses"). Default risks on credit limits granted but not utilised on the balance sheet date are accounted for by means of provisions (see "Provisions"). Explanatory material on the valuation of collateral for loans can be found in section e) Explanation of the valuation of collateral.

Value adjustments for default risks in respect of impaired loans/receivables

Loss risks on existing exposures are allowed for by appropriate value adjustments. They are recognised in the item "Changes in value adjustments for default risk and losses from interest operations" and deducted directly from the asset affected.

A systematic approach is used to determine the amount of value adjustments. The bank considers loans/receivables to be impaired if there are indications that the debtor will not be able to meet future liabilities, but at the latest when the contractually defined amortisation, interest and commission payments are overdue for 90 days or more. The corresponding interest and commission are fully covered by provisions. Impaired loans/receivables are valued on an individual basis.

Individual value adjustments for credit risks are established in accordance with the following principles:

- Claims are valued individually taking into account the borrower's creditworthiness and any collateral at liquidation value.
- As soon as it is no longer assured that the loan repayments can be recovered, a value adjustment is made for the probable credit default (book value less estimated recoverable amount).

Exposures rated as impaired are subjected to a creditworthiness test at least twice a year. If necessary, an appropriate value adjustment is made or existing ones are altered in line with the current circumstances. Value adjustments for impaired loans are released if there is reasonable assurance of timely collection of the interest and principal in accordance with the contractual terms of the claim agreement. In the case of small risks in homogeneous credit portfolios, the need for a value adjustment is assessed collectively (collective individual value adjustments). Country-specific risks in connection with loans/receivables are accounted for separately. Among other factors, country assessments of various rating agencies are taken into consideration.

Value adjustments and provisions for expected losses

For non-impaired loans/receivables and off-balance-sheet transactions, Zürcher Kantonalbank recognises value adjustments and provisions for expected losses.

Expected loss (EL) is the anticipated value of future losses from credit defaults. It is the product of the statistical probability of default (PD), the loss given default (LGD) and the exposure at default (EAD).

Expressed mathematically, the relationship is as follows: $EL = PD \times LGD \times EAD$.

The EL approach is based on the regulatory parameters (the IRB approach) and a residual maturity approach. Discounting is not applied. For the positions without internal rating information, the one-year PD is derived based on the SA-BIS risk weighting. Regulatory PDs are based on long-term average estimates and extrapolated into lifetime PDs with the assumption of constant forward PDs.

IRB residual maturities with a one-year floor and five-year cap are used for this purpose. The regulatory IRB parameters from the capital adequacy calculation are also used to calculate the LGD. The EAD from the IRB approach is adopted for off-balance-sheet items too. An EAD excluding accrued interest is used for balance sheet items. EAD and LGD are constant in the (residual) term calculation.

The EL is determined on the non-impaired loans/receivables of the following balance sheet and off-balance-sheet items:

- Amounts due from banks
- Amounts due from clients
- Mortgage loans
- Debt securities held to maturity in financial investments
- Contingent liabilities
- Irrevocable commitments

The value adjustments and provisions for expected losses are a safety cushion required by the regulator. They are only intended to be used in the event of a "crisis" (high loan defaults). A crisis situation is defined as follows: The changes in value adjustments/provisions for impaired loans/receivables, incurred losses and default-risk-related changes in value on debt securities held in financial investments exceed the one-year expected loss (one-year RelV-EL) calculated on regulatory parameters for the corresponding period. For half-year periods, 50 percent of the one-year RelV-EL is compared to the actual values.

If the trigger criterion is met, use may be at the 0 percent, 50 percent or 100 percent level, with higher use intended for short, severe crises and lower use for longer-lasting ones. In the case of a large single event without an actual crisis, for example, it may also be possible to dispense with its use.

Replenishment is essentially linear over a period of five years after a crisis. While a crisis is ongoing, no replenishment takes place. The replenishment period is assessed semi-annually and may be shortened. Ongoing changes resulting from changes in credit volumes, credit ratings and maturities are always recognised in the period to which they relate (there is no deferral in the event of a crisis).

Trading portfolio assets and liabilities

Trading positions including money market securities held in the context of the trading business are recognised at fair value. This is defined as the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing and independent parties. This corresponds to the price set on a price-efficient and liquid market or determined on the basis of a valuation model. Where, as an exception, no fair value is ascertainable, valuation and recognition are to follow the principle of the lower of cost or market value. Valuation differences are recognised in the income statement. Interest and dividend income on securities trading portfolios are credited to the item "Result from trading activities and the fair value option". Results from securities lending and borrowing transactions are also recognised under "Result from trading activities and the fair value option". The refinancing result for trading portfolio assets is recognised by compensating the result from trading activities within net interest. With the exception of the physical precious metal portfolios accounted for under Financial investments, all other precious metals that are physical and held in account form are accounted for as Trading portfolio assets and at fair value. Short positions are also accounted for at fair value and stated under the item "Trading portfolio liabilities". In the case of trading in combinations of money market transactions and currency swaps, the aim is to report the interest income or trading result in the way that most closely captures the economic impact, following the principle of substance over form. As a result, the gain or loss on the currency swaps is compensated under the result from interest operations.

Hence the results from these combined transactions are posted uniformly in the result from interest operations.

This avoids inflating the income statement and shifting amounts between interest operations and trading activities with no substantive or economic rationale.

Positive and negative replacement values of derivative financial instruments

Derivative financial instruments are valued at fair value and, in principle, represent trading activities. Comments on the business policy parameters for the use of derivative financial instruments and explanations in connection with the application of hedge accounting can be found under section f). Replacement values of derivative financial instruments from client transactions resulting from contracts traded over-the-counter (bank as agent) are, in principle, accounted for. Exchange-traded contracts from client transactions are accounted for if no daily margining takes place. Replacement values from trading activities are accounted for under "Positive replacement values of derivative financial instruments" on the asset side or the item "Negative replacement values of derivative financial instruments" on the liability side. Hedging transactions are also measured at fair value. Valuation gains and losses are recognised through income in the item "Result from trading activities and the fair value option". An exception are the derivative financial instruments used to hedge interest rate risk within the scope of asset and liability management. In this case, value changes are recognised in the compensation account as "not affecting net income". The net balance of this compensation account is included in "Other assets" or "Other liabilities". If the result from the hedging transaction exceeds the result from the hedged underlying transaction, the hedge is considered ineffective.

The excess part of the derivative instrument is treated like a trading transaction. Please see the statements in the section "Offsetting assets and liabilities" with respect to the recognition of netting agreements for derivative financial instruments.

Other financial instruments at fair value or liabilities from other financial instruments at fair value

Structured products with own debenture components issued by the bank are valued as a whole at fair value (no separation of the derivative from the underlying instrument) provided that the following conditions have been met on a cumulative basis:

– The financial instruments are part of a trade-related strategy and are based on a documented risk management and investment strategy which ensures correct recording, measuring and limitation of the various risks.
– There is an economic hedging relationship between the financial instruments on the asset side and those on the liability side that is largely neutralised in terms of income by the fair value valuation (avoidance of an accounting mismatch).
– Any impact of a change in own creditworthiness on the fair value is neutralised and does not affect the income statement where it arises.

The amounts are accounted for under "Liabilities from other financial instruments at fair value". Investments by subsidiaries managed in the trading book and connected to self-issued structured products are stated at market value. These are recognised in "Other financial instruments at fair value".

Financial investments

The item includes money market securities which are not held in the context of trading business. Accounting takes place at nominal value taking a discount provision into account. Financial investments also include fixed-interest securities as well as shares and other equity securities.

Fixed-interest securities held to maturity are recognised in accordance with the amortised cost method and valued at acquisition cost with amortisation of the premium or discount over the maturity. Realised gains from sales prior to maturity are amortised to maturity. The lower of cost or market rule is applied in the case of value losses resulting from changes in credit standing. Fixed-interest securities not intended to be held until maturity are recorded based on the same rule. The same applies for shares and other equity securities that, irrespective of the share of voting rights, are also booked under this item provided that they were not acquired as a permanent investment. Financial investments also include real estate taken over from the lending business and intended for sale. They are also valued according to the lower of cost or market principle (acquisition value or prudently estimated lower liquidation value). Unrealised losses and market-related revaluations up to the original cost of the securities components are stated under "Other ordinary expenses" or "Other ordinary income". Realised gains or losses on the securities components from the sale of financial investments are booked under "Result from the disposal of financial investments". Unrealised and realised gains and losses in foreign currency components are booked under "Results from foreign exchange trading".

Physical stocks of precious metals held as a financial investment are recognised at fair value.

Non-consolidated participations

Shares and other equity securities are considered as participations regardless of the share of voting rights held, provided they have been acquired as a permanent investment. Participations with voting rights of up to 19.9 percent are valued at lower of cost or market. Participations are subject to impairment testing at least once a year. Non-consolidated participations with voting rights of between 20 percent and up to and including 49.9 percent, the immaterial (from an accounting perspective) subsidiaries Zürcher Kantonalbank Representações Ltda. and Complementa GmbH, as well as the insignificant majority stake in Philanthropy Services Ltd., are stated in accordance with the equity method in proportion to the equity held on the balance sheet date. The proportionate net annual result is included in the equity valuation and is recognised in the consolidated income statement as participation income.

Tangible fixed assets

Bank premises, including installations and fittings in rented properties, are recognised at cost value plus major investments and are amortised on a straight-line basis over their estimated useful life. Other properties acquired as a long-term investment are also recognised at the lower of cost value less straight-line amortisation or lower earnings value. The remaining tangible fixed assets comprise IT systems and equipment, acquired IT programmes, furniture, vehicles and machinery. Smaller acquisitions are charged in full to General and administrative expenses in the year of acquisition.

Larger investments are capitalised and depreciated/amortised in full over their estimated useful life according to business criteria, or, in the case of acquired IT programmes, generally over 12 months. Estimated useful life for depreciation purposes (in years):

Land	**no depreciation**
Bank premises and other properties	
– Shell	**max. 80**
– Building envelope	**max. 30**
Installations (fitting out, technical installations)	**max. 25**
Fittings in rented properties	**remaining duration of rental agreement[1]**
IT systems and equipment	**4**
Acquired IT programmes	**max. 1**
Furniture/vehicles / machines	**max. 5**

1 In the case of rental agreements with an option to extend, depreciation is extended to the option date should the investment be made with the intention of taking up the option.

An impairment test of all tangible fixed assets is undertaken on a regular basis. An asset is subject to impairment if its book value exceeds the recoverable amount. In the real estate sector, the recoverable amount is determined by a property valuer. For other tangible fixed assets, the recoverable amount is equivalent to the value-in-use, which is defined according to business criteria.

Intangible assets

Goodwill

If the purchase cost of an acquisition is greater than the net assets valued in accordance with standard group-wide accounting principles, the remaining amount is capitalised as goodwill. This goodwill is amortised over the estimated useful life on a straight-line basis. The amortisation period is generally five years from the date of acquisition, with a maximum of ten years in justified instances. If the recoverability of goodwill is no longer ensured on the balance sheet date (impairment), an impairment is recognised. Fully amortised goodwill is derecognised in the subsequent period.

Licences

These include purchased software licences. Smaller acquisitions are charged in full to General and administrative expenses in the year of acquisition. Larger investments are capitalised and normally fully amortised over 12 months.

Other intangible assets

This item includes acquired non-monetary assets with no physical existence which will provide the bank with measurable benefits over several years. Amortisation is over the estimated useful life on a straight-line basis. The amortisation period is generally five years from the date of acquisition, with a maximum of ten years in justified instances.

Fully amortised items are derecognised in the subsequent period.

Cash bonds, money market securities, bond issues and central mortgage institution loans

These items are recognised at nominal value. Holdings of own bonds and cash bonds are offset against the corresponding liability items (see also the section "Offsetting assets and liabilities").

Provisions

Loss risks in connection with off-balance-sheet transactions (e.g. credit limits confirmed but not utilised) as well as other identifiable and foreseeable risks as of the balance sheet date are accounted for by means of appropriate provisions.

Creation and dissolution take place via the item "Changes to provisions and other value adjustments and losses".

Reserves for general banking risks

These items include reserves for general banking risks created and/or released since 2018. Creation and release of such reserves is shown in the income statement under "Changes in reserves for general banking risks". Please see the next section "Retained earnings reserve" for reserves for general banking risks created/released prior to 2018 and solely at the parent company.

Retained earnings reserve

The retained earnings reserve includes retained earnings, i.e. the funds generated by the group itself. This item includes reserves for general banking risks created at the parent company prior to 2018.

Pension schemes

An annual evaluation is performed to assess whether, from the group's perspective, an economic benefit or economic obligation arises for the bank or the group as a result of a pension fund. The determination is based on agreements and annual financial statements of the pension funds, which, in Switzerland, are prepared according to Swiss GAAP FER 26. Other calculations showing the financial situation and existing surplus/shortfall for each pension fund in accordance with actual circumstances are also taken into account.

Zürcher Kantonalbank has no liabilities that extend beyond the regulatory foundations. Please see Note 13 for additional information.

Contingent liabilities, irrevocable commitments, obligations to pay up shares and make further contributions, credit commitments and fiduciary investments

With the exception of commitments under currency swaps facilities and collateral upgrade transactions, off-balance-sheet transactions are reported at nominal value. Commitments under currency swap facilities and collateral upgrade transactions are reported in accordance with the principle of substance over form at 5 percent or 4 percent, respectively, of the nominal value. Fiduciary crypto currencies held for customers' accounts are recognised at fair value. Appropriate provisions are set aside for identifiable risks. Irrevocable commitments also include forward commitment mortgages.

Taxes

In December 2021, the Organisation for Economic Co-operation and Development (OECD) published global rules to combat base erosion and profit shifting (BEPS). The core of these regulations is the introduction of a global minimum tax rate of 15 percent. This minimum tax rate applies to multinational groups with consolidated revenue of at least EUR 750 million. Zürcher Kantonalbank falls within the scope of this global minimum tax.

From 1 January 2024, Switzerland and other countries in which Zürcher Kantonalbank has subsidiaries and branches have implemented corresponding regulations for the introduction of a national supplementary tax (referred to as a qualified domestic minimum top-up tax). With this supplementary tax, Switzerland and other countries ensure that a minimum taxation of 15 percent is guaranteed in Switzerland.

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.

The subsidiary Zürcher Kantonalbank Finance (Guernsey) Ltd. is a finance company under Companies Law in Guernsey. In terms of tax law, as of 1 January 2008 the company is deemed to be resident and is liable to pay tax. As it does not perform any banking activities that are subject to income tax or any other regulated transactions that are subject to tax, Zürcher Kantonalbank Finance (Guernsey) Ltd. pays only a fixed "validation fee", which is included in General and administrative expenses. Zürcher Kantonalbank Finance (Guernsey) Ltd. is not liable for any federal, cantonal or municipal taxes in Switzerland.

The Swisscanto companies are subject to cantonal and federal taxes or the tax regime of Luxembourg in accordance with their domicile. Zürcher Kantonalbank Österreich AG is subject to Austrian corporation tax. Its taxable income is taxed at a fixed rate of now 23 percent. The subsidiary ZKB Securities (UK) Ltd. is subject to UK corporation tax. Its taxable income is taxed at a fixed rate of 19 percent.

The tax implications of timing differences between the balance sheet values reported in the consolidated financial statements and the tax values in the individual accounts are reported as deferred tax claims or liabilities. Deferred tax claims from loss carry-forwards are capitalised where it is likely that sufficient taxable profits will be generated within the statutory time limits, against which these differences/corresponding loss carry-forwards may be offset. Changes in deferred taxes are stated in the income statement via the Taxes item. The property gains tax charged on the sale of land is separated from the gain on the sale of properties and booked to the income statement under Taxes.

c) Explanations on risk management

For explanations on risk management in general and the treatment of the interest rate risk, other market risks and credit risks specifically, please refer to the statements in section l) Risk report (p. 147 ff).

d) Explanation on the methods used for identifying default risks and determining the need for value adjustments

The methods used to identify default risks and determine the need for value adjustments are set out in the section "Value adjustments for default risks in respect of impaired loans/receivables" and "Value adjustments and provisions for expected losses" in the accounting and valuation principles. Further information can also be found in section l) Risk report, under the sub-section "Credit risks" (p. 158 ff).

e) Explanation of the valuation of collateral

The valuation of collateral for loans is specified in comprehensive internal regulations. They define the methods, procedures and competencies. These rules are regularly reviewed and aligned with regulatory requirements and market changes. The bank distinguishes between mortgage claims and readily realisable collateral.

Mortgage claims

Zürcher Kantonalbank uses recognised estimation methods appropriate to the type of property for the valuation of mortgage claims. The lower of cost or market principle is applied: accordingly, the lower of estimated value or purchase price is taken as the lending value. This corresponds to the guidelines for the examination, valuation and processing of mortgage-secured loans issued by the Swiss Bankers Association.

The key valuation factors for a property assessment are:

- Land (macro and micro position, area)
- Building (construction standard, condition, room concept, sustainability)
- Type of use (private, commercial, non-profit)
- Legal regulations
- Situation under property law and contractual agreements (rights, encumbrances)
- Result from rented properties

Model-based valuation processes are used in the first instance in the financing of single family houses and owner-occupied apartments. In the bank's internal hedonic model, the estimated value is determined based on the characteristics of the property to be valued and with the assistance of the data from similar market transactions.

Depending on the type of property, client and complexity, Zürcher Kantonalbank also makes use of expert appraisals. The assessment criteria, the valuation procedures and methods to be used and the required valuation skills of the experts are set out in the bank's internal regulations. The valuation of mortgage claims is reviewed on a regular basis. The frequency depends on the type of property. Special developments in the real estate market or macroeconomic framework conditions may require an adjustment to the valuation intervals or portfolio-specific, extraordinary revaluations. The maximum permitted loan for the financed property is based on the class of collateral. This reflects the expected volatility of the value of the property or the usability of the property. It is determined by the type of property (e.g. single-family house, commercial property), the type of use (owner-occupied, rented) and other property-specific criteria (e.g. location, size of property).

Other collateral

Other collateral includes account balances, marketable securities as well as other readily realisable assets (precious metals, fiduciary investments, claims from life insurance policies, etc.). To the extent possible, lending values are based on market values. Other collateral is subject to the deduction of specified margins. These take into account the likelihood of fluctuations in value and concentration risks within the coverage.

f) Explanation on the bank's business policy regarding the use of derivative financial instruments and the use of hedge accounting

Use of derivative financial instruments

Trading in derivative financial instruments must comply with business policy requirements. It may be conducted for the purposes of proprietary and client trading as well as for hedging, and comprises both over-the-counter (OTC) and exchange-traded transactions. Derivative financial instruments may only be established on underlyings that fulfil the following conditions:

- Prices are set regularly via a stock exchange or an alternative organised exchange or according to recognised, transparent regulations determined in advance.
- The prices are published.
- The underlying instrument may only be physically delivered for participation rights, bonds, fund units and precious metals.

Explanations regarding the application of hedge accounting

Hedge accounting is a balance sheet depiction of collateral relationships. It aims to reduce the volatility of the results figures or equity capital stated and adjust them to the economic risk. The group applies hedge accounting to limit the interest rate risk in connection with balance sheet structure management. In this process, there is both a present value and an income consideration.

Contractually agreed client transactions, financial investments as well as debt financing in the banking book qualify as underlying transactions to be hedged. For the underlying instrument, a distinction is made between direct and indirect transactions. For direct transactions, Treasury has a direct influence on the timing and terms of the underlying instrument (purchase of financial investments, bond issues). Indirect transactions are understood to be all the transactions concluded by Sales and transferred to Treasury for interest risk management. For direct transactions, the result of individual transactions is taken into account, whilst for indirect transactions only the market value of the positions, based on changed market conditions (in particular the yield curve), is included. Appropriate derivative financial instruments (mainly interest swaps) are used for hedging purposes. For each hedging relationship, a review is undertaken to determine whether it meets the conditions for the application of hedge accounting (e.g. the hedging transactions must be concluded with an external counterparty).

All hedging transactions are treated as direct transactions. Zürcher Kantonalbank hedges the underlying transaction by means of a macro hedge. It optimises the total exposure on the basis of key rate sensitivities while adhering to the risk policy requirements. The result from the hedging transactions runs counter to the result of the underlying transactions and indicates the economic risk assumption and cover. The hedge effectiveness is measured every six months as of the balance sheet date at the end of June and the end of December. It is based on the effects on the result from the interest exposures of the underlying transactions and the hedging transactions. Specifically, the result from the underlying transaction is compared to the result from the hedging transaction as of the balance sheet date. The cumulative absolute amounts from the monthly result from the underlying and hedging transactions are compared for the aggregate view of the hedge effectiveness over the six-month horizon. The hedge is regarded as effective as long as the result from the hedging transactions does not exceed the result from the underlying transactions. If the result from the hedging transactions, accumulated over six months, exceeds the result from the underlying transactions, the excessive part of the hedge is regarded as ineffective.

The transactions responsible for the ineffectiveness of the hedge are then identified in the hedging portfolio. These transactions are derecognised from the hedging portfolio and allocated to the trading portfolio. This is carried out until the hedge is effective in the period under review. No ineffectiveness was recorded in the year under review.

g) Explanation on material events occurring after the balance sheet date

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

On 1 July 2024, Zürcher Kantonalbank executed an agreement on the sale of its subsidiary, Zürcher Kantonalbank Österreich AG, to Liechtensteinische Landesbank (AG). The closing took place on 9 January 2025 after all conditions were met by both parties and the necessary approvals were granted by the supervisory and competition authorities. On this date, 100 percent of the share capital and full control of Zürcher Kantonalbank Österreich AG were transferred to Liechtensteinische Landesbank AG. This sale has no impact on the 2024 consolidated financial statements of Zürcher Kantonalbank.

i) Information on the balance sheet

1 Breakdown of securities financing transactions

in CHF million	2024	2023
Book value of receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase transactions	**25,349**	25,740
Book value of obligations from cash collateral received in connection with securities lending and repurchase transactions	**8,008**	14,095
Book value of securities lent in connection with securities lending or delivered as collateral in connection with securities borrowing as well as securities in own portfolio transferred in connection with repurchase agreements	**4,162**	4,262
– of which, with unrestricted right to resell or pledge	**4,162**	4,262
Fair value of securities received and serving as collateral in connection with securities lending or securities borrowed in connection with securities borrowing as well as securities received in connection with reverse repurchase agreements with an unrestricted right to resell or repledge	**72,700**	62,711
– of which, repledged securities	**8,506**	6,506
– of which, resold securities	**43,746**	41,384

2 Overview of collateral for loans/receivables and off-balance-sheet transactions, as well as impaired loans/receivables

Overview by collateral

in CHF million	Type of collateral: Mortgage collateral	Other collateral	Unsecured	Total
› Loans (before netting with value adjustments)				
Amounts due from customers	24	2,152	9,720	11,896
Mortgage loans				
– Residential property	86,995	7	8	87,011
– Office and business premises	13,466	–	5	13,471
– Commercial and industrial premises	2,648	0	18	2,666
– Other	3,866	–	4	3,870
Total mortgage loans	106,975	7	35	107,017
Total loans 2024 (before netting with value adjustments)	**106,999**	**2,159**	**9,755**	**118,913**
Total loans 2023 (before netting with value adjustments)	**101,254**	**1,965**	**9,557**	**112,776**
Total loans 2024 (after netting with value adjustments)	**106,616**	**2,156**	**9,449**	**118,221**
Total loans 2023 (after netting with value adjustments)	**100,891**	**1,962**	**9,274**	**112,126**
› Off-balance-sheet				
Contingent liabilities	39	276	3,741	4,056
Irrevocable commitments	3,637	263	10,145	14,045
Obligations to pay up shares and make further contributions	–	–	349	349
Credit commitments	–	–	–	–
Total off-balance-sheet transactions 2024	**3,676**	**540**	**14,234**	**18,450**
Total off-balance-sheet transactions 2023	**3,203**	**508**	**14,582**	**18,292**

2 Overview of collateral for loans/receivables and off-balance-sheet transactions, as well as impaired loans/receivables (continued)

Information on impaired loans

in CHF million	Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments[1]
› Impaired loans				
2024	**516**	**222**	**294**	**271**
2023	**487**	**201**	**286**	**249**

1 Individual value adjustments of 100 percent of the net debt amount are normally made. Individual value adjustment rates may apply in the case of major positions.

3 Trading portfolios and other financial instruments at fair value

in CHF million	2024	2023
› Assets		
Debt securities, money market securities/transactions	**6,600**	7,104
– of which, listed[1]	**5,915**	6,221
Equity securities	**4,208**	2,541
Precious metals and commodities	**2,628**	2,235
Other trading portfolio assets	**0**	0
Total trading transactions	**13,437**	**11,880**
Debt securities	**–**	–
Structured products	**–**	–
Other	**–**	–
Total other financial instruments at fair value	**–**	**–**
Total assets	**13,437**	**11,880**
– of which, determined using a valuation model	**685**	997
– of which, securities eligible for repo transactions in accordance with liquidity requirements	**2,375**	2,719

in CHF million	2024	2023
› Liabilities		
Debt securities, money market securities/transactions	**2,830**	3,213
– of which, listed[1]	**2,699**	3,100
Equity securities	**25**	5
Precious metals and commodities	**5**	5
Other trading portfolio liabilities	**2**	1
Total trading portfolio liabilities	**2,862**	**3,224**
Debt securities	**–**	–
Structured products	**4,421**	4,000
Other	**–**	–
Total liabilities from other financial instruments at fair value	**4,421**	**4,000**
Total liabilities	**7,282**	**7,224**
– of which, determined using a valuation model	**4,552**	4,227

1 Listed = traded on a recognised exchange.

4 Derivative financial instruments (assets and liabilities)

in CHF million	Trading instruments			Hedging instruments		
	Positive replacement values	Negative replacement values	Contract volume [1]	Positive replacement values	Negative replacement values	Contract volume [1]
› Interest rate instruments						
Forward contracts including FRAs	11	11	12,991	–	–	–
Swaps	13,330	13,085	669,099	550	200	21,652
Futures	–	–	25,152	–	–	–
Options (OTC)	68	47	4,650	–	–	–
Options (exchange-traded)	–	–	1	–	–	–
Total	**13,410**	**13,144**	**711,894**	**550**	**200**	**21,652**
› Foreign exchange/precious metals						
Forward contracts	4,756	4,250	417,099	–	–	–
Combined interest rate/currency swaps	294	412	1,676	14	88	2,332
Futures	–	–	148	–	–	–
Options (OTC)	45	28	4,755	–	–	–
Options (exchange-traded)	0	0	4	–	–	–
Total	**5,095**	**4,690**	**423,682**	**14**	**88**	**2,332**
› Equity securities/indices						
Forward contracts	–	–	–	–	–	–
Swaps	17	18	903	–	–	–
Futures	–	–	2,967	–	–	–
Options (OTC)	65	37	2,107	–	–	–
Options (exchange-traded)	245	253	11,659	–	–	–
Total	**328**	**308**	**17,636**	**–**	**–**	**–**
› Credit derivatives						
Credit default swaps	2	3	161	–	–	–
Total return swaps	–	–	–	–	–	–
First-to-default swaps	–	–	–	–	–	–
Other credit derivatives	–	–	–	–	–	–
Total	**2**	**3**	**161**	**–**	**–**	**–**
› Other [2]						
Forward contracts	–	–	–	–	–	–
Swaps	–	–	–	–	–	–
Futures	–	–	388	–	–	–
Options (OTC)	–	–	–	–	–	–
Options (exchange-traded)	4	4	213	–	–	–
Total	**4**	**4**	**600**	**–**	**–**	**–**
› Total before netting agreements						
2024	**18,838**	**18,148**	**1,153,973**	**565**	**288**	**23,984**
– of which, determined using a valuation model	**18,838**	**18,148**	**–**	**565**	**288**	**–**
2023	**20,963**	**22,000**	**1,070,905**	**737**	**304**	**26,248**
– of which, determined using a valuation model	**20,963**	**22,000**	**–**	**737**	**304**	**–**

1 The contract volume shows the amount of underlying on which a derivative is based or the notional amount underlying the derivative in accordance with the requirements of FINMA Circular 2020/1, irrespective of whether the derivative is traded long or short. The contract volume is determined differently depending on the type of contract and does not permit any direct conclusions to be drawn about the risk exposure.

2 Includes commodities and hybrid derivatives.

4 Derivative financial instruments (assets and liabilities) (continued)

› Total after netting agreements [3]

in CHF million	Positive replacement values (cumulative)	Negative replacement values (cumulative)
2024	**2,669**	**1,005**
2023	**968**	**2,458**

› Breakdown by counterparty

Positive replacement values (after netting agreements)	Central clearing houses	Banks and securities firms	Other customers
2024	**154**	**264**	**2,251**

3 For over-the-counter (OTC) transactions, the positive and negative replacement values of derivative financial instruments as well as the related cash collateral are offset (netting). For this purpose, a relevant bilateral agreement with the affected counterparties must be in place. This agreement must be proven to be recognised and legally enforceable.

5 Financial investments

in CHF million	Book value		Fair value	
	2024	**2023**	**2024**	**2023**
Debt securities	**4,719**	5,271	**4,797**	5,166
– of which, intended to be held to maturity	**4,719**	5,271	**4,797**	5,166
– of which, not intended to be held to maturity (available for sale)	**–**	–	**–**	–
Equity securities	**134**	112	**261**	233
– of which, qualified participations [1]	**5**	8	**8**	14
Precious metals	**349**	187	**349**	187
Real estate	**4**	7	**4**	7
Cryptocurrencies	**–**	–	**–**	–
Total financial investments	**5,206**	**5,577**	**5,411**	**5,593**
– of which, securities eligible for repo transactions in accordance with liquidity requirements	**4,668**	4,729	**4,746**	4,628

1 At least 10 percent of the capital or voting rights.

in CHF million

› Counterparties by rating

Moody's	Aaa - Aa3	A1 - A3	Baa1 - Baa3	Ba1 - Ba3	Lower than Ba3	Unrated
Standard & Poor's, Fitch	AAA - AA-	A+ - A-	BBB+ - BBB-	BB+ - B-	Below B–	Unrated
Debt securities: Book values 2024	**4,597**	**51**	**–**	**–**	**–**	**71**

All debt instruments without a rating fulfil the conditions of high-quality liquid assets (HQLA) according to the Liquidity Ordinance (LiqV).
If two ratings exist with different risk weightings, the rating with the lower risk weighting is used.
If more than two ratings exist with different risk weightings, those ratings which correspond to the two lowest risk weightings are taken into consideration. The higher of the two risk weightings is used. Top priority is given to the issue rating and second priority to the issuer rating.

6 Presentation of non-consolidated participations

in CHF million	Cost value	Accumulated value adjustments/ changes in book value (equity valuation)	Book value end of 2023	Reclassi-fications	Addi-tions	Disposals (incl. any FC diffe-rences)	Value adjust-ments	Changes in book value for participations using the equity method/ depreciation reversals	**Book value end of 2024**	**Market value end of 2024**
Participations valued using the equity method										
– with market value	–	–	–	–	–	–	–	–	**–**	**–**
– without market value	48	−28	20	–	3	–	−3	0	**21**	**–**
Other participations	–	–	–	–	–	–	–	–	**–**	**–**
– with market value	–	–	–	–	–	–	–	–	**–**	**–**
– without market value	144	−10	133	–	–	−0	−1	2	**134**	**–**
Total participations	**192**	**−38**	**154**	**–**	**3**	**−0**	**−4**	**2**	**155**	**–**

1 No material impairment losses or reversals of impairment to be recorded.

7 Disclosures on companies in which the bank holds a permanent direct or indirect significant participation

			Currency bank's capital	**Bank's capital in CHF million**	**Zürcher Kantonal-bank share capital (in %)**	**Zürcher Kantonal-bank voting rights**	**Held directly**	**Held indirectly**
› Fully consolidated participations								
Complementa AG	St. Gallen	Financial services	CHF	**1**	**100.0**	**100.0**	■	
Swisscanto Asset Management International SA	Luxem-bourg	Fund management	CHF	**0**	**100.0**	**100.0**		■
Swisscanto Fund Management Company Ltd.[1]	Zurich	Fund management	CHF	**5**	**100.0**	**100.0**		■
Swisscanto Holding Ltd.[2]	Zurich	Participations	CHF	**24**	**100.0**	**100.0**	■	
Swisscanto Private Equity CHF I Ltd.	Zurich	Financial services	CHF	**0**	**100.0**	**100.0**		■
Swisscanto Private Equity CHF II Ltd.	Zurich	Financial services	CHF	**0**	**100.0**	**100.0**		■
Swisscanto Pensions Ltd. in liquidation	Zurich	Financial services	CHF	**1**	**100.0**	**100.0**		■
Zürcher Kantonalbank Finance (Guernsey) Ltd.	Guernsey	Financial services	CHF	**1**	**100.0**	**100.0**	■	
Zürcher Kantonalbank Österreich AG[3]	Salzburg	Financial services	EUR	**6**	**100.0**	**100.0**	■	
ZKB Securities (UK) Ltd.	London	Financial services	GBP	**15**	**100.0**	**100.0**	■	
› Reported under non-consolidated participations:[4]								
Participations values using the equity method.								
Technopark Real Estate Ltd.	Zurich	Project planning, construction, maintenance	CHF	**40**	**33.3**	**33.3**	■	
From other non-consolidated participations								
Pfandbriefzentrale der schweizer-ischen Kantonalbanken Ltd.	Zurich	Pfandbrief institution	CHF	**2,225**[5]	**17.8**	**17.8**	■	
Viseca Payment Services Ltd.	Zurich	Participations	CHF	**25**	**14.7**	**14.7**	■	

1 Swisscanto Fund Management Ltd holds 100 percent of the shares of Swisscanto Private Equity CH I Ltd and of Swisscanto Private Equity CH II Ltd.
2 Swisscanto Holding Ltd. holds 100 percent of the shares in Swisscanto Fund Management Company Ltd., Swisscanto Pensions Ltd. (in Liquidation) and Swisscanto Asset Management International S. A.
3 Please refer to the comments in the section “Material events occurring after the balance sheet date” on page 121.
4 All non-consolidated participations whose share of capital is more than 10 percent are shown. In addition, either the share of the participations in the bank’s capital must be more than CHF 2 million or the book value must be more than CHF 15 million.
5 Of which CHF 445 million have been paid in.

7 Disclosures on companies in which the bank holds a permanent direct or indirect significant participation (continued)

			Currency bank's capital	Bank's capital in CHF million	Zürcher Kantonalbank share capital (in %)	Zürcher Kantonalbank voting rights	Held directly	Held indirectly
› Subsidiaries not fully consolidated								
Complementa LLC [6]	München	Financial services	EUR	**0**	**100.0**	**100.0**		■
Philanthropy Services Ltd. [7]	Basel	Services	CHF	**1**	**85.8**	**85.5**	■	
Zürcher Kantonalbank Representações Ltda. [8]	São Paulo	Representative office	BRL	**0**	**100.0**	**100.0**	■	

6 Indirect purchase via Complementa AG in 2024.
7 Total assets in CHF thousand: (2023: 2,517; 2022: 4,391), loss for the period in CHF thousand: (2023: 1,914; 2022: 2,788).
8 Total assets in CHF thousand (2023; 282; 2022: 302), result for the period in CHF thousand (2023: 0; 2022: 41).

8 Presentation of tangible fixed assets

in CHF million	Cost value	Accumulated depreciation	Book value at end 2023	Change to scope of consolidation	Additions	Disposals	Depreciation	Reversals	Book value at end 2024
Bank buildings	1,311	–807	504	0	10	–2	–40	–	**472**
Other real estate	2	–2	1	–	0	–	–0	–	**1**
Proprietary or separately acquired software	0	–0	–	0	–	–	–0	–	**–**
Other tangible fixed assets	176	–147	29	0	8	–0	–13	–	**24**
Tangible assets acquired under finance leases	–	–	–	–	–	–	–	–	**–**
– of which, bank buildings	–	–	–	–	–	–	–	–	**–**
– of which, other real estate	–	–	–	–	–	–	–	–	**–**
– of which, other tangible fixed assets	–	–	–	–	–	–	–	–	**–**
Total tangible fixed assets	**1,490**	**–956**	**534**	**0**	**18**	**–2**	**–53**	**–**	**497**

The insurance value of the real estate within tangible fixed assets amounted to CHF 1,307 million.
The insurance value of the other tangible fixed assets amounted to CHF 401 million.

Operating leases

in CHF million	2024	2023
› Leasing obligations not recognised in the balance sheet		
Due within 12 months	**0**	0
Due between 12 months and 5 years	**0**	0
Due after more than 5 years	**–**	–
Total of leasing obligations not recognised in the balance sheet	**0**	**0**
– of which, cancellable within 1 year	**–**	–

9 Presentation of intangible assets

in CHF million	Cost value	Accumulated amortisation	Book value end of 2023	Changes to scope of consolidation	Reclassifications	Additions	Disposals	Amortisation	Reversals	**Book value end of 2024**
Goodwill	300	−300	–	–	–	15[1]	–	−12[1]	–	**3**
Patents	–	–	–	–	–	–	–	–	–	**–**
Licences	48	−48	0	–	–	0	0	−1	–	**0**
Other intangible assets[2]	15	−13	2	–	–	–	–	−2	–	**–**
Total intangible assets	**363**	**−360**	**3**	**–**	**–**	**15**	**0**	**−15**	**–**	**3**

1 In connection with the acquisition of Complementa AG; includes amortisation of around CHF 2 million.
2 In connection with the completed takeover of the investment management and marketing of GAM precious metals and money market funds.

10 Other assets and liabilities

in CHF million	Other assets		Other liabilities	
	2024	**2023**	**2024**	**2023**
Compensation account	**0**	–	**159**	361
Deferred income taxes recognised as assets	**2**	4	**–**	–
Amount recognised as assets in respect of employer contribution reserves	**–**	–	**–**	–
Amount recognised as assets relating to other assets from pension schemes	**–**	–	**–**	–
Negative goodwill	**–**	–	**–**	–
Settlement accounts	**371**	494	**550**	1,310
Indirect taxes	**25**	22	**113**	107
Other	**6**	6	**13**	11
Total	**405**	**527**	**834**	**1,789**

11 Assets pledged or assigned to secure own commitments, and assets under reservation of ownership

in CHF million	2024		2023	
	Book value	Effective commitment	Book value	Effective commitment
› Pledged/assigned assets				
Liquid assets	**245**	**245**	236	236
Amounts due from banks	**2,931**	**2,913**	2,149	2,118
Amounts due from customers	**1,114**	**1,044**	2,252	2,238
Mortgage loans	**13,715**	**11,162**	14,393	11,558
Trading portfolio assets	**597**	**597**	593	593
Financial investments	**380**	**332**	123	97
Total pledged/assigned assets	**18,984**	**16,294**	**19,746**	**16,840**

No assets are subject to reservation of ownership.
Note 1 shows instruments serving as collateral for which a right of resale or pledging has been granted in connection with securities financing.

12 Liabilities relating to own pension schemes and number and nature of equity instruments of the bank held by own pension schemes

in CHF million	2024	2023	Change
› Liabilities to own pension schemes from balance-sheet transactions			
Amounts due in respect of customer deposits	**53**	47	7
Cash bonds	**0**	0	0
Negative replacement values of derivative financial instruments [1]	**0**	63	–63
Accrued expenses and deferred income	**0**	0	0
Other liabilities	**0**	0	0
Total	**53**	**110**	**–56**

Own pension schemes do not hold any of the bank's equity instruments.

1 After taking netting agreement into account.

13 Information on pension schemes

The Zürcher Kantonalbank pension fund is a public-law institution and is a separate legal entity. The purpose of the pension fund is to insure the bank's employees against the economic consequences of age, death and disability. The pension fund's pension plan comprises three different pension vehicles. The annuity plan insures the basic salary (annual salary) according to the combined defined benefit/defined contribution principle [1]. The capital plan insures any paid variable compensation (bonus) subject to AHV. The capital plan is also based on a combined defined benefit/defined contribution principle [1]. The third vehicle – the supplementary account – enables insured individuals to pre-finance the reduction in benefits on early retirement between the ages of 58 and 65. The premiums required for these plans constitute a component of personnel expenses. Contributions to the annuity and capital plans are funded jointly by the insured individual and the bank. The supplementary account is funded exclusively by the insured individuals. An additional plan is operated in the form of a separate trust, the Marienburg Foundation of Zürcher Kantonalbank, for the senior management of affiliated employers. Structured on a defined contribution basis, this solution insures the element of the base salary in excess of a specific minimum amount. The Marienburg Foundation of Zürcher Kantonalbank is funded jointly by the insured individuals and the bank. However, employer contributions for salary components insured in the Marienburg Foundation are lower than those in the pension fund after the age of 45. Also, unlike the pension fund, the Marienburg Foundation does not pay old-age pensions, only retirement capital. This means that investment risk and longevity risk are borne by the retirees. The purpose of the Marienburg Foundation is also to protect insured individuals against the consequences of death and disability.

The following employers are affiliated to Zürcher Kantonalbank's pension fund:

- Zürcher Kantonalbank's Grüningen Botanical Garden Trust
- Zürcher Kantonalbank pension fund
- Zürcher Kantonalbank's SanArena Trust
- Swisscanto Fund Management Company Ltd.
- Zürcher Kantonalbank

1 Retirement benefits are based on the individually accumulated savings assets, while death and disability benefits are calculated as a percentage of the insured salary. Disability pensions are paid for life, and the pension is recalculated when the insured individual reaches normal retirement age.

in %	Coverage ratio as at 31.12.2024 (not yet audited)	Coverage ratio as at 31.12.2023 (audited)
Zürcher Kantonalbank pension fund	**116**	110
Marienburg Foundation of Zürcher Kantonalbank (solution for senior management)	**109**	105

Coverage ratio pursuant to Article 44 BVV2

Complementa AG has insured its employees against the risks of old age, death and disability with a collective foundation under a defined contribution scheme.

Occupational pension provision for the employees of the Austrian subsidiary is outsourced to a collective scheme governed by Austrian law. The pension plan is structured on a defined contribution basis.

Swisscanto Asset Management International S. A. in Luxembourg has set up a pension plan for all employees. The plan, including the investment of employee assets, is managed by an insurance company. The savings contributions are fully financed by the employer. The risks are comprehensively covered by the insurance company. The office in Germany is a member of the pension fund for the banking industry. The employees can save tax free contributions for retirement, with the employer paying part of the contributions. Contributions are paid into a banking sector pension fund for the employees of the branch in Italy.

The pension plans for the employees of ZKB Securities (UK) Limited and Zürcher Kantonalbank Finance (Guernsey) Ltd. are defined contribution schemes and are administered by independent retirement benefit institutions.

There is no possibility of a shortfall or surplus for pension solutions in other countries as the investment risk is fully borne by the employee.

13 Information on pension schemes (continued)

a) Employer contribution reserves (ECR)

Neither Zürcher Kantonalbank nor its subsidiaries have employer contribution reserves.

b) Economic benefit/obligations and the pension expenses

in CHF million	Over-/underfunding	Economic interest of the bank		Change in economic interest versus previous year	Contributions paid	Pension expenses in personnel expenses	
	End 2024	**2024**	**2023**	**2024**	**2024**	**2024**	**2023**
Employer-sponsored funds/employer-sponsored pension schemes	**–**	–	–	–	–	–	–
Pension plans without overfunding/underfunding	**–**	–	–	–	3	3	114
Pension plans with overfunding	**4**	–	–	–	117	117	–
Pension plans with underfunding	**–**	–	–	–	–	–	–
Pension schemes without own assets	**–**	–	–	–	–	–	–
Total	**4**	**–**	**–**	**–**	**120**	**120**	**114**

14 Issued structured products

in CHF million		Book Value: Valued as a whole – Booked in trading portfolio	Book Value: Valued as a whole – Booked in other financial instruments at fair value	Book Value: Valued separately – Value of the host instrument	Book Value: Valued separately – Value of the derivative	Total
Underlying risk of the embedded derivative						
Interest rate instruments	With own debenture component	–	80	–	–	80
	Without oDC	–	–	–	–	–
Equity securities	With own debenture component	–	4,170	–	–	4,170
	Without oDC	–	–	–	–	–
Foreign currencies	With own debenture component	–	167	–	–	167
	Without oDC	–	–	–	–	–
Commodities/precious metals	With own debenture component	–	2	–	–	2
	Without oDC	–	–	–	–	–
Loans	With own debenture component	–	2	–	–	2
	Without oDC	–	–	–	–	–
Real estate	With own debenture component	–	–	–	–	–
	Without oDC	–	–	–	–	–
Hybrid instruments	With own debenture component	–	–	–	–	–
	Without oDC	–	–	–	–	–
Total 2024		**–**	**4,421**	**–**	**–**	**4,421**
Total 2023		**–**	**4,000**	**–**	**–**	**4,000**

15 Presentation of bonds outstanding and mandatory convertible bonds (incl. cash bonds, certificate of deposits and central mortgage institution loans)

› Cash bonds

	Outstanding amount in CHF million	Weighted average interest rate	Maturities
31.12.2024	**260**	**0.80**	**2025–2034**
31.12.2023	288	0.74	2024–2033

Maturity structure in CHF million	**2025**	**2026**	**2027**	**2028**	**2029**	**after 2029**	**Total**
Cash bonds	101	53	24	24	16	43	260

› Certificate of deposits

	Outstanding amount in CHF million	Weighted average interest rate	Maturities
31.12.2024	**50**	**0.80**	**2025**
31.12.2023	632	1.71	2024

Maturity structure in CHF million	**2025**	**2026**	**2027**	**2028**	**2029**	**after 2029**	**Total**
Certificate of deposits	50	–	–	–	–	–	50

› Bonds and mandatory convertible bonds

	Outstanding amount in CHF million	Weighted average interest rate	Maturities
31.12.2024 (Issuer: Zürcher Kantonalbank)	**10,994**		
– of which, non-subordinated	**7,648**	**0.59**	**2025–2044**
– of which, subordinated without PONV clause[1]	**1,809**	**3.44**	**2027–2033**
– of which, subordinated with PONV clause[1]	**1,537**	**2.74**	**2028–perpetual**
31.12.2023 (Issuer: Zürcher Kantonalbank)	10,547		
– of which, non-subordinated	7,512	0.59	2024–2044
– of which, subordinated without PONV clause[1]	1,506	3.70	2027–2030
– of which, subordinated with PONV clause[1]	1,529	2.74	2028–perpetual

Maturity structure in CHF million	**2025**	**2026**	**2027**	**2028**	**2029**	**after 2029**	**Total**
Bond issues	1,047	1,505	1,299	1,398	869	4,877	10,994

› Central mortgage institution loans

	Outstanding amount in CHF million	Weighted average interest rate	Maturities
31.12.2024	**11,162**	**0.76**	**2025–2040**
31.12.2023	11,558	0.61	2024–2039

Maturity structure in CHF million	**2025**	**2026**	**2027**	**2028**	**2029**	**after 2029**	**Total**
Central mortgage institution loans[2]	1,304	780	1,143	1,742	1,561	4,632	11,162

1 Point Of Non-Viability (PONV).
2 Pfandbriefzentrale der schweizerischen Kantonalbanken AG loans.

16 Presentation of value adjustments and provisions, reserves for general banking risks, and changes therein during the current year

in CHF million	Balance at end of 2023	Changes to scope of consolida-tion	Use in conformity with designated purpose and reversals	Reclassifi-cations	Currency differences	Past due interest, recoveries	New creations charged to income	Releases to income statement	**Balance at end of 2024**
Provisions for deferred taxes	0	–	–	–	–	–	–	–0	**–**
Provisions for pension benefit obligations	–	–	–	–	–	–	–	–	**–**
Provisions for default risks	146	–	–2	–	0	–	115	–111	**148**
– of which, provisions for expected loss	54	–	–	–	0	–	67	–64	**58**
Provisions for other business risks [1]	13	–	–1	–	–0	–	1	–0	**14**
Provisions for restructuring	–	–	–	–	–	–	–	–	**–**
Other provisions [2]	14	0	–0	–	0	–	2	–1	**15**
Total provisions	**174**	**0**	**–4**	**–**	**–0**	**–**	**118**	**–112**	**177**
Reserves for general banking risks	**379**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**379**
Value adjustments for default and country risks	676	0	–10	–	0	2	300	–249	**718**
– of which, value adjustments for default risks in respect of impaired loans/receivables [3]	249	–	–10	–	–	2	89	–59	**271**
– of which, value adjustments for expected loss	427	0	–	–	0	–	210	–190	**447**

1 Provisions for other business risks relate to provisions for settlement risks, for example, which cover identifiable risks as at the balance sheet date.
2 The other provisions include, among other things, provisions for litigation and provisions for employees' holiday credits.
3 Default risks consist primarily of counterparty risks, for which value adjustments of 100 percent of the net debt are generally set aside. Individual value adjustments rates may apply in the case of major positions.

Recoveries from amounts due derecognised in previous periods are reported directly in Changes in value adjustments for default risk and losses from interest operations (2024: CHF 3 million/2023: CHF 1 million).
For more details on the management of credit risks, operational risks and legal and compliance risks, please refer to section I) Risk report.

17 Presentation of the bank's capital

The disclosure pursuant to the accounting rules for banks is made only by the parent company (page 197).

18 Number and value of equity securities or options on equity securities held by all executives and directors and by employees, and disclosures on any employee participation schemes

Neither Zürcher Kantonalbank nor its subsidiaries have employee participation schemes.

19 Amounts due from/to related parties

in CHF million	Due from 2024	Due from 2023	Due to 2024	Due to 2023
Holders of qualified participations	**21**	15	**734**	463
Group companies	**–**	–	**1**	2
Linked companies	**323**	330	**604**	864
Transactions with members of governing bodies	**12**	16	**31**	30
Other related parties	**–**	–	**–**	–

Affiliated companies are public-law institutions of the respective canton or public-private enterprises in which the canton holds qualified participations.
On- and off-balance-sheet transactions with related parties are conducted at usual market conditions, with the exception of loans to members of governing bodies.
Loans to governing bodies are granted on employee terms in some cases.
This primarily involved the usual balance sheet banking business, i.e. it was mainly amounts due from and due to customers.
The totals above also include securities items and claims and liabilities from transactions in derivatives (positive and negative replacement values). The off-balance-sheet transactions with related parties in the amount of CHF 906 million (2023: CHF 1,436 million) primarily include irrevocable loan commitments and other contingent liabilities.

20 Disclosure of holders of significant participations

The disclosure pursuant to the accounting rules for banks is only made by the parent company (page 198).

21 Disclosure of own shares and composition of equity capital

in CHF million	2024	2023
Reserves for general banking risks	**379**	379
Bank’s capital	**2,425**	2,425
Retained earnings reserve	**10,952**	10,241
Foreign currency translation reserve	**–15**	–16
Consolidated profit	**1,120**	1,238
Total shareholders’ equity	**14,862**	**14,268**

The bank does not hold any of its own shares.

22 Disclosures in accordance with the Ordinance against Excessive Compensation with respect to Listed Stock Corporations and Article 663c para. 3 CO for banks whose equity securities are listed

The disclosure pursuant to the accounting rules for banks is only made by the parent company (page 199).

23 Maturity structure of financial instruments

in CHF million	At sight	Cancel-lable	Due within 3 months	within 3 to 12 months	after 1 to 5 years	after 5 years	No maturity	Total
› Assets/financial instruments								
Liquid assets	32,489	245	–	–	–	–	–	32,733
Amounts due from banks	626	0	928	1,500	54	297	–	3,405
Amounts due from securities financing transactions	9	11,776	12,822	743	–	–	–	25,349
Amounts due from customers	117	1,767	4,824	2,111	2,031	772	–	11,621
Mortgage loans	102	22,098	6,791	9,449	43,934	24,226	–	106,600
Trading portfolio assets	13,437	–	–	–	–	–	–	13,437
Positive replacement values of derivative financial instruments	2,669	–	–	–	–	–	–	2,669
Other financial instruments at fair value	–	–	–	–	–	–	–	–
Financial investments	483	–	20	435	2,355	1,909	4	5,206
Total assets/financial instruments 2024	**49,931**	**35,885**	**25,385**	**14,237**	**48,374**	**27,204**	**4**	**201,021**
Total assets/financial instruments 2023	**53,919**	**34,508**	**26,732**	**11,558**	**45,778**	**26,895**	**7**	**199,398**
› Debt capital/financial instruments								
Amounts due to banks	5,054	175	28,665	5,103	694	–	–	39,691
Liabilities from securities financing transactions	9	3,581	4,418	–	–	–	–	8,008
Amounts due in respect of customer deposits	47,909	39,207	15,511	2,971	579	804	–	106,980
Trading portfolio liabilities	2,862	–	–	–	–	–	–	2,862
Negative replacement values of derivative financial instruments	1,005	–	–	–	–	–	–	1,005
Liabilities from other financial instruments at fair value	4,421	–	–	–	–	–	–	4,421
Cash bonds	–	–	20	80	117	43	–	260
Certificate of deposits	–	–	50	–	–	–	–	50
Bond issues	–	3,346	250	797	3,239	3,362	–	10,994
Central mortgage institution loans	–	–	152	1,152	5,226	4,632	–	11,162
Total debt capital/financial instruments 2024	**61,260**	**46,309**	**49,066**	**10,103**	**9,855**	**8,841**	**–**	**185,434**
Total debt capital/financial instruments 2023	**56,249**	**43,904**	**55,462**	**8,938**	**9,979**	**9,126**	**–**	**183,658**

24 Assets, liabilities and off-balance-sheet positions by domestic and foreign origin in accordance with the domicile principle

in CHF million	2024 Domestic	2024 Foreign	2023 Domestic	2023 Foreign
› Assets				
Liquid assets	**32,410**	**323**	39,524	182
Amounts due from banks	**270**	**3,135**	435	2,966
Amounts due from securities financing transactions	**12,265**	**13,084**	17,683	8,057
Amounts due from clients	**9,756**	**1,866**	9,098	2,154
Mortgage loans	**106,599**	**0**	100,874	0
Trading portfolio assets	**7,258**	**6,178**	6,587	5,294
Positive replacement values of derivative financial instruments	**2,249**	**421**	637	331
Other financial instruments at fair value	**–**	**–**	–	–
Financial investments	**4,644**	**563**	4,588	989
Accrued income and prepaid expenses	**484**	**30**	620	25
Participations	**154**	**1**	153	1
Tangible fixed assets	**495**	**3**	531	3
Intangible assets	**3**	**0**	2	0
Other assets	**168**	**236**	379	148
Total assets	**176,755**	**25,839**	**181,112**	**20,147**
› Liabilities				
Amounts due to banks	**3,319**	**36,372**	3,336	32,068
Liabilities from securities financing transactions	**27**	**7,981**	245	13,849
Amounts due in respect of customer deposits	**100,512**	**6,468**	94,213	7,239
Trading portfolio liabilities	**1,118**	**1,744**	1,234	1,990
Negative replacement values of derivative financial instruments	**545**	**460**	2,017	441
Liabilities from other financial instruments at fair value	**2,550**	**1,871**	2,288	1,712
Cash bonds	**260**	**–**	288	–
Certificate of deposits	**50**	**–**	632	–
Bond issues	**10,994**	**–**	10,547	–
Central mortgage institution loans	**11,162**	**–**	11,558	–
Accrued expenses and deferred income	**1,258**	**29**	1,347	24
Other liabilities	**718**	**116**	1,535	255
Provisions	**175**	**3**	172	2
Reserves for general banking risks	**379**	**–**	379	–
Bank's capital	**2,425**	**–**	2,425	–
Retained earnings reserve	**10,803**	**150**	10,093	149
Foreign currency translation reserve	**–15**	**–**	–16	–
Consolidated profit	**1,102**	**18**	1,224	15
Total liabilities	**147,383**	**55,211**	**143,516**	**57,743**
› Off-balance-sheet transactions				
Contingent liabilities	**2,243**	**1,813**	1,946	1,826
Irrevocable commitments	**12,595**	**1,450**	12,868	1,300
Obligations to pay up shares and make further contributions	**349**	**–**	353	–
Credit commitments	**–**	**–**	–	–

25A Assets by country or group of countries

	2024		2023	
	in CHF million	Share as %	in CHF million	Share as %
Switzerland	**176,755**	**87.2**	181,112	90.0
Rest of Europe	**15,142**	**7.5**	11,928	5.9
– of which, Germany	**3,280**	**1.6**	1,561	0.8
– of which, France	**1,132**	**0.6**	1,079	0.5
– of which, United Kingdom	**4,834**	**2.4**	4,978	2.5
– of which, Guernsey	**10**	**0.0**	8	0.0
Americas	**8,675**	**4.3**	6,732	3.3
– of which, USA	**6,466**	**3.2**	4,798	2.4
Asia and Oceania	**1,955**	**1.0**	1,448	0.7
Africa	**67**	**0.0**	39	0.0
Total assets	**202,594**	**100.0**	**201,259**	**100.0**

25B Liabilities by country or group of countries

	2024		2023	
	in CHF million	Share as %	in CHF million	Share as %
Switzerland	**147,383**	**72.7**	143,516	71.3
Rest of Europe	**27,650**	**13.6**	33,321	16.6
– of which, Germany	**4,025**	**2.0**	3,958	2.0
– of which, France	**3,779**	**1.9**	9,743	4.8
– of which, United Kingdom	**5,520**	**2.7**	5,110	2.5
– of which, Guernsey	**2,187**	**1.1**	2,227	1.1
Americas	**18,016**	**8.9**	15,502	7.7
– of which, USA	**7,381**	**3.6**	7,366	3.7
Asia and Oceania	**8,194**	**4.0**	6,838	3.4
Africa	**1,350**	**0.7**	2,081	1.0
Total liabilities	**202,594**	**100.0**	**201,259**	**100.0**

25C Contingent liabilities, irrevocable commitments, obligations to pay up shares and make further contributions by country or group of countries

	2024		2023	
	in CHF million	Share as %	in CHF million	Share as %
Switzerland	**15,187**	**82.3**	15,167	82.9
Rest of Europe	**2,322**	**12.6**	2,119	11.6
– of which, Germany	**196**	**1.1**	181	1.0
– of which, France	**247**	**1.3**	249	1.4
– of which, United Kingdom	**148**	**0.8**	156	0.9
– of which, Guernsey	**36**	**0.2**	87	0.5
Americas	**109**	**0.6**	164	0.9
– of which, USA	**84**	**0.5**	80	0.4
Asia and Oceania	**810**	**4.4**	801	4.4
Africa	**22**	**0.1**	41	0.2
Total	**18,450**	**100.0**	**18,292**	**100.0**

26 Breakdown of total assets by credit rating of country groups (risk domicile view)

		2024 Net foreign exposure		2023 Net foreign exposure	
Rating system ZKB's own country rating	Moody's	in CHF million	Share as %	in CHF million	Share as %
A	Aaa/Aa1/Aa2/Aa3	**26,504**	**86.5**	23,036	88.1
B	A1/A2/A3	**1,812**	**5.9**	1,224	4.7
C	Baa1/Baa2/Baa3	**516**	**1.7**	448	1.7
D	Ba1/Ba2	**1,268**	**4.1**	857	3.3
E	Ba3	**7**	**0.0**	12	0.0
F	B1/B2/B3	**340**	**1.1**	279	1.1
G	Caa1/Caa2/Caa3/Ca/C	**179**	**0.6**	306	1.2
Total		**30,626**	**100.0**	**26,161**	**100.0**

27 Balance sheet by currencies

	Currencies translated in CHF million				
	CHF	USD	EUR	Other	Total
› Assets					
Liquid assets	32,377	2	353	2	32,733
Amounts due from banks	252	2,465	491	197	3,405
Amounts due from securities financing transactions	12,204	8,286	4,851	8	25,349
Amounts due from clients	8,150	1,155	1,852	464	11,621
Mortgage loans	106,422	–	177	–	106,600
Trading portfolio assets	9,855	2,693	657	232	13,437
Positive replacement values of derivative financial instruments	1,951	247	448	23	2,669
Other financial instruments at fair value	–	–	–	–	–
Financial investments	5,061	0	145	0	5,206
Accrued income and prepaid expenses	419	61	31	2	513
Non-consolidated participations	154	–	1	0	155
Tangible fixed assets	495	–	2	0	497
Intangible assets	3	–	0	–	3
Other assets	253	73	51	28	405
Total assets shown in balance sheet	**177,595**	**14,983**	**9,059**	**956**	**202,594**
Delivery entitlements from spot exchange, forward forex, forex options and precious metal transactions	134,966	158,897	87,563	40,812	422,238
Total assets	**312,561**	**173,880**	**96,622**	**41,769**	**624,832**
› Liabilities					
Amounts due to banks	10,253	18,431	7,549	3,458	39,691
Liabilities from securities financing transactions	0	2,194	3,375	2,438	8,008
Amounts due in respect of customer deposits	95,317	4,473	6,154	1,036	106,980
Trading portfolio liabilities	1,562	1,049	222	29	2,862
Negative replacement values of derivative financial instruments	734	155	87	29	1,005
Liabilities from other financial instruments at fair value	2,899	1,034	441	47	4,421
Cash bonds	260	–	–	–	260
Certificate of deposits	50	–	–	–	50
Bond issues	9,126	–	1,869	–	10,994
Central mortgage institution loans	11,162	–	–	–	11,162
Accrued expenses and deferred income	1,032	160	77	17	1,287
Other liabilities	742	52	14	25	834
Provisions	175	–	2	–	177
Reserves for general banking risks	379	–	–	–	379
Bank's capital	2,425	–	–	–	2,425
Retained earnings reserve	10,968	–	–9	–6	10,952
Foreign currency translation reserve	–	–	–14	–1	–15
Consolidated profit	1,117	–	5	–1	1,120
Total liabilities shown in the balance sheet	**148,201**	**27,549**	**19,772**	**7,072**	**202,594**
Delivery obligations from spot exchange, forward forex, forex options and precious metal transactions	164,179	146,735	76,805	34,545	422,264
Total liabilities	**312,380**	**174,284**	**96,578**	**41,617**	**624,858**
Net position per currency in 2024	**182**	**–404**	**44**	**152**	**–26**
Net position per currency in 2023	**–1,844**	**272**	**303**	**222**	**–1,047**

j) Information on off-balance-sheet transactions

The following provides more detailed information on off-balance sheet positions as well as managed assets and other liabilities not included in the balance sheet.

28 Contingent liabilities and contingent assets

in CHF million	2024	2023
Guarantees to secure credits and similar	466	434
Performance guarantees and similar	2,171	2,140
Irrevocable commitments arising from documentary letters of credit	1,419	1,198
Other contingent liabilities	–	–
Total contingent liabilities	**4,056**	**3,772**
Contingent assets arising from tax losses carried forward	–	–
Other contingent assets	–	–
Total contingent assets	**–**	**–**

29 Breakdown of credit commitments

There are no credit commitments as of 31 December 2024 and 31 December 2023.

30 Breakdown of fiduciary transactions

in CHF million	2024	2023
Fiduciary investments with third-party companies	1,066	983
Fiduciary investments with linked companies	–	–
Fiduciary loans	–	–
Fiduciary transactions arising from securities lending and borrowing (in the bank's own name for the account of customers)	–	–
Fiduciary crypto currencies held for customer's accounts	21	–
Other fiduciary transactions	–	–
Total	**1,087**	**983**

31 Breakdown of managed assets and presentation of their development

a) Breakdown of managed assets

in CHF million	2024	2023
› Type of managed assets		
Assets in collective investment schemes managed by the bank	**170,958**	141,113
Assets under discretionary asset management agreements	**104,045**	87,089
Other managed assets [3]	**182,274**	167,583
Total managed assets (including double counting) [1/3]	**457,276**	**395,786**
– of which, double counting	**94,150**	74,242
Assets with Custody Services [2/3]	**63,534**	55,003
Total client assets (including double counting)	**520,811**	**450,789**

1 The assets under management include all client assets of an investment nature held with Zürcher Kantonalbank, as well as client assets held with third-party banks that are managed by Zürcher Kantonalbank. Zürcher Kantonalbank also includes client deposits that are not of an investment nature in its reported assets under management. Non-inclusion of accounts that do not have an investment element would lead to greater volatility in the assets under management and thus distort the meaningfulness of reported trends in assets under management. Assets held in custody at Zürcher Kantonalbank that are managed by third parties (custody-only holdings) are not included in either assets under management or total client assets. Holdings of banks and significant investment fund companies (including their collective pension fund foundations, investment trusts, pension foundations and pension funds) and other institutional clients for which Zürcher Kantonalbank acts exclusively as custodian bank are treated as custody-only.

2 Assets of clients who receive additional custody services from Zürcher Kantonalbank in addition to pure custody are shown as assets with custody services.

3 In the 2024 reporting year, Zürcher Kantonalbank clarified the criteria for distinguishing between assets under management and assets with custody services. The disclosure was refined accordingly and the comparative figures adjusted. As at 31 December 2023, this led to a reclassification in the previous year from assets under management to assets with custody services in the amount of CHF 55,003 million, as well as to a reduction in net new money of CHF 9,354 million and in fluctuations in prices and exchange rates, interest and dividend payments of CHF 1,460 million.

b) Presentation of the development of managed assets

in CHF million	2024	2023
Total managed assets (including double counting) at beginning	**395,786**	355,776
+/– net new money inflow or net new money outflow [3/4]	**29,817**	27,419
+/– price gains/losses, interest, dividends and currency gains/losses [3/4]	**32,841**	14,002
+/– other effects	**–1,167**	–1,411
Total managed assets (including double counting) at end [3]	**457,276**	**395,786**

4 The net new money inflow/outflow corresponds to the development of managed client assets adjusted for fluctuations in prices and exchange rates, interest and dividend payments, fees and expenses charged to clients, and reclassification of assets. Changes due to acquisitions/disposals of subsidiaries are not included. The interest billed to loan clients is included in the change in net new money inflow/outflow.

k) Information on the income statement

In this section, individual income statement items are broken down in greater detail and the components of the return on equity explained.

32 Breakdown of the result from trading activities and the fair value option

a) Breakdown by business area (in accordance with the organisation of the bank/financial group)

in CHF million	2024	2023
Result from trading in foreign exchange, bank notes and precious metals	**146**	159
Result from trading in bonds, interest rate and credit derivatives	**93**	153
Result from trading in equities and structured products	**79**	56
Result from other trading activities [1]	**34**	48
Total	**353**	**415**

1 The result from other trading activities includes results from securities lending and borrowing as well as positions for which the Executive Board or Asset Management is responsible.

b) Breakdown by underlying risk and based on the use of the fair value option

in CHF million	2024	Result from trading activities from: Foreign exchange and bank notes	Precious metals	Securities lending and borrowing	Bonds, interest rate and credit derivatives	Equities and equity derivatives	Commodities and commodity derivatives	Other products [2]
Result from trading in foreign exchange, bank notes and precious metals	**146**	128	10	–	8	–	–	–
Result from trading in bonds, interest rate and credit derivatives	**93**	15	–	–13	92	1	–	–
Result from trading in equities and structured products	**79**	28	–7	0	58	3	–0	–3
Result from other trading activities	**34**	–0	–0	35	0	–0	0	–1
Total	**353**	**170**	**2**	**22**	**159**	**3**	**0**	**–4**
– of which, from fair value option on assets	**–**	–	–	–	–	–	–	–
– of which, from fair value option on liabilities	**–304**	–3	–1	–	–7	–294	–0	0

2 The trading result from other products includes hybrid products and real estate derivatives.

33 Disclosure of material refinancing income in the item interest and discount income as well as material negative interest

During financial year 2024, refinancing income from trading activities of CHF –369.5 million (previous year: CHF –435.6 million) was included in the item Interest and discount income. The item Interest and discount income also includes the result of currency swaps in the amount of CHF 1,141.9 million (previous year: CHF 987.4 million), which were entered into solely for the purpose of engaging in interest arbitrage. Negative interest on lending business is shown as a reduction in the interest and discount income. Negative interest on deposit-taking business is shown as a reduction in interest expenses.

in CHF million	2024	2023
Negative interest on lending business (reduction in interest and discount income)	**0**	0
Negative interest on deposit-taking business (reduction in interest expenses)	**1**	2

34 Breakdown of personnel expenses

in CHF million	2024	2023
Salaries and benefits	**982**	959
– of which, alternative forms of variable compensation	**–**	1
AHV, IV, ALV and other social security contributions	**204**	187
Changes in book value for economic benefits and obligations arising from pension schemes	**–**	–
Other personnel expenses	**37**	34
Total	**1,223**	**1,180**

35 Breakdown of general and administrative expenses

in CHF million	2024	2023
Office space expenses	**33**	33
Expenses for information and communications technology	**193**	180
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	**2**	2
Fees of audit firms	**7**	7
– of which, for financial and regulatory audits	**7**	7
– of which, for other services	**0**	0
Other operating expenses	**272**	276
– of which, compensation for state guarantee	**31**	30
Total	**508**	**499**

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

in CHF million	2024	2023
› Extraordinary income		
Reversal of impairment on other participations	**2**	1
Income from sale of other real estate/bank premises	**9**	–
Income from sale of participations	**0**	–
Other	**1**	0
Total	**12**	**1**
› 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	**–**	225[1]
Release of reserves for general banking risks	**–**	–
Total	**–**	**225**

1 Allocation to strengthen the bank's capital.

37 Disclosure of and reasons for revaluations of participations and tangible fixed assets up to acquisition cost at maximum

in CHF million		2024	2023
Participations	**Registered office**		
CLS Group Holdings AG	Lucerne	**0**	0
TWINT Ltd.	Zurich	**1**	0
Total		**1**	**1**

Appreciation is applied to non-listed participations in accordance with the mean value method and, for listed participations, in accordance with the market value method.

38 Income statement broken down according to domestic and foreign origin, according to the principle of permanent establishment

in CHF million	2024 Domestic	2024 Foreign	2023 Domestic	2023 Foreign
› Result from interest operations				
Interest and discount income	4,326	17	4,004	10
Interest and dividend income from financial investments	40	0	32	0
Interest expense	–2,631	–14	–2,170	–7
Gross result from interest operations	**1,734**	**3**	**1,866**	**4**
Changes in value adjustments for default risk and losses from interest operations	–57	0	–49	0
Subtotal net result from interest operations	**1,677**	**3**	**1,816**	**4**
› Result from commission business and services				
Commission income from securities trading and investment activities	1,334	177	1,209	150
Commission income from lending activities	77	0	72	0
Commission income from other services	148	0	160	0
Commission expense	–581	–124	–520	–113
Subtotal result from commission business and services	**977**	**53**	**920**	**37**
› Result from trading activities				
Result from trading activities and the fair value option	**335**	**18**	**386**	**29**
› Other result from ordinary activities				
Result from the disposal of financial investments	10	–	7	–
Income from participations	14	–	13	–
– of which, participations valued using the equity method	1	–	1	–
– of which, from other non-consolidated participations	13	–	12	–
Result from real estate	8	0	8	0
Other ordinary income	34	0	35	0
Other ordinary expenses	–6	0	–16	–
Subtotal other result from ordinary activities	**59**	**0**	**47**	**0**
Operating income	3,048	74	3,169	71
› Operating expenses				
Personnel expenses	–1,199	–24	–1,160	–20
General and administrative expenses	–517	–25	–511	–34
Subtotal operating expenses	**–1,715**	**–49**	**–1,671**	**–54**
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	–71	–1	–74	–1
Changes to provisions and other value adjustments and losses	–7	–1	28	0
Operating result	**1,255**	**22**	**1,453**	**17**
Extraordinary income	12	0	1	0
Extraordinary expenses	–0	–0	–	–
Changes in reserves for general banking risks	–	–	–225	–
Consolidated profit before taxes	1,267	22	1,229	17
Taxes	–164	–4	–5	–2
Consolidated profit	**1,102**	**18**	**1,224**	**15**

39 Presentation of current taxes, deferred taxes, and disclosure of tax rate

in CHF million	2024	2023
Creation of provisions for deferred taxes	**–**	–
Reversal of provisions for deferred taxes	**0**	0
Recognition of deferred taxes on losses carried forward	**–2**	–1
Recognition of other deferred taxes	**0**	0
Reversal of other deferred taxes	**–0**	–
Expenses for current income and capital taxes	**–165** [1]	–7
Expenses for property gains taxes	**–2**	–
Total	**–168**	**–7**
Unrecognised tax reductions on losses carried forward, and tax credits not recognised under the principle of prudence	**–**	–
Hypothetical deferred income taxes calculated at theoretical tax rates on revaluations of investments not relevant for tax purposes	**–**	–

Figures in table: minus = expense; plus = income
1 Of which OECD minimum tax CHF 156 million
Average weighted tax rate (basis: operating result): 13.2 %

40 Disclosures and explanations of the earnings per equity security in the case of listed banks

Zürcher Kantonalbank has no listed equity securities.

41 Components of return on equity

	2024	2023
Return on equity (RoE)	**8.0 %**	9.3 %

in CHF million	2024	2023
Relevant net annual result for calculating ROE		
Consolidated profit	**1,120**	1,238
Total	**1,120**	**1,238**
Relevant average equity [1] for calculating ROE		
Average bank's capital	**2,425**	2,425
Average other equity components	**11,647**	10,932
Total	**14,072**	**13,357**

1 The average bank's capital and other equity components are calculated on a monthly basis.

I) Risk report

1.1.1 Risk profile

The risk profile of Zürcher Kantonalbank has not changed significantly compared to the previous year and remains robust as at the end of the 2024 financial year.

The corporate loan portfolio shows pleasing growth. Among other things, opportunities arose for Zürcher Kantonalbank from the reorientation of various companies following the merger of the big banks. The portfolio remains stable in terms of default risks. While the export-oriented sectors suffered from subdued international demand, domestic and consumer-oriented sectors benefited from robust private consumption. The regular assessment of all major unsecured balance sheet exposures has not revealed any extraordinary risks. Uncertainties nevertheless remain due to several factors, including the ongoing geopolitical tensions, the change of governments in Europe and the threat of trade barriers from the US.

On the Swiss real estate markets, the risks of potential valuation and price corrections have eased further with the lower interest rates. The residential real estate market in particular continues to see structural excess demand, which is supporting rental and price trends. The mortgage portfolio of Zürcher Kantonalbank grew 5.7 percent in 2024, outperforming the overall market. Growth in owner-occupied housing was 2.1 percent. Credit risk management ensures that the portfolio growth in mortgage lending maintains a balanced risk profile.

The risk profile in trading was largely characterised by credit risks in bond trading. Value at risk (VaR) was CHF 10 million at the end of the year and therefore lower than at the end of 2023 (CHF 14 million). The utilisation of the risk capital limit allocated internally for trading (capital at risk) was 56 percent at the end of the year (previous year: 65 percent).

The bank managed the risks of its balance sheet structure against the backdrop of falling interest rates and, as a consequence thereof, changes in client behaviour when choosing mortgage products. With the SNB's interest rate cuts, client preference shifted in the second half of the year from rollover mortgages to fixed-term mortgages with longer terms. The interest rate sensitivity of the CHF banking book at the end of the year was slightly below the level at the end of the previous year (–2 per cent).

The good liquidity situation of Zürcher Kantonalbank is reflected in the solid liquidity risk ratios. Since 1 January 2024, additional liquidity requirements with a stress horizon of 90 days (previously only 30 days) have applied to systemically important banks. All regulatory liquidity requirements, including the net stable funding ratio (NSFR), were comfortably met at all times.

The bank's risk profile for operational risks (OpRisk) has not changed fundamentally. Process and cyber risks continue to be the two OpRisk areas with the most significant residual risks. The management of these risks therefore continues to receive a high degree of attention. The dynamics of business activity and increasing regulation are constantly raising the requirements for expert knowledge and models for an appropriate control environment. Internal planning and budgeting ensure that the necessary resources are allocated accordingly.

The risk profile in the area of compliance risks has also remained stable. The implementation of the continually evolving regulatory and statutory framework, particularly regarding investor protection, data protection and the fight against money laundering, continued to require the deployment of substantial resources in 2024. A further focus was placed on developments in sustainability topics in order to meet the increasing legal requirements. In the year under review, for example, special efforts were necessary to update anti-money laundering systems and manage legal and compliance risks connected to sanctions imposed in response to geopolitical conflicts.

Zürcher Kantonalbank discloses its climate-related financial risks. This is in accordance with FINMA's requirements for systemically important banks. Climate protection has long been a central issue for Zürcher Kantonalbank. The bank has underscored this commitment by joining the Net-Zero Banking Alliance. Climate-related financial risks, however, do not represent a top risk for the bank. This can be explained by the nature of the business activities and the strong focus on the Zurich economic area. A summary of the corresponding risk analysis can be found at the end of the risk report in section 1.10.

1.1.2 Risk management and internal control system (ICS)

Zürcher Kantonalbank defines "risk management" and "internal control system (ICS)" as follows:

Risk management: As part of risk management, the bank sets its risk tolerance within its risk capacity. Risk management encompasses organisational structures, methods and processes. Zürcher Kantonalbank's risk management process consists of six steps: risk identification, assessment, control, management, monitoring and reporting. The decisions in risk management are implemented in the internal control system (ICS).

Internal control system (ICS): The ICS ensures that processes are carried out properly. To this end, management issues appropriate guidelines and ensures that compliance is monitored. An effective ICS includes risk-based control activities, suitable risk management and compliance processes, and appropriate supervisory bodies for the size, complexity and risk profile of the institution, in particular an independent risk control and compliance function.

1.1.3 Principles of risk management

The objective of risk management is to support the bank in generating added value while maintaining a first-class credit rating and reputation. Zürcher Kantonalbank's approach to risk management is based on the following principles:

- Risk culture: The bank fosters a risk culture that is geared towards responsible behaviour. Risk managers bear responsibility for profits and losses generated from the risks entered into. In addition, they have primary responsibility for identifying transactions and structures that entail particular business policy risks, conflicts of interest or particular effects on the bank's reputation.
- Separation of functions: For significant risks and to avoid conflicts of interest, the bank has established control processes that are independent of management.
- Risk identification and monitoring: The bank enters into transactions only if the risks are in accordance with its business strategy and can be appropriately identified, restricted, managed and monitored.
- Risk and return: The bank seeks to achieve a balanced relationship between risk and return for all transactions. Assessment of the risk/return profile takes account of quantifiable as well as non-quantifiable risks.
- Transparency: Risk reporting and disclosure are guided by high industry standards in terms of objectivity, scope, transparency and timeliness. These principles constitute the basis for determining the organisational structure and processes of group-wide risk management.

1.1.4 Principles of compliance

The objective of compliance is to ensure that Zürcher Kantonalbank conducts its business operations in accordance with legal and ethical norms. The principles of the compliance policy are as follows: relevant legal and ethical norms; ethical and performance-related basic values in a code of conduct; duty of all employees and members of governing bodies to comply with laws, regulations, internal rules, industry standards; a secure and confidential procedure for reporting possible violations of the rules (whistleblowing). Primary responsibility for compliance lies with the Executive Board. The specialist Legal & Compliance group function prepares an annual assessment of compliance risk and a corresponding action plan based on a risk inventory. The Compliance function is organisationally independent of the income-driven business units. The most important principle of all is that Zürcher Kantonalbank conducts its banking operations in accordance with the statutory and regulatory provisions as well as recognised professional and ethical principles within the banking industry.

1.1.5 Risk and compliance organisation

The risk management organisation is based on the Three Lines model. The income-driven business units form the first line. They actively manage risks and are responsible for constant compliance with internal and external risk tolerance and compliance requirements. The independent risk management and control units represent the second line. Under the stewardship of the Chief Risk Officer (CRO) or the General Counsel, they identify, evaluate and monitor risks and submit regular reports to the Executive Board and the Board of Directors. The third line is the Audit unit, which is responsible for the internal auditing of Zürcher Kantonalbank under the applicable laws and regulations. Each line is supported by the appropriate committees (see Figure 1).

Board of Directors and Chairperson's Committee

The Board of Directors approves the principles for risk management and compliance, the Code of Conduct and Ethics, the framework for group-wide risk management and the risk tolerance regulations at group level. It is responsible for the regulation, organisation and monitoring of an effective risk management system as well as the management of overall risks. The Board of Directors is responsible for ensuring that there is a suitable risk and control environment within the group and arranges for an effective internal control system. It also approves transactions involving major financial exposure. The Risk Committee and Audit Committee of the Board of Directors support the Board in its tasks and duties in the areas of risk management and the internal control system.

The Chairperson's Committee approves limits and deals with transactions involving particular business policy risks, conflicts of interest or particular effects on the group's reputation where these exceed the remit of the Executive Board and do not fall within the remit of the Board of Directors.

Audit

Audit supports the Board of Directors in fulfilling its statutory supervisory and control tasks and discharges the monitoring tasks assigned to it by the Board of Directors. In particular, Audit independently and objectively evaluates the appropriateness and effectiveness of the internal control and risk management processes as well as the management and monitoring processes and contributes towards their improvement. Audit works independently of day-to-day business activities and does not take on any operational tasks or control activities. Audit has unlimited rights of inspection, information and access within the entire group. Audit has no authority to issue instructions, but has the right to make recommendations. Audit reporting is independent and not bound by instructions.

Executive Board

The Executive Board issues provisions for the identification, evaluation, control, management, monitoring and reporting of risks in the form of directives. The Executive Board also approves transactions that entail particular business policy risks, conflicts of interest or particular effects on the reputation of Zürcher Kantonalbank, unless they are assigned to another governing body under the applicable regulations.

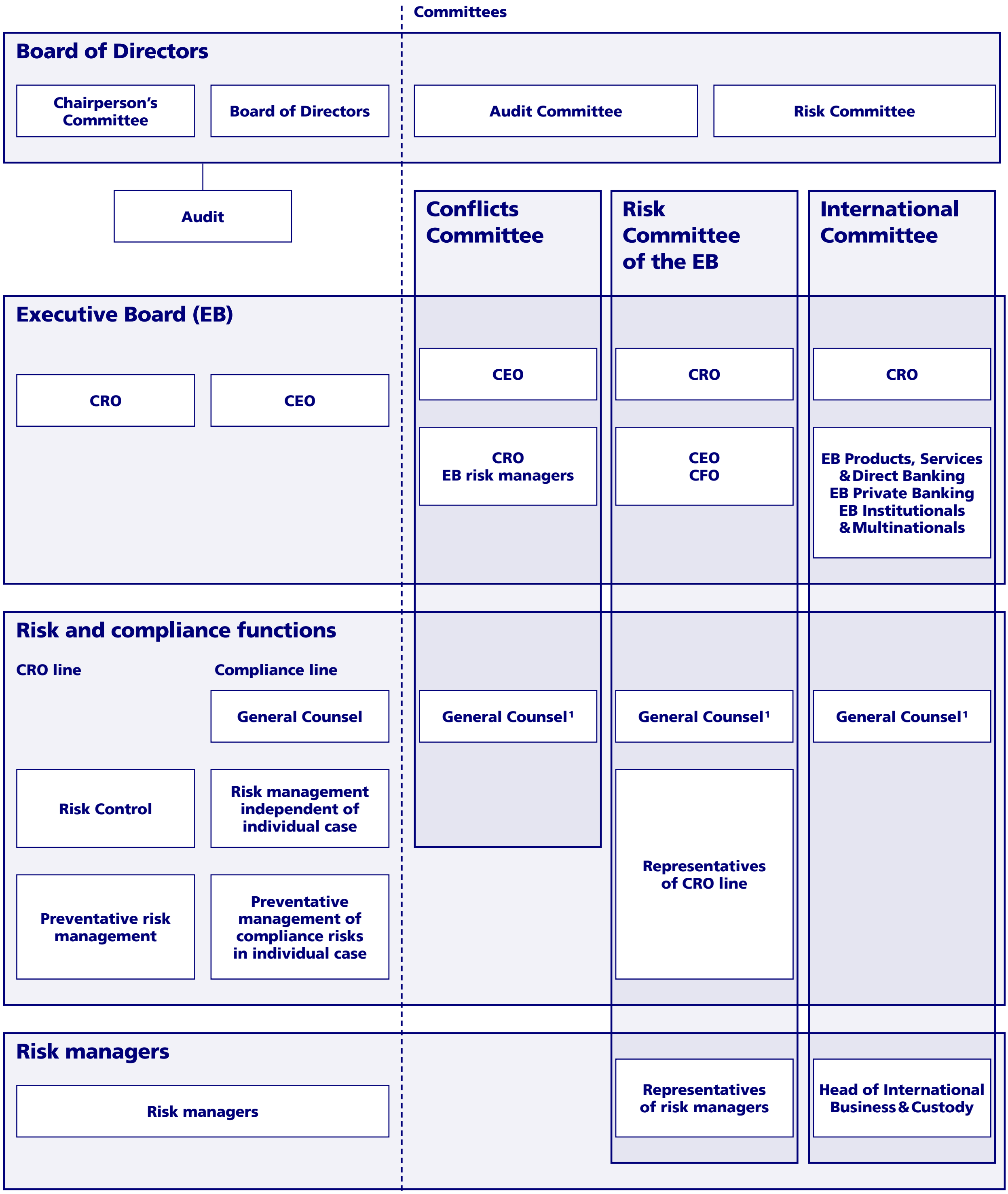
Conflicts Committee

Based on the responsibilities delegated to them, the members of the Executive Board who sit on the Conflicts Committee take decisions regarding transactions that entail particular business policy risks, conflicts of interest and particular effects on the group's reputation. The Conflicts Committee is chaired by the CEO; its escalation body is the Chairperson's Committee.

Risk Committee of the Executive Board

The Risk Committee assists the Executive Board in defining risk management processes. The Committee is chaired by the Chief Risk Officer (CRO) and approves the methods of risk measurement on the basis of the responsibilities delegated to it. The risk managers on the four separate subcommittees (credit, trading, treasury and operational risk) and members of the risk and compliance organisation discuss the Risk Committee's business and formulate proposals for its attention. In a crisis situation, individual crisis management teams reporting to the Risk Committee ensure that necessary and appropriate measures are defined and implemented.

Fig. 1: Risk and compliance organisation



1 General Counsel has the right of escalation to the Chairperson's Committee at any time.

International Committee

The International Committee is chaired by the CRO. It defines the specific business policy requirements for transactions with an international dimension, monitors and reports on such transactions, approves the business framework for foreign activities for the Executive Board and approves individual transactions and types of transactions outside the approved business framework.

Risk unit

The CRO is a member of the Executive Board and heads the Risk unit and also has a right of intervention that permits measures to be assigned to the risk managers if required by the risk situation or to protect the bank. The CRO also enjoys direct access to the Chairperson's Committee at all times.

The risk control function, which monitors portfolio-level risks and the Board of Directors' risk tolerance requirements, reports to the Executive Board and the Board of Directors. The risk control function is responsible for defining methods of risk measurement, model validation, as well as execution and quality assurance in relation to the risk measurement implemented.

Preventative risk management examines transactions before they are finalised and systems prior to their deployment in line with existing delineations of power and consultation duties, and defines the requirements at individual transaction or system level. It also continuously monitors local risks and supports the training of risk managers.

Preventive risk management of operational risks is carried out outside the Risk business unit by the process chain managers and in the IT, Operations & Real Estate business unit, which is responsible for issuing guidelines and managing the group's security (Cyber Security and Physical Security specialist unit) and business continuity management.

Compliance line

The General Counsel reports directly to the CEO and manages the Compliance unit. As a member of the Risk, Conflicts and International Committee of the Executive Board, the General Counsel has a right of escalation to the Chairperson's Committee and also enjoys direct access to the Chairperson's Committee at all times.

The specialist Legal & Compliance group function has the following duties, among others: examining the compliance risk inventory on an annual basis and preparing the action plan with focal points relating to the management of compliance risks, formulating proposals and carrying out defined monitoring and control duties (e.g. as pre-deal or post-deal control), as well as defining risk management tools. The Compliance function also defines risk management measures for compliance risk independently of the individual case, such as the editing of directives when implementing new ordinances as well as conducting training courses. The Compliance function is further responsible for providing forward-looking legal advice with the objective of avoiding or minimising individual identified risks and threats arising from legal requirements. Legal advice is provided in the context of existing mandatory consultations, as a pre-deal consultation or on request.

Risk managers

The risk managers bear responsibility for profits and losses generated on the risks entered into. They are responsible for the continuous, active management of risks and for compliance with internal risk tolerance regulations, relevant laws, ordinances, circulars and standards. The sales units are responsible for credit risks as risk managers and the Trading and Capital Markets organisational unit for market risks in the trading book. Interest rate risks in the banking book and liquidity risks are the responsibility of Treasury in the Finance unit. All units of the bank are responsible for managing operational and compliance risks.

Risk reporting

The Risk Control and Compliance functions report on a quarterly basis as part of integrated risk reporting to the Executive Board and Board of Directors on the development of the risk profile, on material internal and external events, and on findings from monitoring activities. Quarterly reports are supplemented by special analyses on relevant topics. Besides quarterly reporting, various reports are produced for the individual types of risk. In terms of the frequency with which they are published and the group of recipients, they are tailored to individual risks, and they provide comprehensive, objective and transparent information for decision-makers and supervisory bodies.

1.2 Regulatory capital adequacy and liquidity requirements

This section includes the regulatory key figures (Table KM1) to be published in the annual report in accordance with FINMA Circular 2016/1. The other tables on qualitative and quantitative disclosure as at 31 December 2024 will be available online from the end of April 2025 at zkb.ch/disclosure.

Under Basel III, a selection of different approaches is available to banks for the calculation of capital adequacy requirements for credit, market and operational risks. The capital required for credit risks has been calculated using the IRB approach (F-IRB) since the end of 2017. For market risks, the model-based approach is used in combination with the international standard approach (SA-BIS) for specific interest rate risks. The capital base needed for operational risks is calculated using the basic indicator approach. The Basel III (final) requirements come into force in Switzerland on 1 January 2025. The amendments will affect the calculation of capital adequacy requirements for the 2025 financial year. The first disclosure in accordance with the new requirements will take place at the end of March 2025.

A FINMA directive from 2012 permits Zürcher Kantonalbank to solo-consolidate the subsidiary Zürcher Kantonalbank Finance (Guernsey) Ltd. in line with the individual institution provisions. Accordingly, the required capital is calculated on a solo-consolidated basis by the parent company.

As at 31 December 2024, the group had minimum required capital of CHF 6,915 million, compared with eligible capital of CHF 16,095 million. Both the total capital ratio of 18.6 percent of risk-weighted assets and the leverage ratio of 6.8 percent reflect Zürcher Kantonalbank's solid equity base.

The liquidity coverage ratio (LCR) of 142 percent and the net stable funding ratio (NSFR) of 116 percent point to a comfortable liquidity situation. The following two pages show the regulatory key figures for the group and the parent company, with essentially the same picture in the capital and liquidity situation.

The breakdown of the regulatory minimum required capital within the group of CHF 6,915 million shows the importance of the lending business to Zürcher Kantonalbank (Figure 3).

Fig. 3: Breakdown of the regulatory risk-weighted minimum required capital as at 31.12.2024, by risk category

Credit and counterparty credit risk

88 %

Operational risk

7 %

Market risk

4 %

Non-counterparty related risks

1 %

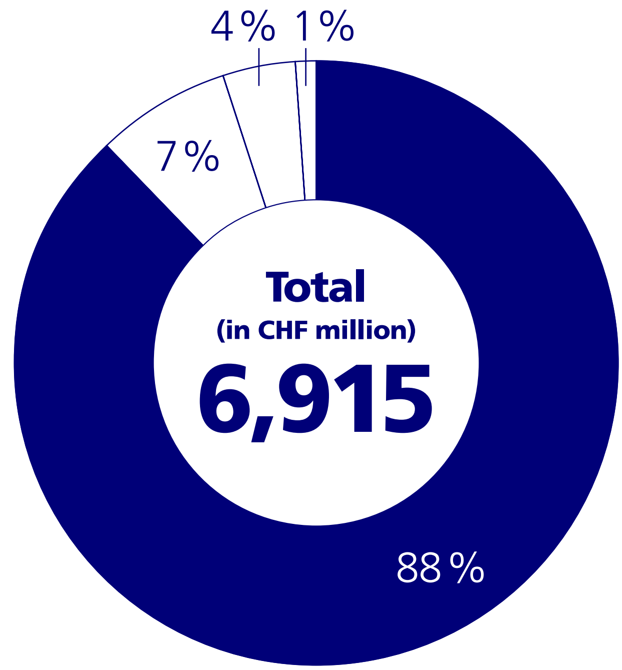


Fig. 2a: Table KM1: Key regulatory figures group

Group		a	b	c	d	e
in CHF million (unless indicated otherwise)		**31.12.2024**	30.9.2024	30.6.2024	31.3.2024	31.12.2023
› Eligible capital						
1	Common equity Tier 1 (CET1)	**14,482**	13,725	13,739	13,738	13,734
2	Tier 1 capital (T1)	**15,546**	14,789	14,803	14,795	14,797
3	Total capital [1]	**16,095**	15,332	15,350	15,445	15,427
	Total loss absorbing capacity (TLAC) [2]	**22,198**	21,305	21,315	21,384	21,128
› Risk-weighted assets (RWA)						
4	RWA	**86,443**	82,521	82,023	83,300	78,952
› Minimum required capital						
4a	Minimum required capital	**6,915**	6,602	6,562	6,664	6,316
› Risk-based capital ratios (as a % of RWA)						
5	CET1 ratio [1]	**16.8 %**	16.6 %	16.8 %	16.5 %	17.4 %
6	Tier 1 capital ratio [1]	**18.0 %**	17.9 %	18.0 %	17.8 %	18.7 %
7	Total capital ratio [1]	**18.6 %**	18.6 %	18.7 %	18.5 %	19.5 %
	TLAC ratio [2]	**25.7 %**	25.8 %	26.0 %	25.7 %	26.8 %
› CET1 buffer requirements (as a % of RWA)						
8	Capital conservation buffer as per the Basel minimum standards (2.5 % from 2019)	**2.5 %**	2.5 %	2.5 %	2.5 %	2.5 %
9	Countercyclical buffer (§ 44a CAO) in accordance with the Basel minimum standards	**0.0 %**	0.0 %	0.0 %	0.0 %	0.0 %
10	Additional capital buffer due to international or national system relevance	**–**	–	–	–	–
11	Total of bank CET1 specific buffer requirements	**2.5 %**	2.5 %	2.5 %	2.5 %	2.5 %
12	CET1 available after meeting the bank's minimum capital requirements	**10.6 %**	10.6 %	10.7 %	10.5 %	11.5 %
› Capital target ratios as per Annex 8 to the CAO (as a % of RWA) [3]						
	Countercyclical buffer (§ 44 CAO)	**0.9 %**	0.9 %	0.9 %	0.9 %	0.9 %
› Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure	**227,125**	227,341	225,875	229,724	223,870
14	Basel III leverage ratio (Tier 1 capital in % of leverage ratio exposure measure)	**6.8 %**	6.5 %	6.6 %	6.4 %	6.6 %
	TLAC leverage ratio (TLAC in % of leverage ratio exposure measure) [2]	**9.8 %**	9.4 %	9.4 %	9.3 %	9.4 %
› Liquidity coverage ratio (LCR) [4]						
15	LCR numerator: total high-quality liquid assets (HQLA)	**52,039**	52,780	53,171	50,994	46,388
16	LCR denominator: total net outflows of funds	**36,521**	34,314	36,434	34,548	31,511
17	Liquidity coverage ratio (LCR)	**142 %**	154 %	146 %	148 %	147 %
› Net stable funding ratio (NSFR)						
18	Available stable funding	**121,070**	121,187	118,512	120,855	116,118
19	Required stable funding	**104,144**	101,867	100,873	102,128	98,921
20	Net stable funding ratio, (NSFR)	**116 %**	119 %	117 %	118 %	117 %

1 In accordance with the provisions of the CAO for non-systemically important banks.
2 In accordance with the provisions for systemically important banks. TLAC includes core capital (going concern) and eligible additional loss-absorbing capital (gone concern). For details on the composition of the eligible additional loss-absorbing capital (gone concern), please refer to the separate report "Disclosure of systemically important banks".
3 Systemically important banks can forego the information in rows 12a to 12e, as Annex 8 to the CAO does not apply to them. In this instance, they must nevertheless provide information on the countercyclical buffer in accordance with § 44 CAO.
4 Simple average of the closing values on the business days during the quarter under review.

Fig. 2b: Table KM1: Key regulatory figures parent company

Parent company in CHF million (unless indicated otherwise)		**a** **31.12.2024**	b 30.9.2024	c 30.6.2024	d 31.3.2024	e 31.12.2023
› Eligible capital						
1	Common equity Tier 1 (CET1)	**14,625**	13,881	13,880	13,879	13,879
2	Tier 1 capital (T1)	**15,689**	14,945	14,944	14,936	14,942
3	Total capital [1]	**16,238**	15,488	15,491	15,585	15,572
	Total loss absorbing capacity (TLAC) [2]	**22,359**	21,483	21,478	21,546	21,294
› Risk-weighted assets (RWA)						
4	RWA	**87,023**	83,075	82,586	83,821	79,509
› Minimum required capital						
4a	Minimum required capital	**6,962**	6,646	6,607	6,706	6,361
› Risk-based capital ratios (as a % of RWA)						
5	CET1 ratio [1]	**16.8%**	16.7%	16.8%	16.6%	17.5%
6	Tier 1 capital ratio [1]	**18.0%**	18.0%	18.1%	17.8%	18.8%
7	Total capital ratio [1]	**18.7%**	18.6%	18.8%	18.6%	19.6%
	TLAC ratio [2]	**25.7%**	25.9%	26.0%	25.7%	26.8%
› CET1 buffer requirements (as a % of RWA)						
8	Capital conservation buffer as per the Basel minimum standards (2.5% from 2019)	**2.5%**	2.5%	2.5%	2.5%	2.5%
9	Countercyclical buffer (§ 44a CAO) in accordance with the Basel minimum standards	**0.0%**	0.0%	0.0%	0.0%	0.0%
10	Additional capital buffer due to international or national system relevance	**–**	–	–	–	–
11	Total of bank CET1 specific buffer requirements	**2.5%**	2.5%	2.5%	2.5%	2.5%
12	CET1 available after meeting the bank's minimum capital requirements	**10.7%**	10.6%	10.8%	10.6%	11.6%
› Capital target ratios as per Annex 8 to the CAO (as a % of RWA) [3]						
	Countercyclical buffer (§ 44 CAO)	**0.9%**	0.9%	0.9%	0.9%	0.9%
› Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure	**227,040**	227,208	225,756	229,653	223,907
14	Basel III leverage ratio (Tier 1 capital in % of leverage ratio exposure measure)	**6.9%**	6.6%	6.6%	6.5%	6.7%
	TLAC leverage ratio (TLAC in % of leverage ratio exposure measure) [2]	**9.8%**	9.5%	9.5%	9.4%	9.5%
› Liquidity coverage ratio (LCR) [4]						
15	LCR numerator: total high-quality liquid assets (HQLA)	**51,961**	52,709	53,108	50,942	46,343
16	LCR denominator: total net outflows of funds	**36,618**	34,412	36,564	34,698	31,607
17	Liquidity coverage ratio (LCR)	**142%**	153%	145%	147%	147%
› Net stable funding ratio (NSFR)						
18	Available stable funding	**120,312**	120,352	117,615	120,023	115,412
19	Required stable funding	**104,246**	101,797	100,707	102,052	98,865
20	Net stable funding ratio, (NSFR)	**115%**	118%	117%	118%	117%

1 In accordance with the provisions of the CAO for non-systemically important banks.
2 In accordance with the provisions for systemically important banks. TLAC includes core capital (going concern) and eligible additional loss-absorbing capital (gone concern). For details on the composition of the eligible additional loss-absorbing capital (gone concern), please refer to the separate report "Disclosure of systemically important banks".
3 Systemically important banks can forego the information in rows 12a to 12e, as Annex 8 to the CAO does not apply to them. In this instance, they must nevertheless provide information on the countercyclical buffer in accordance with § 44 CAO.
4 Simple average of the closing values on the business days during the quarter under review.

1.3 Capital allocation within internal risk management

Zürcher Kantonalbank employs a capital at risk approach to internal risk management. The Board of Directors defines the risk tolerance with the maximum risk capital. The Board of Directors determines the quantitative risk tolerance requirements by allocating risk capital to the risk categories of credit, market and operational risks[1]. The models are based on an observation horizon of one year and a maximum probability of default of 0.1 percent per year.

The risk capital for market and credit risks is allocated to the individual organisational units, and the cost of capital is charged to the units. In the case of operational risks, there is no internal allocation of the cost of capital.

Of the CHF 15,427 million in eligible capital (total capital) at the end of 2023, a total of CHF 6,340 million was allocated to the risk business in 2024. The percentage breakdown by risk category of the allocated capital is shown in Figure 4.

1 The risk capital for operational risks also covers compliance risks.

Fig. 4: Risk capital assigned by the Board of Directors, by risk category

Credit risks

68 %

Balance sheet structure

14 %

Operational risks

10 %

Trading business

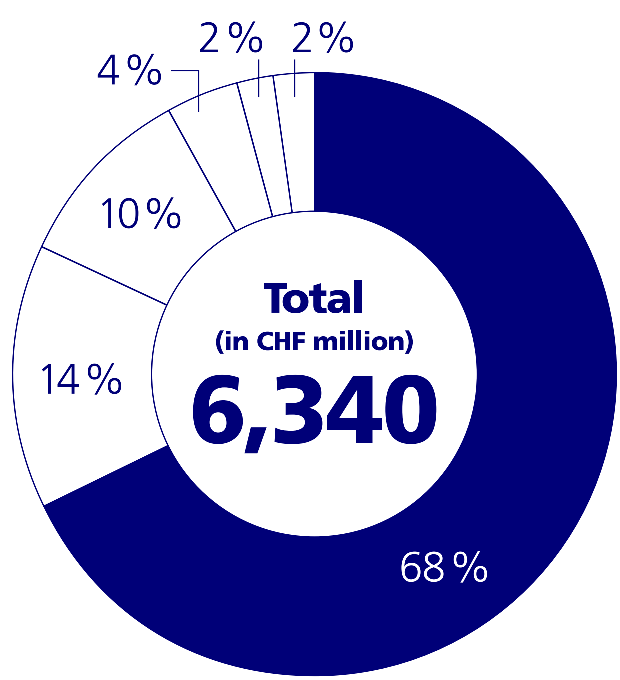
4 %

Financial investments and participations

2 %

Real estate

2 %



1.4 Risk categories

Zürcher Kantonalbank divides risks into the following categories.

Fig. 5: Risk categories

Credit risk
Credit risk constitutes the risk of financial losses that can arise if clients or counterparties do not fulfil contractual obligations that are falling due or do not fulfil them on time. Loans, promises of payment and trading transactions all involve credit risks. Credit risks also include counterparty risks and country risks. Counterparty risks refer to credit risks in trading transactions (e.g. OTC derivatives and SLB transactions). Trading transactions usually include mutual claims, which also depend on market parameters. Counterparty risks are also referred to as counterparty default risks. Settlement risks are fulfilment risks. This is the risk of losses in connection with transactions involving mutual payment and delivery obligations, where the bank must meet its delivery obligation without first being able to ensure that counter-payment will be made. Country risks: The risk of losses as the result of country-specific events, such as transfer risks (payment of a liability is restricted or prevented by a country) and risks arising from political and/or macroeconomic events.

Market risk
Market risks comprise the risk of financial losses on securities and derivatives in the bank's own portfolio as a result of changes in market factors, such as share prices, interest rates, volatilities or exchange rates (general market risks), as well as for issuer specific reasons (specific market risks). Market risks also include balance sheet interest rate risk, market liquidity risk and issuer (default) risk. Balance sheet interest rate risk is the risk that changes in market interest rates will impact negatively on the financial situation of the banking book. As well as affecting current interest income, changes in interest rates have implications for future results. The interest rate risk is managed based on the market interest method. Market liquidity risk is the risk that a product can no longer be easily sold (or purchased) on a market. The higher the market liquidity, the greater the chance of purchasing or selling a product for an appropriate price at the desired time. Issuer (default) risk is the risk of a loss arising from a change in fair value resulting from a credit event affecting an issuer to which the bank is exposed through marketable securities or derivatives from this issuer.

Liquidity risk
Liquidity refers to the bank's capacity to settle its liabilities promptly and without restrictions. Liquidity risk is the risk that this capacity to pay will be impaired under institution or market-related stress conditions. Liquidity risks also include (re)financing risk. Refinancing refers to the procurement of funds for the financing of assets. Refinancing risk is the risk that the bank is not in a position to procure sufficient funds at appropriate conditions for the ongoing financing of its lending business. Short-term liquidity ensures that the bank is able to make payments over a short period of time in the event of a systemic or institution-specific liquidity crisis by holding a sufficiently large inventory of high-quality liquid and unencumbered assets as a financial precaution against a temporary liquidity gap. Often, 30 and 90 calendar days are used as the definition period. The regulatory indicator for short-term 30-day liquidity is the liquidity coverage ratio (LCR), supplemented by the special liquidity requirements with a 90-day horizon for systemically important banks. Structural liquidity has a medium-term horizon and ensures that refinancing as per the liquidity profile of the assets takes place with stable liabilities. Structural liquidity requirements specify that illiquid assets such as loans to private individuals and companies, as well as parts of the trading portfolio, are to be refinanced through long-term liabilities. The regulatory indicator for structural liquidity is the net stable funding ratio (NSFR).

Operational risk
Operational risks are the risk of financial losses that occur as a result of the inadequacy or failure of internal processes or systems, inappropriate human behaviour, human error, or as a result of external events. Operational risks also include IT and cyber risks. IT risks refer to the potential damage caused by the loss of confidentiality, integrity and availability of data and functions in IT systems. Cyber risks comprise the risk of attacks from the Internet or similar networks (referred to as hacker attacks) on the confidentiality, integrity and availability of data and functions in IT systems.

Compliance risk
Compliance risks are behavioural risks. These are risks that are caused by breaches of the law, regulations or contracts and can result in legal and regulatory sanctions, financial losses and reputational damage. Compliance is the observance of legal, regulatory and internal regulations as well as the adherence to industry standards and codes of conduct by the group, its employees and members of governing bodies. This also includes compliance with organisational measures and processes.

Strategic risk
Strategic risks are all possible factors of influence, events and decisions that have the potential to endanger the long-term success of the company.

Business risk
Business risk is the risk that lower business volumes and margins will reduce the group's operating result if the decline in operating income is not offset by a simultaneous drop in operating expenses. Business risks also include unplanned additional costs in the absence of correspondingly higher income. Business risks materialise when actual income falls short of the budgeted income. This can occur on a one-off and a recurring basis. Typical examples of business risks are unexpectedly decreasing margins and a lack of client demand following an economic downturn.

Reputation risk
Reputation risk involves the risk of damage to the good reputation of the company, the brand or a person, or, in extreme cases, losing it altogether. Conducting business activities in compliance with the law and in accordance with the company's core values is the best guarantee for maintaining its good reputation. At the same time, it is important to avoid negative reputational consequences for the bank. Reputation denotes the image that a company enjoys among its stakeholders, i.e. the bank's standing in terms of its integrity, competency, performance and reliability from the perspective of stakeholders. Reputational damage occurs when the perception of a stakeholder group differs from its expectations. The trustworthiness and credibility of the bank as aspects of its reputation are negatively influenced by this difference. Reputation is determined by constantly comparing perceptions and expectations over a period of time and is reflected in the company's values and identity.

Reputation risks are treated as a separate category by Zürcher Kantonalbank. Nevertheless it also sees them as a derived risk: They are considered a reputation-affecting component of strategic risks, market and credit risks, liquidity risks, compliance risks, operational risks and business risks. Strategic risks and business risks are managed as part of the bank's strategy and controlling process. Risk management and the risk profile in the other risk categories are described in the following sections.

Sustainability risks are events or conditions related to the environment, society or governance (ESG), the occurrence of which may have actual or potential negative effects on the bank's assets, finances and earnings, as well as on its reputation. Sustainability risks are a component of the risk categories listed above.

The management of sustainability risks is an integral part of the bank's risk management processes. For example, aspects of sustainability, such as environmental or social risks, are an important part of risk assessment when reviewing financing for companies that operate globally. Zürcher Kantonalbank's lending rules also explicitly exclude the project financing of certain commodities, such as crude and heavy oil, thermal coal, precious woods, live goods, etc., as well as coal mining, oil and gas extraction, and fossil-fuel power plants. The sustainability mandate, support mandate and service mandate together form Zürcher Kantonalbank's public service mandate, which is anchored in the Cantonal Banking Act on Zürcher Kantonalbank and implemented in the "Guidelines for the Fulfilment of the Public Service Mandate" adopted by the Cantonal Parliament. Internal guidelines for implementation in the business areas are formulated in the sustainability policy. Zürcher Kantonalbank publishes an annual sustainability report, which contains detailed information on the fulfilment of its public service mandate. Climate-related financial risks, which must be disclosed in accordance with FINMA regulatory requirements, are part of sustainability risks. The disclosure report will be published by the end of April 2025 at zkb.ch/disclosure. Section 1.10 of this report provides a summary of climate-related financial risks.

1.5 Credit risks

1.5.1 Strategy, organisation and processes

The strategy applied in the management of credit risks is set out in the internal lending policy. The strategy is revised and updated by the risk organisation as part of an annual, structured process and is approved by the Executive Board. The principles defined in the lending policy include the measurement and management of risks based on uniform, binding objectives and instruments, and the acceptance of risks based on objective, business-related criteria, in proportion to the bank's risk capacity, together with sustainable management of the quality of the credit portfolio.

The bank adopts a risk and cost-based pricing policy, with transparent credit decisions and a selective, quality-oriented strategy for the acquisition of financing business. Particular attention is paid to environmental and social risks in the credit assessment process. In recognition of the total commitment of owners, higher risks may deliberately be accepted on occasion for SMEs from the Greater Zurich Area.

The preventative risk management and risk control functions are separated from risk management at Executive Board level. Preventative risk management issues lending guidelines, analyses and reviews transactions in line with existing delineations of power, monitors business-related risks on an ongoing basis and assists in the training of risk managers. Risk control monitors and reports at portfolio level and is responsible for defining risk measurement methods.

Credit risks are managed and limited by means of detailed parameters and areas of responsibility within the credit process at individual exposure level and by means of limiting the risk capital in accordance with the capital at risk approach at portfolio level. Another key control element in credit risk management is risk-adjusted pricing, which includes expected losses (standard risk costs) as well as the cost of the risk capital to be retained in order to cover unexpected losses.

Expected losses are determined on the basis of the statistical probability of default (PD), assumptions regarding the level of exposure at default (EAD) and the estimated loss given default (LGD). Rating models specific to individual segments are used to determine default probabilities. The rating system for private individuals, corporate clients and banks combines statistical procedures with many years of practical experience in the lending business and incorporates both qualitative and quantitative elements. Country ratings are in principle based on the ratings of external agencies (country ceiling ratings and sovereign default ratings).

A credit portfolio model is used as the basis for the modelling of unexpected losses. Besides default probabilities, exposures in the event of default and loss rates, correlations between debtors are particularly significant for the modelling of unexpected losses. The model covers balance-sheet and off-balance-sheet items. The valuation of collateral for loans, and in particular the calculation of market and collateral values, is governed by an extensive set of internal rules setting out the relevant methods, procedures and responsibilities. These rules are continually reviewed and aligned with regulatory requirements and market changes. For the valuation of mortgage collateral, the bank uses recognised estimation methods that are tailored to the type of property. These include hedonic models, income capitalisation approaches and expert appraisals, among others.

The models used as well as the individual valuations are reviewed on a regular basis. The maximum loan-to-value ratio for mortgages depends on how realisable the collateral is and is influenced by factors such as location and type of property (family home or commercial property, for example). Readily marketable collateral (securities, precious metals, account balances, for example) is generally valued at current market prices. The lending of readily marketable collateral is subject to the deduction of specified margins. These margins differ primarily in terms of the collateral's susceptibility to fluctuations in value.

Credit exposures are restricted by limits. In addition to the limits at counterparty and counterparty group level, limits are placed on sub-portfolios, for instance for foreign exposures. All credit and contingent exposures are monitored on a daily basis, and exposures from trading transactions are monitored on a real-time basis. In the case of trading transactions, pre-deal checks can be undertaken to examine and ensure adherence to counterparty limits. Any breaches of limits are reported promptly to the competent management level. An early-warning system identifies negative developments, which are communicated to the officers responsible. The rating of corporate clients is generally reviewed once a year on the basis of the annual financial statements. A supplementary review of ratings, limits and exposures in the retail and corporate client business is undertaken using risk-oriented criteria. Ratings, limits and exposures in the banking sector are reviewed periodically and on an extraordinary basis in the event of a deterioration in the credit rating of a particular institution.

Value adjustments

As part of their risk management role, the bank's relationship management units constantly monitor all positions in the credit portfolio to identify any signs of impairment of value. Should any signs be found, a standardised impairment test is used to determine whether a loan should be classed as impaired. Impaired loans are those where the borrower is unlikely to be able to meet future obligations.

Where it appears that the bank will be unable to collect all amounts due on a claim, the bank makes an allowance for the unsecured part of the loan, taking into account the borrower's creditworthiness. In determining the required value adjustment, mortgage collateral (including valuation discounts, settlement and holding costs) and readily marketable collateral (freely tradeable securities as well as other easily realised assets such as deposits, precious metals, fiduciary investments, etc.) are considered at their current liquidation value. The recoverability of other collateral (e.g. leased assets, guarantees) has to be demonstrated in particular. The authority to approve the creation of new individual value adjustments rests with the risk managers. Above a certain amount, the approval of the risk organisation is also required.

Interest and associated commission payments that have not been received in full 90 days after becoming due are classified as past due. They are deemed to be impaired and are usually fully adjusted if they are not covered by collateral. Individual value adjustment rates may apply to the principal in the case of major positions. Collective individual value adjustments are recognised for overdrafts of up to CHF 30,000 and for interest and associated commission payments outstanding for more than 90 days; in all other cases, individual value adjustments are generally set aside.

In principle, a central, specialised unit fundamentally manages impaired positions across all client segments. This unit steers the positions through the stabilisation, restructuring and resolution process and ensures that existing value adjustments are regularly reviewed and adjusted where necessary.

The calculation of value adjustments and provisions for expected losses on exposures not at risk of default is explained in the section "Accounting and valuation principles" on page 114.

Country risks

The country risk of individual exposures is determined on the basis of the risk domicile, where this is not identical to the domicile of the borrower, in accordance with the Swiss Bankers Association's guidelines on the management of country risk. In the case of secured exposures, the domicile of the collateral is taken into account when determining the risk domicile. The risks for each country, total country risks and total country risks outside the bank's best internal rating category are subject to limits, adherence to which is monitored on a constant basis.

Settlement risks

A settlement risk arises in the case of transactions with mutual payment and delivery obligations where Zürcher Kantonalbank must meet its obligations without being able to ensure that counter-payment is also being made. Settlement risk can occur in relation to foreign exchange transactions, securities lending and borrowing (SLB) and OTC repo transactions as well as transactions involving different payment systems and time zones in the interbank sector. Zürcher Kantonalbank is a member of the joint venture CLS, a clearing centre for settling foreign exchange transactions "payment against payment". This helps largely eliminate the fulfilment risks arising in foreign exchange trading.

Concentration risks

Zürcher Kantonalbank uses a systems-based method for monitoring concentration risks. Besides measurement for the purpose of preparing regulatory reports, concentration risks are limited at product and client level using benchmarks that are reflected in the corresponding powers of authorisation. Internal concentration risk reporting includes information on product, sector and individual position concentrations. Due to the bank's roots within the Greater Zurich Area, a large concentration risk in the credit portfolio takes the form of geographical concentration risk in the mortgage portfolio.

1.5.2 Risk profile

The credit portfolio remained robust at the end of the year in view of the ongoing geopolitical conflicts, the change of governments in Europe and the threat of trade barriers from the US (see also section 1.1.1).

Credit exposure in the main sub-portfolios

The following sections provide information about the most important sub-portfolios of the credit exposures in Zürcher Kantonalbank's balance sheet.

Credit exposures by rating category

Default probability ratings are assigned internally on the basis of a scale from 1 to 19. Figure 6 shows the credit exposures broken down by counterparty credit rating, mapped to Standard & Poor's rating scale. There have been only minor changes compared with the previous year at the level of the overall portfolio. Credit exposures in the non-investment categories (BB and below) account for 6.0 percent of the volume (2023: 6.3 percent).

Credit exposures by client portfolio in CHF million

Figure 7 shows credit exposures classified in accordance with the bank's internally defined client portfolios. The volume of credit exposures increased by around CHF 6.3 billion (4.4 percent) compared with the previous year. Credit exposures in relation to "private individuals" consisted almost entirely of receivables secured by mortgages and represented 49 percent (2023: 50 percent) of total credit exposures. The corporate clients portfolio consists of credit exposures in relation to clients of a commercial nature (incl. real estate companies and co-operative building associations). The share of this client group in total credit exposures was 26 percent (2023: 25 percent), 83 percent (2023: 82 percent) of which was secured by mortgages or cash. In the "Banks and securities dealers" portfolio, the largest share of credit exposures in volume terms, at 13 percent (2023: 13 percent), was in the form of collateralised transactions such as reverse repo transactions. Other credit exposures in relation to banks arise as a result of trading operations and from the international trade financing business. Insurance companies, pension funds, financial holding companies, investment fund companies and similar companies together constitute the "Financial sector excluding banks" portfolio, which accounted for a 7 percent share (2023: 6 percent). "Governments and public entities" – the smallest portfolio, with a share of 4 percent of the volume of credit exposures – consists of positions with central banks, central governments and public authorities and institutions.

Mortgage loans to private individuals

Real estate financing for private individuals is part of Zürcher Kantonalbank's core business. Almost two-thirds of these mortgage loans relate to owner-occupied residential property. The remaining loans are secured with rented residential properties or properties that are used for commercial purposes. Mortgage loans to private individuals increased by 2.9 percent in 2024. The median gross loan-to-value ratio for all properties in the private individuals client portfolio was 43.8 percent (2023: 44.1 percent).

Unsecured loans

Of the unsecured loans in the corporate clients portfolio (Figure 8), 80 percent (2023: 81 percent) are attributable to clients in the AAA to BBB (investment grade) rating categories, with a higher year-on-year overall volume at CHF 6.5 billion (+ 1.7 percent). Figure 9 shows the unsecured loans in the corporate clients portfolio broken down by industry. The top three industries are still manufacturing, trade, and information & communication. In the "Banks and securities traders" portfolio (Figure 10), the volume of unsecured loans at about CHF 2.99 billion was slightly lower (– 2.0 percent) than at the end of 2023. The level of this exposure can change significantly every day, unlike other forms of lending, due to the influence of the bank's trading transactions. The AAA to BBB (investment grade) rating categories accounted for 88 percent (2023: 69 percent) of the unsecured exposures.

Impaired loans

Impaired loans amounted to CHF 516 million (2023: CHF 487 million). After deducting the estimated liquidation value of collateral, this equals net debt of CHF 294 million (2023: CHF 286 million, see also Note 2 to the balance sheet).

Fig. 6: Credit exposures by rating category
Share as %

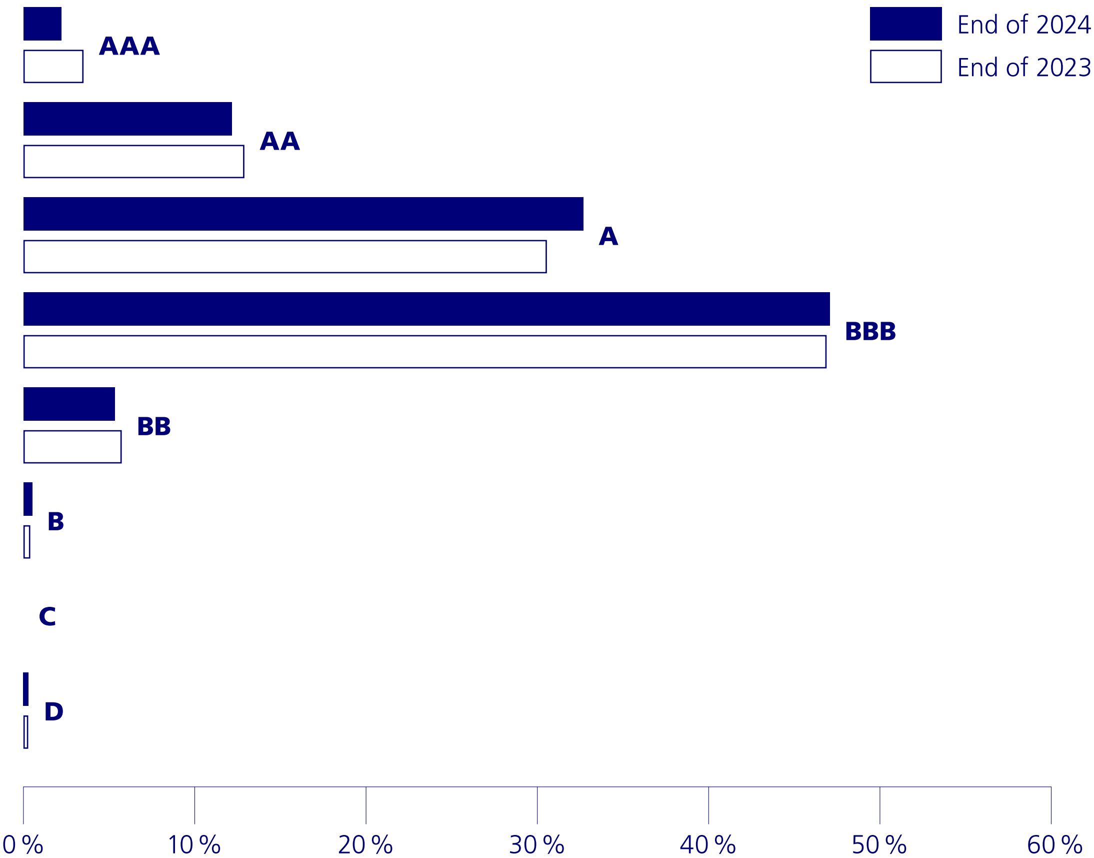


Fig. 7: Credit exposures by client portfolio in CHF million
in CHF million

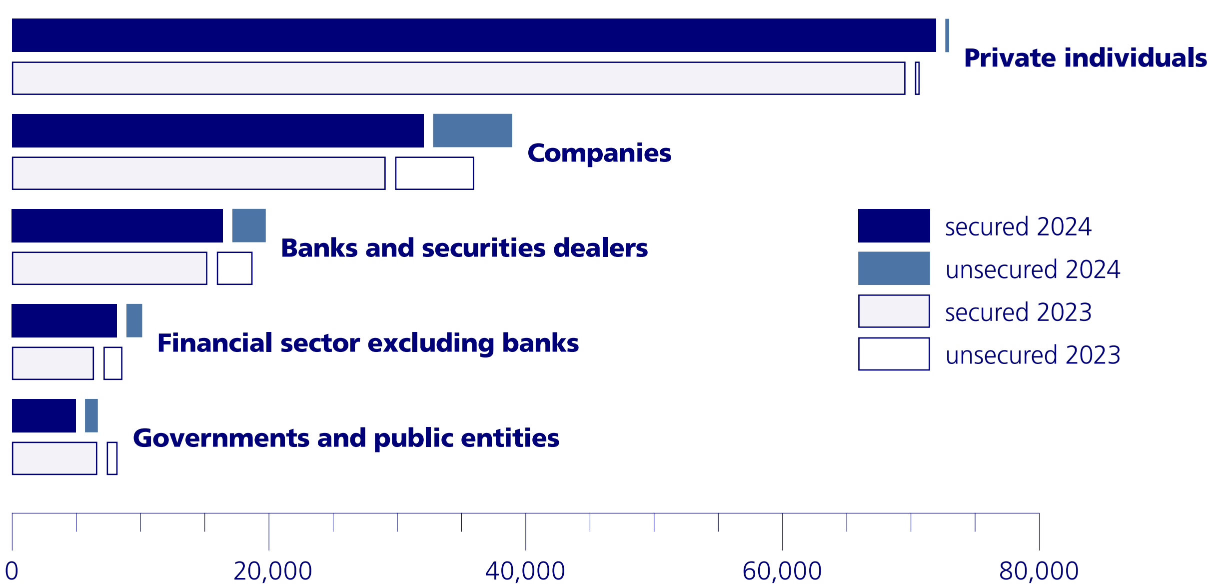
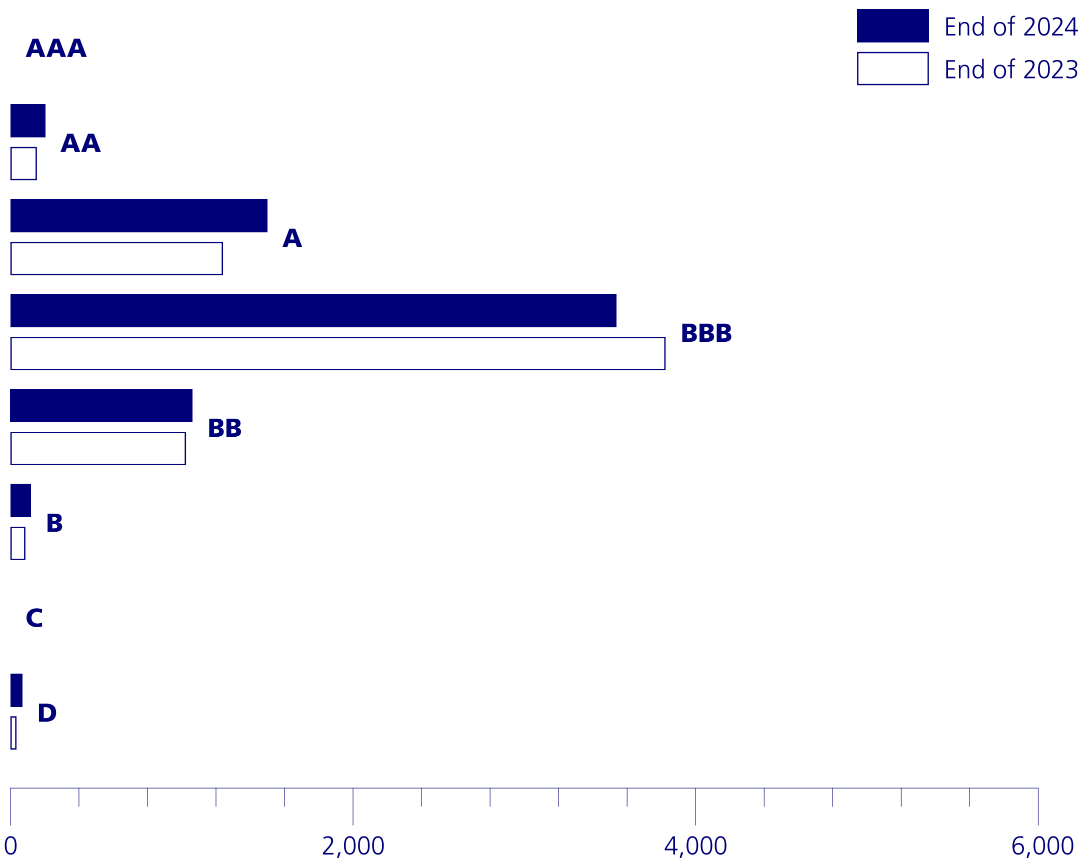


Fig. 8: Unsecured credit exposures to corporate clients by rating category
in CHF million



Non-performing loans/receivables

The nominal value of non-performing loans amounted to CHF 147 million at the end of the reporting period (2023: CHF 125 million). Loans are classified as non-performing when interest, commission or amortisation payments or the repayment of the principal have not been received in full 90 days after becoming due. This also includes claims against borrowers in liquidation, and loans with special conditions arising from a borrower's financial standing. Non-performing loans are also often a component of impaired loans.

Value adjustments and provisions

The volume of individual value adjustments and provisions for default risks from impaired loans and receivables increased by CHF 20 million to CHF 361 million in 2024 (see also Note 16 to the balance sheet). Forecast uncertainty in the medium and longer term remains elevated, partly due to the continuing tense geopolitical situation. Accounting regulations require Zürcher Kantonalbank to set up allowances and reserves for expected losses on non-impaired positions. Due to the trend in various risk parameters, the position rose by CHF 24 million year on year to CHF 505 million at the end of 2024.

Fig. 9: Unsecured credit exposures to corporate clients by industry
in CHF million

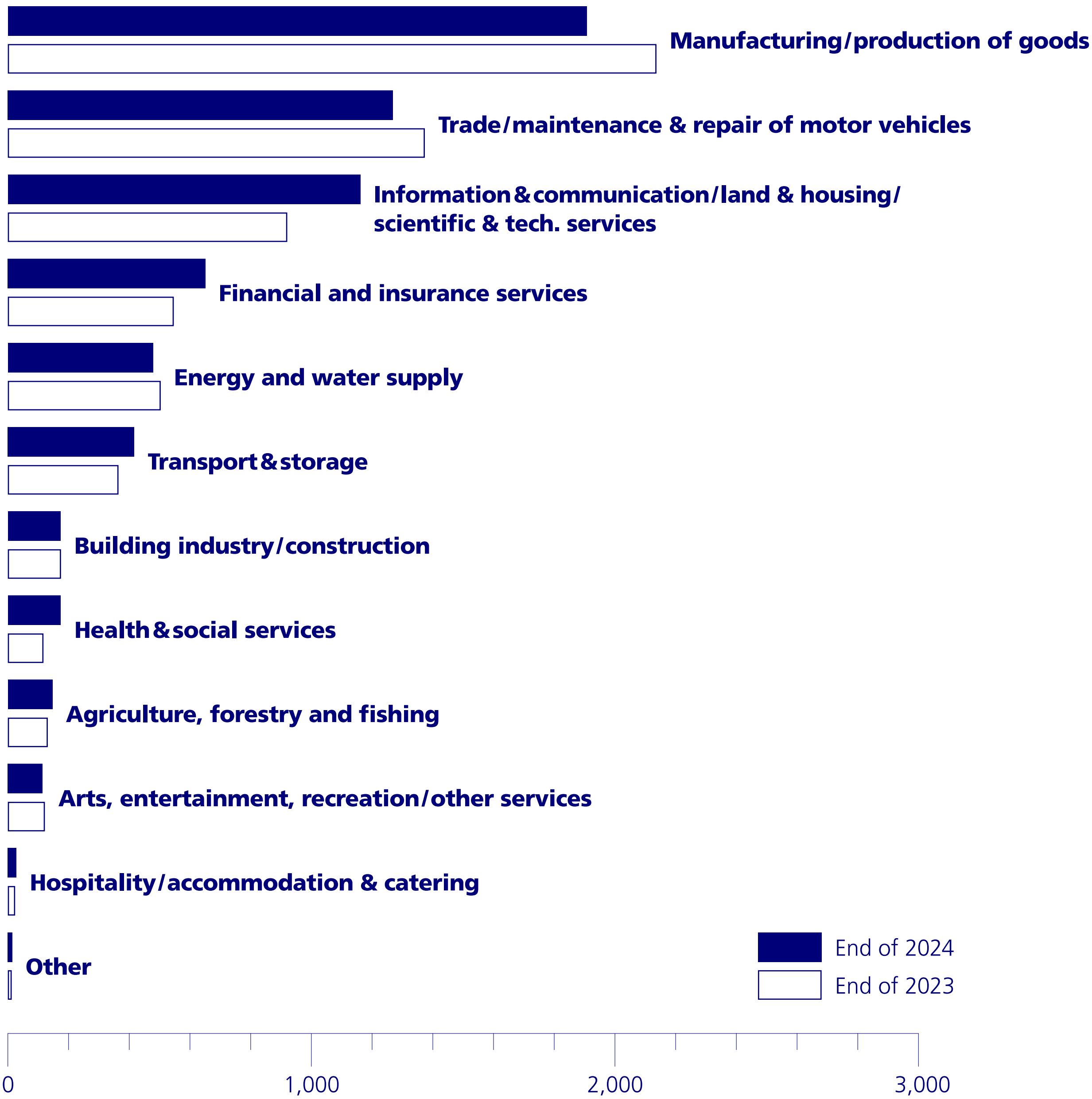
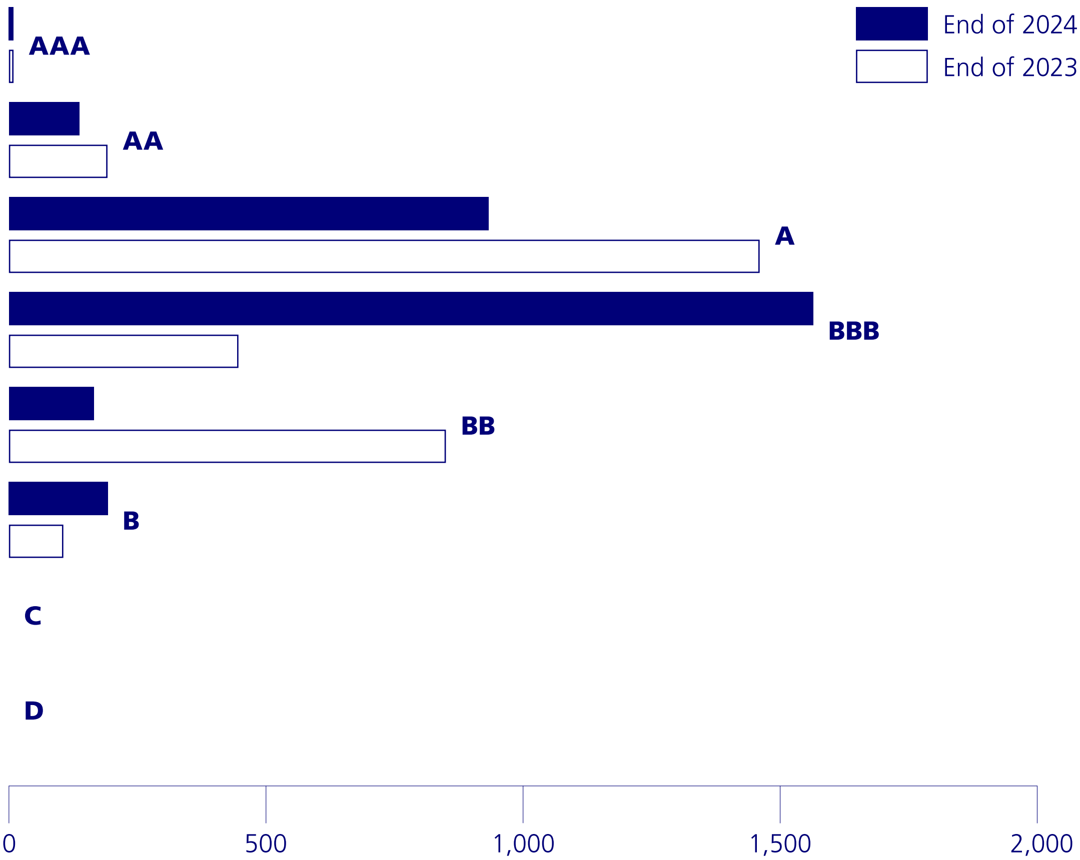


Fig. 10: Unsecured credit exposures to banks and securities traders by rating category
in CHF million



1.6 Market risk

1.6.1 Strategy, organisation and processes for the management of market risks in the trading book

In the trading business, Zürcher Kantonalbank pursues a strategy focused on client transactions. The individual desks hold trading mandates approved by the Risk Committee of the Executive Board, which set out the basic conditions in terms of the objectives pursued, instruments used for underlying and hedging transactions, the form of risk management, and the holding period. The preventative risk management and risk control functions are separated from risk management at Executive Board level. The responsibilities of the preventative risk management function, which is independent of Trading, and the risk control function downstream of it, include the monitoring of compliance with risk limits and trading mandates, the calculation and analysis of the result from trading activities (P&L) and risk figures, as well as the preventative analysis of potentially high-risk transactions. The risk organisation is also responsible for defining and implementing methods of risk measurement, their independent validation, and internal and external risk reporting.

Market risks are measured, managed and controlled on the one hand by assigning risk capital in accordance with the capital at risk approach and on the other by using value at risk limits. This is supplemented by the periodic performance of stress tests and by the monitoring of market liquidity risks. The value of trading positions is determined using the fair value method, whereby marking to market or marking to model, which is subject to stricter rules, is applied on a daily basis. The "trading market risks" capital at risk corresponds to the assigned risk capital for the market risks of trading transactions on a one-year horizon and at a confidence level of 99.9 percent.

The modelling is based on a stressed value at risk (stressed VaR). Besides general market risks, the model also takes into account issuer default risks. Zürcher Kantonalbank calculates value at risk for a 10-day period and at a confidence level of 99 percent using a Monte Carlo simulation. The loss distribution is arrived at from the valuation of the portfolio using a large number of scenarios (full valuation). The necessary parameters for determining the scenarios are estimated on the basis of historical market data, with more recent observations being accorded a higher weighting for the forecasting of volatility than less recent ones. As a result, value at risk responds rapidly to any changes in volatility on the markets. Value at risk is calculated on a daily basis for the entire trading book. The four groups of risk factors – commodities, currencies, interest rates and equities – are calculated and shown both separately and on a combined basis (Figure 11). The bank uses different types of scenarios for stress-testing. A distinction is made between scenarios relevant to benchmarks and pure analysis scenarios. Scenarios relevant to benchmarks are historical and hypothetical scenarios that are used to estimate the loss that could result from extreme but plausible macroeconomic stress events. Each one is based on the expected development of market indicators for the corresponding scenario. In this way the bank can identify potential vulnerabilities and risk concentrations, analyse them better and then take action.

The additional analysis scenarios used in market risk monitoring do not have a limiting function, in contrast to the scenarios relevant for benchmarks. These scenarios are used solely for risk analysis in that their focus is on individual risk factors (e.g. interest rates), which helps to illuminate the risk profile from different perspectives.

The bank additionally monitors the market liquidity risk of individual portfolios. In the equity derivatives sector, the potential trading volume resulting from the hedging strategy in the event of a change in the key risk factors is compared with the total market volume. Hypothetical offsetting expenses are calculated for bonds and bond-type products, based on observed bid-ask spreads and taking into account additional price premiums / discounts. The positions are examined regularly to ensure there is sufficient liquidity; if necessary, valuation reserves are recognised, causing a reduction in core capital in the context of capital adequacy.

The bank performs daily back-testing for the purpose of examining the forecast accuracy of the value at risk. Back-testing is based on a comparison of the value at risk for a holding period of one day with the back-testing result. If the number of breaches exceeds expectations, the reasons for the imprecise estimates of the risk aggregation model are investigated. The market risk model is validated on a regular basis. In addition, risks not modelled in the value at risk are periodically analysed in a separate process and monitored with regard to materiality.

Fig. 11: Market risks in the group trading book

Risks including volatility risks in CHF million	Commodities[1]	Currencies	Interest rates	Equities	Diversification	Modelled total risk	Total risk[2]
› Risks based on the model approach (value at risk with 10-day holding period)							
As at 31.12.2024	**0**	**0**	**7**	**3**	**–4**	**7**	**10**
Average in year 2024	0	1	10	3	–5	9	12
Maximum	2	3	15	12	–12	14	17
Minimum	0	0	6	1	–3	5	8
As at 31.12.2023	0	0	11	2	–4	10	14

1 Incl. precious metals.
2 Sum of modelled total risk and risk premium for trading products not fully modelled.

Fig. 12: Components of value at risk as at 31.12.2024
in CHF million

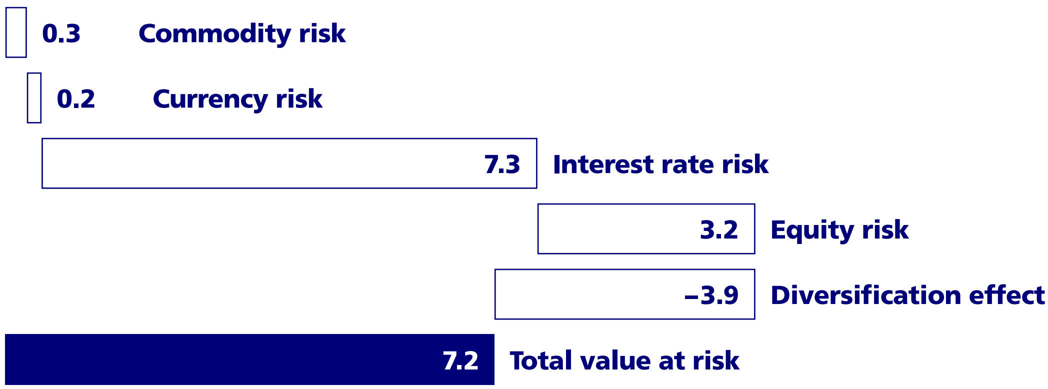
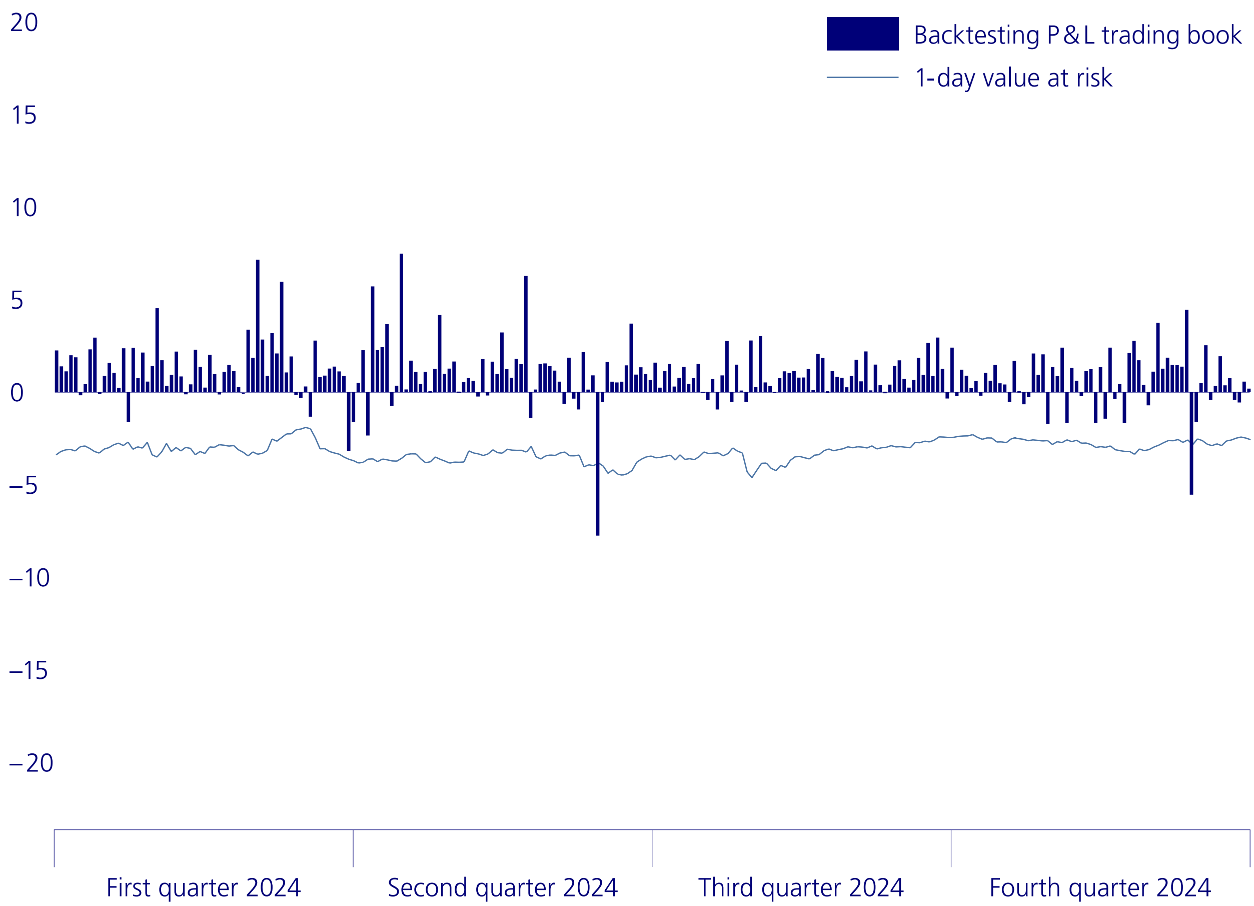


Fig. 13: Comparison of back-testing results[1] and value at risk
in CHF million



1 The back-testing result corresponds to the trading income used and adjusted for the purpose of methodological reviewing of the quality of the risk model.

Risk profile

At CHF 12 million, the annual average value at risk (VaR) including the risk premium for trading products not fully modelled was lower in 2024 than the figure at the end of 2023 (Figure 11). The short-term turmoil on the financial markets led to increased equity market volatility at the beginning of August 2024, resulting in temporarily more volatile and higher VaR values. VaR subsequently declined overall in line with the market recovery, and with interest rate volatility as the main driver of VaR momentum. Interest rate risks continue to dominate in the composition of value at risk, although equity risk was up on the previous year (Figure 12).

Back-testing results

The quality of the value at risk approach used is assessed by comparing the value at risk for a holding period of one day with the daily back-testing result (Figure 13). In the case of a one-day holding period and 99-percent quantile, the value at risk is expected to be exceeded two to three times each year. This occurs when a daily loss in trading is higher than the model predicts. The number of negative backtesting exceptions within a time window of around 250 business days was two at the end of the year. The total number of exceptions is therefore lower than the previous year's figure of three, but within statistical expectations.

1.6.2 Strategy, organisation and processes for the management of market risks in the banking book

1.6.2.1 Interest rate risks in the balance sheet

Strategy, organisation and processes

In managing the banking book, Zürcher Kantonalbank pursues a strategy focused on medium-term optimisation of net interest income. The interest rate risk is managed based on the market interest method. For client deposits and loans with a variable interest rate, the interest rate risk is determined by taking into account the bank's anticipated future rate-setting behaviour and client behaviour, and is reviewed at least once a year.

The interest rate risk in the banking book is managed in strategic terms by the Board of Directors and in tactical terms by the CFO and Treasury. The strategic interest rate risk position is set by the Board of Directors on a periodic basis in the form of an investment strategy for equity (equity benchmark). The CFO and Treasury manage the deviation of the interest rate risk position in the banking book from the equity benchmark within the risk limits set by the Board of Directors. The Risk unit is responsible for the measurement and monitoring of risk as well as independent reporting on interest rate risk. Variable products play a central role in the management of interest rate risks. Banking book products without defined interest rates and capital commitment are variable products. These include primarily savings and transaction accounts. These products are modelled by replicating these variable products through synthetic products with defined fixed interest rates on the basis of econometric analyses and expert-based estimates. A key component of this modelling approach is the definition of a "floor", which can be considered a non-interest-rate-sensitive partial volume in terms of capital commitment. The duration of the replication of the floor is determined by the assumed setting of conditions in the event of interest rate changes. The model is updated and validated every year and is approved by the Risk Committee of the Executive Board on an annual basis. Interest rate risk management takes account of the present value as well as earnings prospects. From the present value perspective, interest rate risks are managed by allocating risk capital in accordance with the capital at risk approach (risk horizon of one year, confidence level of 99.9 percent) and by applying value at risk limits (holding period of 20 trading days, confidence level of 99 percent). In addition, stress scenarios are simulated in the present value perspective in order to analyse and limit the impact of extraordinary changes in the interest rate environment.

From the prospective earnings perspective, stress tests provide an indication of the structural contribution in the event of extraordinary changes in market interest rates with unchanged positioning over a one-year period. Besides the structural contribution, margin effects are particularly significant for client deposits with variable interest rates. Additional monitoring tools allow such margin effects to be analysed for different interest rate scenarios over a period of several years.

Risk profile[1]

The maturity-dependent sensitivity data shown in Figure 14 indicate the change in value in Swiss francs when interest rates for each maturity band fall by one basis point (0.01 percentage points). The client deposits contained in the underlying transaction are represented via replicating portfolios with an average maturity of 22 months. The interest rate exposure of the underlying transaction increased year on year due to robust mortgage growth and a client preference for fixed-rate mortgages. As the Treasury continuously hedged the rising interest rate exposure with payer swaps, the interest rate sensitivity of the banking book as at 31 December 2024, at CHF 8.6 million per basis point, was 2 percent below the previous year's level.

The interest rate exposure serves as a strategic hedge against Swiss franc interest rates falling in future as well as to stabilise interest income. In the event of falling interest rates, a higher structural contribution partially compensates for the gradual decline in liability margins. The euro and US dollar interest rate exposures were almost fully hedged as at the end of 2024.The present value losses in the regulatory interest rate shock scenarios, as shown in Figure 15, illustrate the development of interest rate risk. In the worst-case scenario in Swiss francs, a parallel interest rate shock of 150 basis points upwards results in a present value loss of CHF 1,179 million, which is CHF 60 million less than last year.

1.6.2.2 Risks in the investment portfolio

The risks in the investment portfolio comprise issuer risks on debt and equity securities in financial investments, participations and real estate price risks. Interest rate risks are managed and limited as part of asset and liability management.

Fig. 14: Interest rate sensitivity of the banking book CHF

in CHF 1,000

Basis point sensitivity[2]	**up to 12 months**	**1 to 5 years**	**over 5 years**	**Total**
Underlying transaction	−631	3,063	8,691	11,123
Hedge	410	−611	−2,333	−2,534
Total as at 31.12.2024	**−221**	**2,452**	**6,358**	**8,588**
Total as at 31.12.2023	−334	1,854	7,215	8,735

Fig. 15: Present value stress results of the standardised interest rate shock

in CHF million		**31.12.2024**	**31.12.2023**	**Change**
(i) Upward parallel shift		**−1,179**	−1,239	60
(ii) Downward parallel shift		**1,337**	1,399	−62
(iii) Steepener shock		**−503**	−504	1
(iv) Flattener shock		**277**	266	11
(v) Upward shock of short-term interest rates		**−186**	−219	33
(vi) Downward shock of short-term interest rates		**190**	224	−34
Tier 1 capital (T1)		**15,689**	**14,942**	**747**
Ratio of largest present value loss to Tier 1 capital (T1)	in %	**7.5%**	**8.3%**	**−0.8%**

1 The figures in this section relate to the parent company because the interest rate risks of the subsidiaries are not material for the group (based on margin no. 3 of FINMA Circular 2019/2).

2 Basis point sensitivity is measured as a cash value gain/loss when the interest rate in the maturity band concerned falls by one basis point (bp). One basis point equals 0.01 percentage points.

Strategy, organisation and processes

The investment portfolio mainly has an operational background: The debt securities in the financial assets are part of the bank's liquidity buffer. The investments relate in particular to companies in the financial market infrastructure.

In addition, Zürcher Kantonalbank provides start-up financing to promote young companies. The real estate position consists almost entirely of property in use by the bank. The purchase of financial investments and real estate as well as the acquisition of participations are subject to detailed regulations and responsibilities. The investment strategy for the financial investments managed by Treasury is laid down in the risk tolerance requirements approved by the Risk Committee of the Executive Board. Only debt securities with a first-class credit rating that are considered high-quality liquid assets (HQLA) may be purchased. There are investment guidelines with rules on climate-related financial risks in Zürcher Kantonalbank's sustainability policy. Financial investments by Treasury must now meet not only exclusion criteria for issuers from critical industries, but also requirements regarding their carbon footprint (CO_2 emissions relative to revenue). The Risk unit is responsible for the measurement and monitoring of risk as well as independent reporting on investment portfolio risks.

Risks relating to the investment portfolio are managed internally by assigning risk capital. For the determination of this risk capital for financial investments and participations, Zürcher Kantonalbank uses an internal default model that takes diversification effects into account.

For real estate owned by the bank, risk capital is allocated based on regulatory minimum capital adequacy requirements.

Risk profile

The carrying amount of financial investments was CHF 5.2 billion as at 31 December 2024 (2023: CHF 5.6 billion). Of this, CHF 4.7 billion (2023: CHF 5.3 billion) related to debt securities. The portfolio consists mainly of mortgage bonds and first-class bonds, which are diversified in terms of counterparty groups and countries. At CHF 0.5 billion in total, equity instruments, precious metals and real estate are insignificant in the overall context. The presentation of financial investments and participations can be found in Notes 5 and 6 to the balance sheet.

1.7 Operational risks

1.7.1 Strategy, organisation and processes

The objective of Zürcher Kantonalbank's management of operational risk is the risk-oriented protection of people, information, services and assets, and the maintenance and restoration of critical business functions in an operational emergency. The management of operational risk is therefore an essential part, ensuring that the canton, clients, partners, public and regulator have confidence in the bank. The assessment of operational risks takes account of both direct financial losses and the consequences of a loss of client confidence and reputation.

The corresponding risk inventory constitutes the basis for the management of operational risks. Besides periodic and systematic assessments, operational risks are assessed, managed and monitored on an event-driven basis as well. Operational risks are divided into six topics: cyber risks, other external tort risks, internal tort risks, expert and model risks, process risks, and environmental and accident risks.

The risk organisation reviews the management of operational risks in an annual structured process. The principles governing the management of operational risks require, among other things, that operational risks are measured and managed based on uniform, binding objectives, and that they are accepted and controlled sustainably in a reasonable relationship to the bank's risk capacity. The Risk unit specifies the processes and methods, and provides tools for monitoring the internal control system.

The measurement of operational risks is based on an estimate of potential claims and the probability of occurrence. To calculate the operational residual risks, inherent risks are set against existing risk-mitigating measures. If the residual risks exceed the risk tolerance, additional risk-mitigating measures are defined and implemented. The adequacy and effectiveness of the risk-mitigating measures are monitored as part of the bank-wide internal control system (ICS).

An appropriate and effective ICS plays an important part in ensuring that losses from operational risks remain low.

1.7.2 Risk profile

The bank's risk profile for operational risks did not change fundamentally compared with the previous year. In principle, the measures taken and planned to manage the operational risk profile are appropriate.

As society and the economy continue to become digitally connected and outsourcing arrangements increase in number and complexity, external and internal process and cyber risks remain high. Cyber and process risks remain the two OpRisk topics with the greatest residual risk for the bank. The management of these risks therefore continues to receive a high degree of attention.

The bank is addressing the challenging environment and dynamics related to cyber risks by taking various risk mitigation measures. The need to implement additional measures is evaluated on an ongoing basis. Their implementation is based on structured planning. This ensures that the bank's security posture takes into account the requirements of increasing interconnectedness and that the relevant dimensions (identification, protection, detection, response and recovery) are managed. Employees are continuously trained to make them aware of cyber risks and thus to establish and promote a cyber risk culture in the bank.

Risk management of process risks is primarily performed by the process owners. In addition, preventative risk management and the Risk unit prepare risk assessments of the process chains in an end-to-end process context. When doing so, special attention is paid to the interfaces in the process flows and operational resilience is taken into account. Where possible and reasonable, execution errors are avoided by using control activities focused on anomaly detection. The plans for resuming normal operations of critical business processes in the event of an operational crisis (business continuity plans) are regularly reviewed and tested during emergency exercises. The critical business processes according to the business impact analysis as well as the business continuity plans are part of Zürcher Kantonalbank's business continuity management (BCM) as implemented in accordance with regulatory requirements. The implementation work to ensure operational resilience is carried out in accordance with regulatory requirements.

1.8 Liquidity and refinancing risks

1.8.1 Strategy, organisation and processes

The Treasury organisational unit, which reports to the CFO, is responsible for managing the liquidity risks and refinancing of Zürcher Kantonalbank. Treasury delegates operational liquidity management to the Money Trading unit, which ensures the efficient use of liquidity based on internal and regulatory rules. In line with the requirements of the bank's risk policy, the Board of Directors defines the liquidity risk tolerance. The risk organisation oversees compliance with the rules and reports to the Board of Directors in this regard on a regular basis.

The measurement, management and control of short-term liquidity risks are based on both an internal model and on the liquidity coverage ratio (LCR), a regulatory liquidity indicator. The special provisions for systemically important banks set out in the Liquidity Ordinance (TBTF requirements) came into force in 2024. Over a 90-day stress or restructuring horizon, the TBTF requirements set both basic requirements and additional institution-specific requirements so a minimum level of liquidity is still available on day 90. In addition to the regulatory stress scenario, Zürcher Kantonalbank uses internal stress scenarios based on the liquidity risk measurement system (LRS). The result of the liquidity risk measurement under the internal bank-specific stress scenario is calculated daily. This result is presented in a fully automated report. It contains information on the availability of liquid assets and unencumbered high-quality liquid assets (HQLA) in financial investments and trading positions, liquidity inflows and outflows under the stress scenario, and the liquidity position left after the stress scenario. The emergency plan also constitutes a significant element of liquidity risk management. This supports the situationally appropriate conduct of the relevant functions in a crisis. When calculating the regulatory LCR, the bank uses an internal model to divide wholesale deposits into operational and non-operational categories. Net outflows of funds from the collateralisation of derivatives due to changes in market values are calculated using the look-back method. Besides Swiss francs, which make up by far the largest part of the balance sheet of Zürcher Kantonalbank, the LCR is also monitored and periodically reported in other major currencies. Zürcher Kantonalbank pursues a long-term refinancing policy that includes both cost and risk aspects. Refinancing risks are managed via diversification in terms of maturities, refinancing instruments used and related markets. This diversification limits dependence on funding sources. For this purpose, Treasury uses both short- and long-term instruments, which are placed on the domestic and international markets. The diversified refinancing base is reflected in a broad product portfolio, comprising client deposits, bank deposits and money and capital market refinancing. In addition, the regulatory net stable funding ratio (NSFR) is used to measure, manage and control structural liquidity.

1.8.2 Risk profile

The average LCR for 2024, which is calculated as a simple average of the end-of-day values of the business days during the quarter under review, lies between 142 percent and 154 percent. The bank was comfortably in compliance with the special liquidity requirements for systemically important banks, which were introduced gradually in 2024. High-quality liquid assets (HQLA) average between CHF 51.0 billion and CHF 53.2 billion.

The HQLA consist of Level 1 assets (cash, central bank deposits, tradeable securities from countries and central banks with high credit ratings) and Level 2 assets (tradeable securities with less strict criteria). The majority of Level 1 assets are held in the form of central bank deposits. Zürcher Kantonalbank actively manages its liquidity risk profile, particularly through targeted management of time deposits, money market securities as well as SLB and repo transactions. The changes in the LCR and the internal statistical measures of liquidity risk are mainly driven by portfolio changes in non-operational sight deposits, time deposits, money market securities, as well as SLB and repo transactions with banks and major clients.

The quarter-end NSFR values ranged from 116 percent to 119 percent in 2024. The required stable funding ranges between CHF 100.9 billion and CHF 104.1 billion. The available stable funding is between CHF 118.5 billion and CHF 121.2 billion.

Figure 16 shows a year-on-year comparison of the coverage ratio for asset-side client transactions. Loans to clients amounted to CHF 118.2 billion and client funds to CHF 107.2 billion as at 31 December 2024. This results in a coverage ratio of 90.7 percent.

1.9 Compliance and legal risks

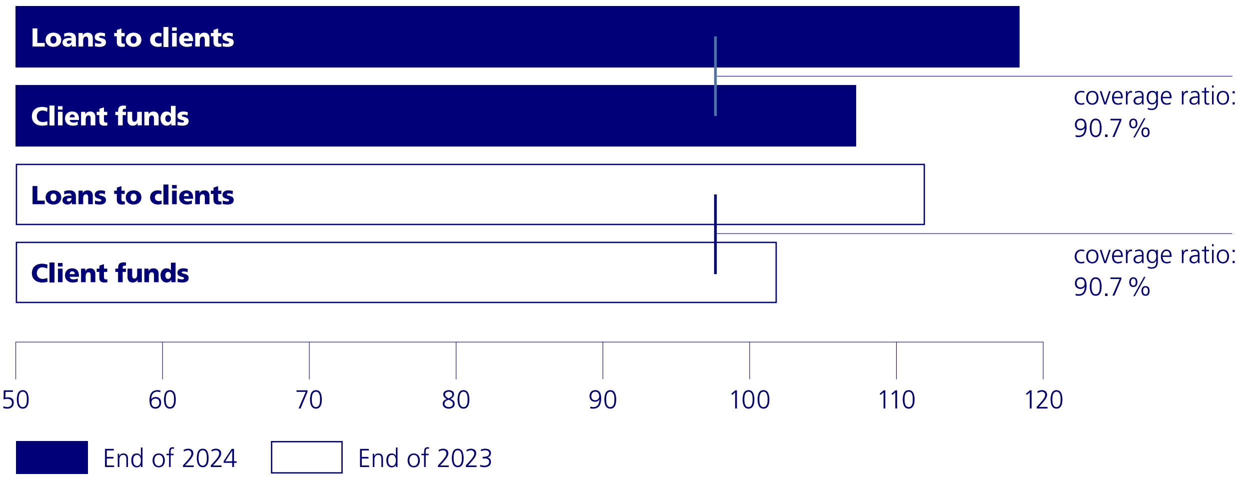
1.9.1 Processes and methods

The risk management instruments used to manage compliance and legal risks include information on the relevant legal frameworks, internal legal advice, training and education of employees, the implementation of ordinances through internal bank directives, and the embedding of compliance and legal requirements into the bank's internal processes. They also include monitoring and controlling, investigations and clarifications in the event of violation of the rules, as well as the conducting and overseeing of civil, criminal and administrative proceedings. The Compliance function maintains a bank-wide compliance risk inventory, which is reviewed annually to ensure it is up to date. It defines the risk management tools for compliance risks and supports the preventative management of compliance risks on a case-by-case basis. To fulfil its role, the Compliance function has unlimited rights of information, access and inspection.

1.9.2 Risk profile

The regulatory and legal framework for Zürcher Kantonalbank remained demanding in the reporting period and has evolved in several respects, not least in terms of investor protection and handling data. At the same time, regulation in the area of sustainability continued to increase. Corresponding investigation and implementation work was likewise a priority of the bank's work to manage compliance and legal risks. The new anti-money laundering regulations also required additional analyses and clarifications in the year under review regarding their implementation. Ongoing efforts continued to be required to combat money laundering and implement sanctions, in particular the comprehensive economic sanctions in connection with the situation in Ukraine. In addition, the modernisation of various technical risk management

Fig. 16: Coverage ratio of client business
in CHF billion



tools for combating money laundering was driven forward. The Covid-19 pandemic also continued to have an impact on the compliance function and once more led to significant additional work in the fight against abuse and money laundering. When performing the aforementioned compliance risk inventory, Zürcher Kantonalbank still continuously assesses not only the issues mentioned above, but also all its legal and regulatory risks and, where necessary, takes the appropriate risk provisioning measures.

1.10 Climate-related financial risks

Zürcher Kantonalbank is disclosing its climate-related financial risks for the 2024 financial year, thereby taking into account the enhanced requirements of FINMA's Disclosure Circular for systemically important banks. Climate protection has long been a central issue for Zürcher Kantonalbank. The bank has underscored this commitment by joining the Net-Zero Banking Alliance. Zürcher Kantonalbank will publish the detailed information together with the other elements of its disclosures on capital and liquidity as of the end of April 2025 at zkb.ch/disclosure. The following sections summarise some key components of the disclosure information.

Climate-related financial risks are divided into physical risks and transition risks. Physical risks result both from extreme weather events and their consequences (for example, flood damage) and from chronic changes in climatic conditions (for example, rising temperatures). Transition risks arise from the shift to a low-carbon economy. Transition risks include political/legal/regulatory risks, risks from technological change, risks from changing client and investor preferences, and reputation risks.

1.10.1 Strategy, organisation and processes

Risk management's integrated approach to addressing climate-related financial risks as part of sustainability risks contributes to the long-term protection of client assets and the bank's assets. Zürcher Kantonalbank's broad commitment to the various areas of sustainability, including climate protection, is based on its statutory public service mandate. Zürcher Kantonalbank's group strategy calls for the bank to shape sustainability issues actively, to lead the way in sustainable offerings and to support clients on their journey to a more sustainable future. Zürcher Kantonalbank aims to minimise climate risks across its entire business operations and to establish transparency in this regard. The bank follows the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The climate goals are based on the goals of the Paris Agreement and on achieving greenhouse gas neutrality by 2050. Zürcher Kantonalbank sets itself quantitative climate targets in line with the Net-Zero Banking Alliance (NZBA) for the bank as a whole and the Net Zero Asset Managers Initiative (NZAM) for Asset Management, and reports on them transparently.

The Board of Directors, in its capacity as the bank's governing body, defines the group mission statement and the group strategy. The Chairperson's Committee is assisted in fulfilling its responsibilities related to the public service mandate by a specialist unit and a specialist body, which is chaired by the CEO and is made up of leaders from all business units. This specialist body, which is coordinated by the officer responsible for the public service mandate, advises and supports the Chairperson's Committee, the Board of Directors and the Executive Board in all matters relating to the public service mandate.

The Executive Board determines the sustainability policy, which specifies the bank's goals and is also disclosed externally in several ways, including on the bank's homepage (www.zkb.ch/sustainability). The sustainability policy summarises the areas of impact, defines the role of Zürcher Kantonalbank and formulates the targets – specifically, goals and exclusions in line with the dimensions of environment, society, and governance (ESG) – for implementation in the various business areas.

The management of climate-related financial risks is an integral part of Zürcher Kantonalbank's risk management processes.

Sustainability aspects are taken into account in risk identification and assessment, and – if material – also in risk control, management, monitoring and reporting on the respective risk category. Elements that are particularly relevant to climate risk in the risk management processes are:

- OpRisk management in banking operations with the goals for achieving operational ecology as set out in the bank's environmental programme (reduce and offset the carbon footprint), and business continuity management for action in the event of natural disasters.
- Credit risk management in the financing business, where ESG criteria are an integral part of the credit assessment process and specifications exist on excluded and undesirable businesses, as well as regarding transactions with special climate risks.

– The management of market risks with climate-specific specifications for investments in the portfolio of financial assets managed by Treasury.
– Risk management in the investment business.

Depending on the type of mandate selected, Investment Solutions' standardised asset management and investment advisory mandates include the sustainability approaches "ESG Integration", "Stewardship: Voting & Engagement", "Avoiding Controversy", "CO_2e Reduction" and "SDG-aligned Investing". To assess sustainability, Zürcher Kantonalbank relies on data from external data providers. "ESG Integration" refers to the systematic consideration of ESG criteria in the investment process. Financially relevant ESG risks and opportunities of companies and countries are systematically included in the analyses. The assessment is based on the ESG rating, which the bank obtains from external data provider MSCI ESG Research LLC. In the "Climate: CO_2e Reduction" sustainability approach, the corresponding investment solutions are based on the Paris Climate Agreement, which is associated with a reduction in greenhouse gas emissions. Compliance with the sustainability approaches mentioned is monitored daily as part of the risk management process. The results of these checks form an integral part of internal risk management reporting and the internal risk dialogue between risk managers and risk management. In its investment reports, Zürcher Kantonalbank transparently discloses the ESG criteria of its client portfolios.

In the field of asset management, Zürcher Kantonalbank is one of the leading providers of sustainable investment products in Switzerland with its products under the "Swisscanto managed by Zürcher Kantonalbank" brand. The Paris climate goal is a binding requirement for most actively managed investment funds in traditional asset classes. In the products of the "Responsible" product line, investment activities include, in addition to systematic integration of ESG criteria and compliance with exclusion criteria, reduction in greenhouse gas emissions, amongst other things. The "Sustainable" product line also meets additional, stricter sustainability criteria. The product approval process ensures that the contractually stipulated sustainability aspects of the products comply with legal requirements and can be subsequently monitored by the bank's investment and portfolio controlling function, which is independent of the asset manager. Product approval as well as investment and product controlling are important elements to ensure compliance with contractually agreed sustainability standards and thus reduce so-called greenwashing risks. The degree of achievement of the product-specific greenhouse gas reduction target and the Swisscanto Sustainability Rating are part of the publicly available sustainability reports for investment funds. In addition, the Risk unit uses sustainability stress tests in its measurement, monitoring and reporting.

1.10.2 Risk profile

Climate protection is a central theme in Zürcher Kantonalbank's sustainability mandate. Climate-related financial risks influence the risk profile, however not materially, and they are not among the top risks. Figure 17 summarises the risk assessment of climate-related financial risks as carried out by the Risk Committee of the Executive Board after detailed discussion in 2024. The assessment is based on traditional risk categories; compliance risks from the investment business are included under business risks. The assessment is guided by the residual risks in a baseline scenario in which the Paris climate targets are largely met and the transition to a low-carbon economy occurs in an orderly fashion. In a stress scenario in which the limit on temperature rise is clearly missed (hot-house-world scenario) or very drastic measures for the transition to a low-carbon economy are imposed (disorderly scenario), the risk profile becomes more pronounced, but remains moderate overall.

Due to the longer-term nature of climate change, no particular physical risks are expected in the short term, which is why the assessment here starts in the medium term. The assessments of transition risks are combined for the medium and long term.

Fig. 17: Overview from the qualitative assessment of climate-related financial risks

Category	Physical risks	Transition risks	
	Medium to long term	Short term	Medium to long term
Operational risks: Banking operations	■	■	■
Credit risks: Financing business	■□	■	■■
Market risks: Trading and treasury	■	■	■
Business risks: Investment and asset management business	■□	■	■■□

■ Risk profile in baseline scenario. □ Accentuation in a stress scenario.

= no risk ■■■■■ = high risk

Short term = time horizon up to 5 years, med. term to long term = 6 to 30 years

For transition risks, the key drivers for the bank are climate legislation, changing client preferences, public perception and climate change itself. Areas that are potentially heavily affected by this include:

- the investment business with the offering of products with CO_2 reduction targets;
- the financing business, where future changes in legislation may impact the valuation of collateral (including properties in the mortgage portfolio) and financing of companies in climate-exposed sectors.

Physical climate risks are significantly less important for Zürcher Kantonalbank's risk profile than transition risks. Areas that are potentially affected by physical climate risks include:

- the mortgage portfolio: The value of individual properties in the mortgage portfolio could be reduced, for example, as a result of flooding or landslides.
- banking operations: The accumulation of extreme weather events could impact bank operations in a very adverse flooding scenario.
- the investment business: Loss of wealth due to substantial damage could have a negative impact on investment assets and thus the income base in the business area.

Exclusion criteria and financing conditions are applied in the financing business. The exclusion criteria include project financing for coal mining, oil/gas extraction and fossil power plants fuelled with coal or oil. The following exclusion criteria and conditions apply to commercial loans:

- Commodity companies: These must demonstrate that they are aligning their business model with the scientifically required net-zero target for 2050 (phase-out of thermal coal by 2030 in OECD countries and by 2040 in non-OECD countries, in accordance with the IEA's net-zero roadmap) and at the same time are promoting commodities (through extraction, processing, transport, storage, trading) that are necessary to implement the energy transition.
- Energy producers: As a regionally anchored bank, Zürcher Kantonalbank generally finances Swiss energy producers – which mainly produce renewable energy. Reserve power plants fuelled by oil or gas are supported only to the extent that they are intended by the Swiss government for national supply in the event of electricity shortages or if they are back-up technologies fuelled by oil or gas for renewable energy producers.

The following exclusions apply in commodity trading finance (CTF): thermal coal, crude and heavy oil, bitumen/asphalt, asbestos, uranium, precious woods, live goods, diamonds, rare-earth elements, perishable goods and non-certified palm oil. In the case of commodity trading clients, the bank systematically reviews sector-specific ESG risks and opportunities during onboarding as part of due diligence and on an annual basis. This review is based on reported data or data collected through the bank's own questionnaires.

Zürcher Kantonalbank is guided by the internationally established United Nations Environment Programme Finance Initiative (UNEP FI) and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) on the disclosure of transition risks from credit exposure to climate-sensitive and, as a subset thereof, carbon-related industries. TCFD defines carbon-related as industries associated with the energy and utilities sectors, according to the Global Industry Classification Standard, excluding water supply and renewable power generation. Zürcher Kantonalbank more comprehensively describes as climate-sensitive those industries that are exposed to higher transition risks due to their greenhouse gas emissions. Zürcher Kantonalbank bases its delimitation on emission statistics and uses the Swiss or European industry classification. The commodity trade finance (CTF) sub-portfolio is reported separately, irrespective of the industry, and is subject to the aforementioned restrictions under the bank's sustainability policy.

Figure 18 shows the unsecured loans and advances in the corporate clients portfolio in line with this classification. In terms of the total balance sheet exposure in this portfolio, at the end of the year climate-sensitive sectors accounted for around 6.1 percent (2023: 7.8 percent). This includes most of the energy sector, which, however, consists predominantly of financing for sustainable energy sources. In addition to the components manufacturing and repair, the automotive sector also includes, in particular, selling and financing vehicles. The transport sector mainly includes passenger transport in the tourist sector and local transport as well as freight transport by road.

In accordance with the aforementioned exclusion criteria in the sustainability policy, Zürcher Kantonalbank does not provide project financing in the coking and petroleum refining industry, which TCFD designates as carbon-related.

Fig. 18: Unsecured loans and advances in the corporate clients portfolio by "climate-sensitive" and other industries

	31.12.2024			31.12.2023
	Balance sheet exposure in CHF million as % of unsecured exposure	**as % of unsecured exposure**	as % of balance sheet exposure	as % of balance sheet exposure
› Industry designation				
Mining/crushed rock and earth	8	0.1 %	0.0 %	0.0 %
Metal production / processing	9	0.1 %	0.0 %	0.0 %
Sewage and waste disposal and elimination of environmental pollution	56	0.9 %	0.1 %	0.2 %
Agriculture, hunting and related activities	87	1.3 %	0.2 %	0.3 %
Glass/ceramics/cement	88	1.4 %	0.2 %	0.4 %
Transport (incl. mountain railways, but excluding rail passenger transport and goods trains)	259	4.0 %	0.7 %	0.6 %
Chemical products	419	6.4 %	1.1 %	0.9 %
Energy supply	424	6.5 %	1.1 %	1.2 %
Automotive	519	8.0 %	1.3 %	2.5 %
CTF (commodity trade finance)	529	8.1 %	1.3 %	1.7 %
Total climate-sensitive sectors	**2,398**	**36.8 %**	**6.1 %**	**7.8 %**
Total other sectors	**4,114**	**63.2 %**	**10.4 %**	**9.9 %**
Total corporate clients portfolio unsecured	6,512	100.0 %	16.5 %	17.7 %
Real estate financing	31,843	–	80.8 %	79.3 %
Other products	1,078	–	2.7 %	3.1 %
Total balance sheet exposure companies	**39,433**	**–**	**100.0 %**	**36,247**

m) Multi-year comparison

All figures in the multi-year comparison are based on the accounting rules for banks, securities firms, financial groups and conglomerates.

		2024	2023	2022	2021	2020
› Key figures	in %					
Return on equity (RoE)		8.0	9.3	8.4	7.8	7.2
Cost/income ratio (CIR)[1]		55.0	51.8	57.5	58.7	60.1[2]
Common equity Tier 1 ratio (CET1)[3]		16.8	17.4	16.8	17.0	17.4
Risk-based capital ratio (going concern)[3]		17.9	18.7	18.2	18.5	18.9
Risk-based capital ratio (gone concern)[3]		7.8	8.0	4.3	4.0	3.2
Risk-based TLAC ratio[3/4]		25.7	26.8	22.5	22.5	22.1
Leverage ratio (going concern)[3]		6.8	6.6	6.2	6.2	6.2
Leverage ratio (gone concern)[3]		3.0	2.8	1.5	1.3	1.1
TLAC Leverage Ratio[3/4]		9.8	9.4	7.7	7.5	7.3
Liquidity coverage ratio (LCR)[5]		142	147	146	160	160
Net stable funding ratio (NSFR)[6]		116	117	124	118	–
› Income statement	in CHF million					
Net result from interest operations		1,680	1,821	1,403	1,248	1,218
Result from commission business and services		1,024	940	926	926	806
Result from trading activities and the fair value option		353	415	409	347	459
Other result from ordinary activities		32	19	15	24	29
Operating income		**3,088**	**3,194**	**2,752**	**2,544**	**2,513**
Operating expenses		–1,731	–1,679	–1,594	–1,517	–1,580
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets		–72	–75	–101	–104	–117
Changes to provisions and other value adjustments and losses		–8	28	2	28	–14
Operating result		**1,277**	**1,469**	**1,059**	**951**	**801**
Extraordinary result		12	1	8	0	25
Changes in reserves for general banking risks		–	–225	–	–	46
Consolidated profit before taxes		1,289	1,246	1,067	951	873
Taxes		–168	–7	–8	–9	–8
Consolidated profit		**1,120**	**1,238**	**1,059**	**942**	**865**
› Balance sheet (before appropriation of profit)	in CHF million					
Total assets		202,594	201,259	199,791	192,105	188,364
Mortgage loans		106,600	100,874	96,838	91,847	87,679
Amounts due in respect of customer deposits		106,980	101,452	103,351	96,777	92,582
Shareholders' equity		14,862	14,268	13,299	12,674	12,650

1 Calculation: Cost / income ratio (excl. changes in default-related value adjustments and losses from interest operations).
2 Excludes the CHF 46 million non-recurring personnel expense related to the anniversary payment made to employees.
3 In accordance with the provisions for systemically important banks.
4 TLAC = Total Loss Absorbing Capacity
5 A simple average of the end-of-day values on business days during the quarter under review.
6 Effective since 1 July 2021.

		2024	2023	2022	2021	2020
› Participation of the canton and municipalities	in CHF million					
Dividend to cover actual costs to the canton		21	18	11	11	11
Dividend for the canton		184	340	320	280	297[7]
Dividend for municipalities		170	170	160	140	148[7]
OECD minimum tax to the canton		156	–	–	–	–
Compensation for state guarantee		31	30	28	27	23
Total participation of the canton and municipalities		**562**	**558**	**519**	**458**	**479**
› Additional services	in CHF million					
Payments from public service mandate		140	161[8]	140	141	126
› Further information	Number					
Total customers' assets (managed assets and assets with custody services)		520,811	450,789	399,965	409,190	361,658
Headcount after adjustment for part-time employees, as at the reporting date		5,779	5,539	5,249	5,145	5,180
Branches[9]		53	53	53	57	60
› Rating agencies	Rating					
Fitch		AAA	AAA	AAA	AAA	AAA
Moody's		Aaa	Aaa	Aaa	Aaa	Aaa
Standard & Poor's		AAA	AAA	AAA	AAA	AAA

7 Including special coronavirus dividend.
8 Includes CHF 25 million for the establishment of the ZKB Philanthropy Foundation.
9 Including branches of Zürcher Kantonalbank Österreich AG in Salzburg and Vienna.

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Report of the statutory auditor to the Cantonal Parliament of Zurich
on our audit of the consolidated financial statements
as of 31 December 2024 of

Zurich, 27 February 2025

Zürcher Kantonalbank, Zürich

Report of the statutory auditor

Report on the audit of the consolidated financial statements

Opinion
We have audited the consolidated financial statements of Zürcher Kantonalbank and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2024, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 104 to 177) give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the applicable financial reporting framework for banks and comply with Swiss law.

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 consolidated financial statements” section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each 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 consolidated 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 consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

Determination of value adjustments and provisions for default risks on loans to clients

Area of focus	Zürcher Kantonalbank discloses loans to clients, consisting of amounts due from customers and mortgage loans, at nominal value less any necessary value adjustments. For default risks on impaired loans, individual value adjustments are made. For default risks on non-impaired loans value adjustments and provisions for expected losses are recognized. For the measurement of value adjustments and provisions for default risks, valuation models are used. In addition, this requires making estimates and assumptions which, by definition, involve judgments and may vary depending on the valuation. As of 31 December 2024, Zürcher Kantonalbank discloses client loans totaling CHF 118.2 billion. As of the balance sheet date, individual value adjustments and provisions for impaired loans amounted to CHF 361.2 million and value adjustments and provisions for expected losses amounted to CHF 505.1 million. With 58.4%, loans to clients represent a material part of the assets of Zürcher Kantonalbank, and we consider the determination of value adjustments and provisions for default risks on loans to clients as a key audit matter. The significant accounting principles for determining value adjustments and provisions for default risks are described by Zürcher Kantonalbank on pages 112 to 114, 118, 119 as well as on pages 158 to 165 of the bank's annual report. Furthermore, we refer to notes 2 and 16 on pages 122, 123 and 133 in the notes to the consolidated financial statements.
Our audit response	We audited the processes and key controls in connection with granting and monitoring loans as well as with regard to the methods for identifying and determining individual value adjustments and provisions for default risks on loans to clients. Moreover, we evaluated the concept for the determination of value adjustments and provisions for expected losses. Finally, we performed sample tests on the impairment of selected client loans, and evaluated the compliance of significant accounting principles as well as the appropriateness of the disclosures in the notes to the consolidated financial statements. Our audit procedures did not lead to any reservations concerning the determination of value adjustments and provisions for default risks on loans to clients.

Fair value measurement of financial instruments

Area of focus	Fair value is defined as the amount for which an asset is exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. This amount corresponds to the price requested in a price-efficient and liquid market or, if this is missing, to the price determined on the basis of a valuation model. Valuation models are significantly affected by the assumptions that are used, including interest, forward and swap rates, spread curves and the volatility and estimates of future cash flows. There is a significant degree of judgment involved in making these assumptions. Zürcher Kantonalbank discloses financial instruments at fair value measurement in different balance sheet items. As of 31 December 2024, the fair value of positive replacement values of derivative financial instruments amounts to CHF 2.7 billion, while that of the negative replacement values amounts to CHF 1.0 billion. Furthermore, as of 31 December 2024, Zürcher Kantonalbank discloses liabilities from other financial instruments at fair value measurement totaling CHF 4.4 billion that were determined using a valuation model. As a result of the scope of judgment and the significance of the listed balance sheet items in the consolidated financial statements of Zürcher Kantonalbank, the valuation of these items represents a key audit matter. The corresponding accounting and valuation principles are described by Zürcher Kantonalbank on pages 114, 115, 120 as well as on pages 165 to 170 of its annual report. Furthermore, we refer to notes 3, 4 and 14 on pages 123 to 125 and 131 in the notes to the consolidated financial statements.
Our audit response	We audited the processes and key controls with regard to fair value measurement, validation and application of valuation models. Moreover, we assessed the assumptions made in connection with the valuation and their appropriateness on the basis of sample testing and evaluated the measurement of financial instruments by means of independent valuation models. On the basis of sample testing and a comparison with third-party sources, we assessed the fair values used and directly available from an active market. Moreover, we evaluated the appropriateness of the disclosures in the notes to the consolidated financial statements. Our audit procedures did not lead to any reservations concerning the fair value measurement of financial instruments.

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 consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements, which give a true and fair view in accordance with the applicable financial reporting framework for banks and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated 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.

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 consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Bruno Patusi Licensed audit expert (Auditor in charge)	Bruno Taugner Licensed audit expert

Financial statements of the parent company

Income statement

in CHF million	Notes	2024	2023	Change	Change in %
› Result from interest operations					
Interest and discount income		**4,325**	4,004	322	8.0
Interest and dividend income from financial investments		**40**	32	8	24.0
Interest expense		**−2,631**	−2,170	−461	21.2
Gross result from interest operations	**33**	**1,734**	**1,865**	**−131**	**−7.0**
Changes in value adjustments for default risk and losses from interest operations		**−57**	−49	−8	16.1
Subtotal net result from interest operations		**1,677**	**1,816**	**−139**	**−7.7**
› Result from commission business and services					
Commission income from securities trading and investment activities		**874**	798	76	9.5
Commission income from lending activities		**77**	72	5	7.1
Commission income from other services		**115**	127	−12	−9.5
Commission expense		**−171**	−150	−22	14.5
Subtotal result from commission business and services		**894**	**847**	**47**	**5.6**
› Result from trading activities					
Result from trading activities and the fair value option	**32**	**336**	**383**	**−47**	**−12.2**
› Other result from ordinary activities					
Result from the disposal of financial investments		**10**	7	3	47.3
Income from participations		**41**	41	0	0.0
– of which, participations valued using the equity method		**–**	–	–	–
– of which, from other non-consolidated participations		**–**	–	–	–
Result from real estate		**8**	8	−1	−7.7
Other ordinary income		**30**	31	−1	−3.9
Other ordinary expenses		**−6**	−16	10	−60.2
Subtotal other result from ordinary activities		**82**	**71**	**11**	**15.2**
Operating income		**2,989**	**3,117**	**−128**	**−4.1**
› Operating expenses					
Personnel expenses	34	**−1,174**	−1,139	−35	3.1
General and administrative expenses	35	**−486**	−481	−5	1.0
Subtotal operating expenses		**−1,660**	**−1,620**	**−40**	**2.5**
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets		**−70**	−75	5	−6.4
Changes to provisions and other value adjustments and losses		**−8**	27	−35	−129.9
Operating result		**1,252**	**1,450**	**−198**	**−13.7**
Extraordinary income	36	**18**	4	15	404.6
Extraordinary expenses	36	**−0**	–	−0	–
Changes in reserves for general banking risks	36	**–**	−225	225	−100.0
Result of the period before taxes		**1,270**	**1,229**	**41**	**3.4**
Taxes	39	**−158**	–	−158	–
Result of the period		**1,112**	**1,229**	**−116**	**−9.5**

Appropriation of profit

in CHF million	2024	2023	Change	Change in %
Result of the period	**1,112**	1,229	– 116	– 9.5
Profit carried forward	**4**	4	1	26.6
Distributable profit	**1,117**	1,232	– 115	– 9.4
Appropriation of profit				
Dividend paid to cover actual costs for the canton	**21**	18	3	17.4
Dividend for the canton	**184**	340	– 156	– 45.8
Dividend for the municipalities	**170**	170	–	0.0
Total profit distribution	**375**	**528**	**– 153**	**– 28.9**
Allocation to voluntary retained earnings reserve	**740**	700	40	5.7
Total profit retained	**740**	700	40	5.7
Profit carried forward	**2**	**4**	**– 3**	**– 57.3**

The profit distribution takes place on the basis of the provisions in § 26f of the Cantonal Banking Act on Zürcher Kantonalbank of 28 September 1997 in the version applicable at the time, and has no direct link to the endowment capital.
The appropriation of profit was approved by the Board of Directors on 30 January 2025.
Approval of the annual financial statements by the Cantonal Parliament is scheduled for 25 May 2025.

Additional participation

in CHF million	2024	2023	Change	Change in %
OECD minimum tax to the canton	**156**	–	156	100.0
Compensation for state guarantee to the canton	**31**	30	1	3.6
Total additional participation canton	**187**	30	157	520.2
Total participation canton und municipalities	**562**	**558**	**4**	**0.7**

Balance sheet

in CHF million	Notes	2024	2023	Change	Change in %
› Assets					
Liquid assets		**32,410**	39,524	–7,114	–18.0
Amounts due from banks		**3,382**	3,387	–5	–0.2
Amounts due from securities financing transactions	1	**25,349**	25,740	–390	–1.5
Amounts due from clients	2	**11,553**	11,177	376	3.4
Mortgage loans	2	**106,600**	100,874	5,725	5.7
Trading portfolio assets	3	**11,334**	10,007	1,327	13.3
Positive replacement values of derivative financial instruments	4	**2,802**	1,060	1,742	164.3
Other financial instruments at fair value	3	**–**	–	–	–
Financial investments	5	**5,197**	5,558	–361	–6.5
Accrued income and prepaid expenses		**565**	691	–126	–18.2
Participations		**468**	458	9	2.0
Tangible fixed assets		**494**	531	–37	–6.9
Intangible assets		**–**	2	–2	–100.0
Other assets	10	**398**	519	–121	–23.3
Total assets		**200,552**	**199,530**	**1,022**	**0.5**
Total subordinated claims		**333**	292	41	14.0
– of which, subject to conversion and/or debt waiver		**128**	96	32	33.4
› Liabilities					
Amounts due to banks		**39,731**	35,441	4,290	12.1
Liabilities from securities financing transactions	1	**8,008**	14,095	–6,087	–43.2
Amounts due in respect of customer deposits		**106,791**	101,409	5,382	5.3
Trading portfolio liabilities	3	**2,862**	3,224	–363	–11.2
Negative replacement values of derivative financial instruments	4	**1,005**	2,458	–1,453	–59.1
Liabilities from other financial instruments at fair value	3,14	**2,550**	2,288	262	11.5
Cash bonds		**260**	288	–27	–9.5
Certificate of deposits		**50**	632	–582	–92.1
Bond issues		**10,994**	10,547	447	4.2
Central mortgage institution loans		**11,162**	11,558	–396	–3.4
Accrued expenses and deferred income		**1,269**	1,353	–83	–6.1
Other liabilities	10	**829**	1,784	–955	–53.6
Provisions	16	**177**	175	2	1.4
Reserves for general banking risks	16	**4,755**	4,755	–	–
Bank's capital	17,21	**2,425**	2,425	–	–
Statutory retained earnings reserve	21	**1,213**	1,213	–	–
Voluntary retained earnings reserve	21	**5,354**	4,654	700	15.0
Profit carried forward	21	**4**	4	1	26.6
Result of the period	21	**1,112**	1,229	–116	–9.5
Shareholders' equity	**21**	**14,863**	**14,279**	**585**	**4.1**
Total liabilities		**200,552**	**199,530**	**1,022**	**0.5**
Total subordinated liabilities		**3,346**	3,035	311	10.2
– of which subject to conversion and/or debt waiver		**3,346**	3,035	311	10.2
› Off-balance-sheet transactions					
Contingent liabilities	2	**4,054**	3,771	283	7.5
Irrevocable commitments	2	**15,978**	15,947	31	0.2
Obligations to pay up shares and make further contributions	2	**349**	353	–5	–1.3
Credit commitments	2	**–**	–	–	–

Statement of changes in equity

in CHF millions	Bank's capital	Statutory retained earnings reserve	Reserves for general banking risks	Voluntary retained earnings reserve and profit carried forward	Result of the period	Total equity
› 2023						
Total equity as at 31.12.2022	2,425	1,213	4,530	4,105	1,044	13,316
Capital increase	–	–	–	–	–	–
Capital decrease	–	–	–	–	–	–
Other contributions/ other capital paid in	–	–	–	–	–	–
Capital costs of endowment capital	–	–	–	–	–11	–11
Allocation to the canton from previous year's profit	–	–	–	–	–320	–320
Allocation to municipalities from previous year's profit	–	–	–	–	–160	–160
Allocation to (transfers from) the reserves for general banking risks	–	–	225	–	–	225
Allocation to (transfers from) the Voluntary retained earnings and profit carried forward	–	–	–	553	–553	–
Result of the period	–	–	–	–	1,229	1,229
Total equity as at 31.12.2023	**2,425**	**1,213**	**4,755**	**4,658**	**1,229**	**14,279**

in CHF millions	Bank's capital	Statutory retained earnings reserve	Reserves for general banking risks	Voluntary retained earnings reserve and profit carried forward	Result of the period	Total equity
› 2024						
Total equity as at 31.12.2023	2,425	1,213	4,755	4,658	1,229	14,279
Capital increase	–	–	–	–	–	–
Capital decrease	–	–	–	–	–	–
Other contributions / other capital paid in	–	–	–	–	–	–
Capital costs of endowment capital	–	–	–	–	–18	–18
Allocation to the canton from previous year's profit	–	–	–	–	–340	–340
Allocation to municipalities from previous year's profit	–	–	–	–	–170	–170
Allocation to (transfers from) the reserves for general banking risks	–	–	–	–	–	–
Allocation to (transfers from) the Voluntary retained earnings and profit carried forward	–	–	–	701	–701	–
Result of the period	–	–	–	–	1,112	1,112
Total equity as at 31.12.2024	**2,425**	**1,213**	**4,755**	**5,358**	**1,112**	**14,863**

Notes to the financial statements of the parent company

Under § 36 of the Swiss Ordinance on Banks and Savings Banks (BankO), institutions that draw up consolidated financial statements are exempt from disclosing certain information in the individual financial statements. For reasons of clarity, the same numbering has been used for the required tables as in the consolidated financial statements. The portrait details, explanations relating to risk management, identification of default risks and definition of the need for value adjustments, valuation of coverage and details of business policy on the use of derivative financial instruments as well as on the use of hedge accounting in the group also apply to the parent company. This is also the case for material events occurring after the balance sheet date.

Accounting and valuation principles

Accounting, valuation and reporting are based on the provisions of the Code of Obligations and Swiss banking law, the accounting rules for banks, securities firms, financial groups and conglomerates according to the Accounting Ordinance (RelV-FINMA) and FINMA Circular 2020/1 as well as the Cantonal Banking Act on Zürcher Kantonalbank (Zürcher Kantonalbank Act) in the version in force at the time and the regulations based on it. The statutory financial statements of the parent company are prepared in compliance with the provisions of § 25 section 1 a) Banking Ordinance ("Reliable assessment statutory single-entity financial statements").

They are generally based on the accounting and valuation principles of the group and changes made to them during the financial year, with the following exceptions: In the statutory single-entity financial statements, all participations are recognised at the lower of cost or market. Goodwill from acquisitions is included under participations. The reserves for general banking risks are shown as a separate item in the balance sheet. At group level, retained earnings reserves include reserves for general banking risks created before 2018.

i) Information on the balance sheet

1 Breakdown of securities financing transactions

in CHF million	2024	2023
Book value of receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase transactions	**25,349**	25,740
Book value of obligations from cash collateral received in connection with securities lending and repurchase transactions	**8,008**	14,095
Book value of securities lent in connection with securities lending or delivered as collateral in connection with securities borrowing as well as securities in own portfolio transferred in connection with repurchase agreements	**4,162**	4,262
– of which, with unrestricted right to resell or pledge	**4,162**	4,262
Fair value of securities received and serving as collateral in connection with securities lending or securities borrowed in connection with securities borrowing as well as securities received in connection with reverse repurchase agreements with an unrestricted right to resell or repledge	**72,700**	62,711
– of which, repledged securities	**8,506**	6,506
– of which, resold securities	**43,746**	41,384

2 Overview of collateral for loans/receivables and off-balance-sheet transactions, as well as impaired loans/receivables

Overview by collateral

in CHF million	Type of collateral: Mortgage collateral	Other collateral	Unsecured	Total
› Loans (before netting with value adjustments)				
Amounts due from customers	24	2,055	9,749	11,827
Mortgage loans				
– Residential property	86,995	7	8	87,011
– Office and business premises	13,466	–	5	13,471
– Commercial and industrial premises	2,648	0	18	2,666
– Other	3,866	–	4	3,870
Total mortgage loans	106,975	7	35	107,017
Total loans 2024 (before netting with value adjustments)	**106,999**	**2,062**	**9,784**	**118,845**
Total loans 2023 (before netting with value adjustments)	**101,254**	**1,867**	**9,580**	**112,701**
Total loans 2024 (after netting with value adjustments)	**106,616**	**2,059**	**9,477**	**118,152**
Total loans 2023 (after netting with value adjustments)	**100,891**	**1,863**	**9,297**	**112,051**
› Off-balance-sheet				
Contingent liabilities	39	275	3,741	4,054
Irrevocable commitments	3,637	233	12,108	15,978
Obligations to pay up shares and make further contributions	–	–	349	349
Credit commitments	–	–	–	–
Total off-balance-sheet transactions 2024	**3,676**	**508**	**16,197**	**20,381**
Total off-balance-sheet transactions 2023	**3,203**	**484**	**16,384**	**20,072**

2 Overview of collateral for loans/receivables and off-balance-sheet transactions, as well as impaired loans/receivables (continued)

Information on impaired loans

in CHF million	Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjust-ments[1]
› Impaired loans				
2024	**516**	**222**	**294**	**271**
2023	**487**	**201**	**286**	**249**

1 Individual value adjustments of 100 percent of the net debt amount are normally made. Individual value adjustment rates may apply in the case of major positions.

3 Trading portfolios and other financial instruments at fair value

in CHF million	2024	2023
› Assets		
Debt securities, money market securities/transactions	**4,473**	5,122
– of which, listed[1]	**3,810**	4,273
Equity securities	**4,199**	2,536
Precious metals and commodities	**2,628**	2,235
Other trading portfolio assets	**33**	114
Total trading transactions	**11,334**	**10,007**
Debt securities	**–**	–
Structured products	**–**	–
Other	**–**	–
Total other financial instruments at fair value	**–**	**–**
Total assets	**11,334**	**10,007**
– of which, determined using a valuation model	**697**	963
– of which, securities eligible for repo transactions in accordance with liquidity requirements	**1,426**	1,948

	2024	2023
› Liabilities		
Debt securities, money market securities/transactions	**2,830**	3,213
– of which, listed[1]	**2,699**	3,100
Equity securities	**25**	5
Precious metals and commodities	**5**	5
Other trading portfolio liabilities	**2**	1
Total trading portfolio liabilities	**2,862**	**3,224**
Debt securities	**–**	–
Structured products	**2,550**	2,288
Other	**–**	–
Total liabilities from other financial instruments at fair value	**2,550**	**2,288**
Total liabilities	**5,412**	**5,512**
– of which, determined using a valuation model	**2,681**	2,401

1 Listed = traded on a recognised exchange.

4 Derivative financial instruments (assets and liabilities)

in CHF million	Trading instruments			Hedging instruments		
	Positive replacement values	Negative replacement values	Contract volume [1]	Positive replacement values	Negative replacement values	Contract volume [1]
› Interest rate instruments						
Forward contracts including FRAs	11	11	12,991	–	–	–
Swaps	13,394	13,107	672,541	550	200	21,652
Futures	–	–	25,152	–	–	–
Options (OTC)	68	47	4,650	–	–	–
Options (exchange-traded)	–	–	1	–	–	–
Total	**13,473**	**13,166**	**715,335**	**550**	**200**	**21,652**
› Foreign exchange/precious metals						
Forward contracts	4,756	4,254	417,461	–	–	–
Combined interest rate/currency swaps	294	412	1,676	14	88	2,332
Futures	–	–	148	–	–	–
Options (OTC)	45	28	4,755	–	–	–
Options (exchange-traded)	0	0	4	–	–	–
Total	**5,095**	**4,694**	**424,044**	**14**	**88**	**2,332**
› Equity securities/indices						
Forward contracts	–	–	–	–	–	–
Swaps	59	21	1,988	–	–	–
Futures	–	–	2,967	–	–	–
Options (OTC)	126	41	4,040	–	–	–
Options (exchange-traded)	245	253	11,659	–	–	–
Total	**430**	**316**	**20,655**	**–**	**–**	**–**
› Credit derivatives						
Credit default swaps	2	3	161	–	–	–
Total return swaps	–	–	–	–	–	–
First-to-default swaps	–	–	–	–	–	–
Other credit derivatives	–	–	–	–	–	–
Total	**2**	**3**	**161**	**–**	**–**	**–**
› Other [2]						
Forward contracts	–	–	–	–	–	–
Swaps	–	–	–	–	–	–
Futures	–	–	388	–	–	–
Options (OTC)	–	–	–	–	–	–
Options (exchange-traded)	4	4	213	–	–	–
Total	**4**	**4**	**600**	**–**	**–**	**–**
› Total before netting agreements						
2024	**19,004**	**18,181**	**1,160,795**	**565**	**288**	**23,984**
– of which, determined using a valuation model	**19,004**	**18,181**	**–**	**565**	**288**	**–**
2023	**21,090**	**22,033**	**1,078,495**	**737**	**304**	**26,248**
– of which, determined using a valuation model	**21,090**	**22,033**	**–**	**737**	**304**	**–**

1 The contract volume shows the amount of underlying on which a derivative is based or the notional amount underlying the derivative in accordance with the requirements of FINMA Circular 2020/1, irrespective of whether the derivative is traded long or short. The contract volume is determined differently depending on the type of contract and does not permit any direct conclusions to be drawn about the risk exposure.
2 Includes commodities and hybrid derivatives.

4 Derivative financial instruments (assets and liabilities) (continued)

in CHF million	Positive replacement values (cumulative)	Negative replacement values (cumulative)
› Total after netting agreements [3]		
2024	**2,802**	**1,005**
2023	**1,060**	**2,458**

› Breakdown by counterparty

Positive replacement values (after netting agreements)	Central clearing houses	Banks and securities firms	Other customers
2024	**154**	**264**	**2,384**

3 For over-the-counter (OTC) transactions, the positive and negative replacement values of derivative financial instruments as well as the related cash collateral are offset (netting). For this purpose, a relevant bilateral agreement with the affected counterparties must be in place. This agreement must be proven to be recognised and legally enforceable.

5 Financial investments

in CHF million	Book value		Fair value	
	2024	**2023**	**2024**	**2023**
Debt securities	**4,710**	5,252	**4,787**	5,147
– of which, intended to be held to maturity	**4,710**	5,252	**4,787**	5,147
– of which, not intended to be held to maturity (available for sale)	**–**	–	**–**	–
Equity securities	**134**	112	**261**	233
– of which, qualified participations [1]	**5**	8	**8**	14
Precious metals	**349**	187	**349**	187
Real estate	**4**	7	**4**	7
Cryptocurrencies	**–**	–	**–**	–
Total financial investments	**5,197**	**5,558**	**5,402**	**5,574**
– of which, securities eligible for repo transactions in accordance with liquidity requirements	**4,659**	4,710	**4,737**	4,609

1 At least 10 percent of the capital or voting rights.

in CHF million

Counterparties by rating

Moody's	Aaa – Aa3	A1 – A3	Baa1 – Baa3	Ba1 – Ba3	Lower than Ba3	Unrated
Standard & Poor's, Fitch	AAA – AA-	A+ – A-	BBB+ – BBB-	BB+ – B-	Below B-	Unrated
Debt securities: Book values 2024	**4,588**	**51**	**–**	**–**	**–**	**71**

All debt instruments without a rating fulfil the conditions of high-quality liquid assets (HQLA) according to the Liquidity Ordinance (LiqV).
If two ratings exist with different risk weightings, the rating with the lower risk weighting is used.
If more than two ratings exist with different risk weightings, those ratings which correspond to the two lowest risk weightings are taken into consideration. The higher of the two risk weightings is used. Top priority is given to the issue rating and second priority to the issuer rating.

10 Other assets and liabilities

in CHF million	Other assets 2024	Other assets 2023	Other liabilities 2024	Other liabilities 2023
Compensation account	**0**	–	**159**	361
Deferred income taxes recognised as assets	**–**	–	**–**	–
Amount recognised as assets in respect of employer contribution reserves	**–**	–	**–**	–
Amount recognised as assets relating to other assets from pension schemes	**–**	–	**–**	–
Negative goodwill	**–**	–	**–**	–
Settlement accounts	**368**	492	**549**	1,308
Indirect taxes	**24**	22	**110**	106
Other	**5**	6	**10**	9
Total	**398**	**519**	**829**	**1,784**

11 Assets pledged or assigned to secure own commitments, and assets under reservation of ownership

in CHF million	2024 Book value	2024 Effective commitment	2023 Book value	2023 Effective commitment
› Pledged/assigned assets				
Liquid assets	**245**	**245**	236	236
Amounts due from banks	**2,931**	**2,913**	2,149	2,118
Amounts due from customers	**1,114**	**1,044**	2,252	2,238
Mortgage loans	**13,715**	**11,162**	14,393	11,558
Trading portfolio assets	**597**	**597**	593	593
Financial investments	**380**	**332**	123	97
Total pledged/assigned assets	**18,984**	**16,294**	**19,746**	**16,840**

No assets are subject to reservation of ownership.
Note 1 shows instruments serving as collateral for which a right of resale or pledging has been granted in connection with securities financing.

12 Liabilities relating to own pension schemes and number and nature of equity instruments of the bank held by own pension schemes

in CHF million	2024	2023	Change
› Liabilities to own pension schemes from balance-sheet transactions			
Amounts due in respect of customer deposits	**53**	47	7
Cash bonds	**0**	0	0
Negative replacement values of derivative financial instruments [1]	**0**	63	–63
Accrued expenses and deferred income	**0**	0	0
Other liabilities	**0**	0	0
Total	**53**	**110**	**–56**

Own pension schemes do not hold any of the bank's equity instruments.
1 After taking netting agreement into account.

13 Information on pension schemes

a) Employer contribution reserves (ECR)

Zürcher Kantonalbank does not have any employer contribution reserves.

b) Economic benefit/obligations and the pension expenses

in CHF million	Over-/underfunding	Economic interest of the bank		Change in economic interest versus previous year	Contributions paid	Pension expenses in personnel expenses	
	End 2024	**2024**	**2023**	**2024**	**2024**	**2024**	**2023**
Employer-sponsored funds/employer-sponsored pension schemes	**–**	–	–	–	–	–	–
Pension plans without overfunding/underfunding	**–**	–	–	–	2	2	111
Pension plans with overfunding	**1**	–	–	–	115	115	–
Pension plans with underfunding	**–**	–	–	–	–	–	–
Pension schemes without own assets	**–**	–	–	–	–	–	–
Total	**1**	**–**	**–**	**–**	**117**	**117**	**111**

14 Issued structured products

in CHF million		Book value: Valued as a whole – Booked in trading portfolio	Book value: Valued as a whole – Booked in other financial instruments at fair value	Book value: Valued separately – Value of the host instrument	Book value: Valued separately – Value of the derivative	Total
Underlying risk of the embedded derivative						
Interest rate instruments	With own debenture component	–	–	–	–	–
	Without oDC	–	–	–	–	–
Equity securities	With own debenture component	–	2,380	–	–	2,380
	Without oDC	–	–	–	–	–
Foreign currencies	With own debenture component	–	167	–	–	167
	Without oDC	–	–	–	–	–
Commodities/precious metals	With own debenture component	–	2	–	–	2
	Without oDC	–	–	–	–	–
Loans	With own debenture component	–	–	–	–	–
	Without oDC	–	–	–	–	–
Real estate	With own debenture component	–	–	–	–	–
	Without oDC	–	–	–	–	–
Hybrid instruments	With own debenture component	–	–	–	–	–
	Without oDC	–	–	–	–	–
Total 2024		**–**	**2,550**	**–**	**–**	**2,550**
Total 2023		**–**	**2,288**	**–**	**–**	**2,288**

16 Presentation of value adjustments and provisions, reserves for general banking risks, and changes therein during the current year

in CHF million	Balance at end of 2023	Changes to scope of consolida-tion	Use in conformity with designated purpose and reversals	Reclassifi-cations	Currency differences	Past due interest, recoveries	New creations charged to income	Releases to income statement	**Balance at end of 2024**
Provisions for deferred taxes	–	–	–	–	–	–	–	–	**–**
Provisions for pension benefit obligations	–	–	–	–	–	–	–	–	**–**
Provisions for default risks	149	–	–2	–	–	–	116	–111	**151**
– of which, provisions for expected loss	57	–	–	–	–	–	68	–64	**61**
Provisions for other business risks [1]	13	–	–1	–	–	–	1	–0	**13**
Provisions for restructuring	–	–	–	–	–	–	–	–	**–**
Other provisions [2]	13	–	–0	–	–	–	2	–1	**13**
Total provisions	**175**	**–**	**–4**	**–**	**–**	**–**	**118**	**–112**	**177**
Reserves for general banking risks	**4,755**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**4,755**
Value adjustments for default and country risks	676	–	–10	–	–	2	300	–249	**718**
– of which, value adjustments for default risks in respect of impaired loans/receivables [3]	249	–	–10	–	–	2	89	–59	**271**
– of which, value adjustments for expected loss	427	–	–	–	–	–	210	–190	**447**

1 Provisions for other business risks relate to provisions for settlement risks, for example, which cover identifiable risks as at the balance sheet date.
2 The other provisions include, among other things, provisions for litigation and provisions for employees' holiday credits.
3 Default risks consist primarily of counterparty risks, for which value adjustments of 100 percent of the net debt amount are generally made. Individual value adjustment rates may apply in the case of major positions.

Recoveries from amounts due derecognised in previous periods are reported directly in Changes in value adjustments for default risk and losses from interest operations (2024: CHF 2 million/2023: CHF 1 million).
For more details on the management of credit risks, operational risks and legal and compliance risks, please refer to section I) Risk report.

17 Presentation of the bank's capital

in CHF million	**Total par value 2024**	**Total par value 2023**
Endowment capital	**2,425**	2,425
Total bank's capital	**2,425**	**2,425**

Zürcher Kantonalbank's capital consists of endowment capital in the amount of CHF 2,425 million. On 2 November 2020, the Cantonal Parliament decided to increase the endowment capital ceiling, which has an indefinite time limit, by CHF 425 million to CHF 3,425 million. The endowment capital of CHF 1,000 million (endowment capital reserve), which has been approved by the Cantonal Parliament and has not yet been called on, has been reserved in full for the Bank's contingency plan by resolution of the Board of Directors and will be counted towards the gone concern capital component. As a result, the endowment capital reserve can only be called on by order of FINMA or a FINMA-appointed restructuring official.

18 Number and value of equity securities or options on equity securities held by all executives and directors and by employees, and disclosures on any employee participation schemes

Zürcher Kantonalbank does not have an employee participation scheme.

19 Amounts due from / to related parties

in CHF million	Due from		Due to	
	2024	2023	**2024**	2023
Holders of qualified participations	**21**	15	**734**	463
Group companies	**351**	379	**355**	368
Linked companies	**323**	330	**604**	864
Transactions with members of governing bodies	**12**	16	**31**	30
Other related parties	**–**	–	**–**	–

Affiliated companies are public-law institutions of the respective canton or public-private enterprises in which the canton holds qualified participations. On- and off-balance-sheet transactions with related parties are conducted at usual market conditions, with the exception of loans to members of governing bodies. Loans to governing bodies are granted on employee terms in some cases.
This primarily involved the usual balance sheet banking business, i.e. it was mainly amounts due from and due to customers.
The totals above also include securities items and claims and liabilities from transactions in derivatives (positive and negative replacement values). The off-balance-sheet transactions with related parties in the amount of CHF 2,870 million (2023: CHF 3,242 million) primarily include irrevocable loan commitments, in particular the keepwell agreement with Zürcher Kantonalbank Finance (Guernsey) Ltd., and other contingent liabilities.

20 Disclosure of holders of significant participations

Zürcher Kantonalbank is an independent public-law institution of the Canton of Zurich.

21 Disclosure of own shares and composition of equity capital

in CHF million	**2024**	2023
Reserves for general banking risks	**4,755**	4,755
Bank's capital	**2,425**	2,425
Statutory retained earnings reserve	**1,213**	1,213
Voluntary retained earnings reserve	**5,354**	4,654
Profit carried forward	**4**	4
Result of the period	**1,112**	1,229
Total equity	**14,863**	**14,279**

The bank does not hold any of its own shares. The statutory retained earnings reserve cannot be distributed.

22 Disclosures in accordance with the Ordinance against Excessive Compensation with respect to Listed Stock Corporations and Article 663c para. 3 CO for banks whose equity securities are listed

The requirements are not applicable for Zürcher Kantonalbank.

26 Breakdown of total assets by credit rating of country groups (risk domicile view)

Rating system ZKB's own country rating	Moody's	2024 Net foreign exposure in CHF million	2024 Net foreign exposure Share as %	2023 Net foreign exposure in CHF million	2023 Net foreign exposure Share as %
A	Aaa/Aa1/Aa2/Aa3	**24,349**	**85.9**	21,224	87.6
B	A1/A2/A3	**1,603**	**5.7**	1,173	4.8
C	Baa1/Baa2/Baa3	**682**	**2.4**	436	1.8
D	Ba1/Ba2	**1,254**	**4.4**	854	3.5
E	Ba3	**4**	**0.0**	12	0.1
F	B1/B2/B3	**319**	**1.1**	250	1.0
G	Caa1/Caa2/Caa3/Ca/C	**138**	**0.5**	266	1.1
Total		**28,350**	**100.0**	**24,215**	**100.0**

j) Information on off-balance-sheet transactions

28 Contingent liabilities and contingent assets

in CHF million	2024	2023
Guarantees to secure credits and similar	**466**	434
Performance guarantees and similar	**2,169**	2,139
Irrevocable commitments arising from documentary letters of credit	**1,419**	1,198
Other contingent liabilities	**–**	–
Total contingent liabilities	**4,054**	**3,771**
Contingent assets arising from tax losses carried forward	**–**	–
Other contingent assets	**–**	–
Total contingent assets	**–**	**–**

Zürcher Kantonalbank is jointly and severally liable for all obligations in connection with the value added tax (VAT) of companies belonging to the VAT group of Zürcher Kantonalbank in Switzerland.

30 Breakdown of fiduciary transactions

in CHF million	2024	2023
Fiduciary investments with third-party companies	**1,066**	983
Fiduciary investments with group companies and linked companies	**–**	–
Fiduciary loans	**–**	–
Fiduciary transactions arising from securities lending and borrowing (in the bank’s own name for the account of customers)	**–**	–
Fiduciary crypto currencies held for customer's accounts	**21**	–
Other fiduciary transactions	**–**	–
Total	**1,087**	**983**

31 Breakdown of managed assets and presentation of their development

a) Breakdown of managed assets

in CHF million	2024	2023
› Type of managed assets		
Assets in collective investment schemes managed by the bank	**168,799**	139,186
Assets under discretionary asset management agreements	**103,392**	86,458
Other managed assets [3]	**180,335**	165,898
Total managed assets (including double counting) [1/3]	**452,526**	**391,543**
– of which, double counting	**92,597**	72,903
Assets with Custody Services [2/3]	**63,534**	55,003
Total client assets (including double counting)	**516,060**	**446,546**

1 The assets under management shown include all client assets of an investment nature held with Zürcher Kantonalbank, as well as client assets held with third-party banks that are managed by Zürcher Kantonalbank. Zürcher Kantonalbank also includes client deposits that are not of an investment nature in its reported assets under management. Non-inclusion of accounts that do not have an investment element would lead to greater volatility in the assets under management shown and thus distort the meaningfulness of reported trends in assets under management. Assets held in custody at Zürcher Kantonalbank that are managed by third parties (custody-only holdings) are not included in either assets under management or total client assets. Holdings of banks and significant investment fund companies (including their collective pension fund foundations, investment trusts, pension foundations and pension funds) and other institutions for which Zürcher Kantonalbank acts exclusively as custodian bank are treated as custody-only.

2 Assets of clients who receive additional custody services from Zürcher Kantonalbank in addition to pure custody are shown as assets with custody services.

3 In the 2024 reporting year, Zürcher Kantonalbank clarified the criteria for distinguishing between assets under management and assets with custody services. The disclosure was refined accordingly and the comparative figures adjusted. As at 31 December 2023, this led to a reclassification in the previous year from assets under management to assets with custody services in the amount of CHF 55,003 million, as well as to a reduction in net new money of CHF 9,354 million and in fluctuations in prices and exchange rates, interest and dividend payments of CHF 1,460 million.

b) Presentation of the development of managed assets

in CHF million	2024	2023
Total managed assets (including double counting) at beginning	**391,543**	351,889
+/– net new money inflow or net new money outflow [3/4]	**29,847**	27,236
+/– price gains/losses, interest, dividends and currency gains/losses [3/4]	**32,333**	13,850
+/– other effects	**–1,197**	–1,431
Total managed assets (including double counting) at end [3]	**452,526**	**391,543**

4 The net new money inflow/outflow corresponds to the development of managed client assets adjusted for fluctuations in prices and exchange rates, interest and dividend payments, fees and expenses charged to clients, and reclassification of assets. Changes due to acquisitions/disposals of subsidiaries are not included. The interest billed to loan clients is included in the change in net new money inflow/outflow.

k) Information on the income statement

32 Breakdown of the result from trading activities and the fair value option

a) Breakdown by business area (in accordance with the organisation of the bank/financial group)

in CHF million	2024	2023
Result from trading in foreign exchange, bank notes and precious metals	**147**	155
Result from trading in bonds, interest rate and credit derivatives	**93**	153
Result from trading in equities and structured products	**62**	26
Result from other trading activities [1]	**34**	48
Total	**336**	**383**

1 The result from other trading activities includes results from securities lending and borrowing as well as positions for which the Executive Board or Asset Management is responsible.

b) Breakdown by underlying risk and based on the use of the fair value option

in CHF million	2024	Result from trading activities from: Foreign exchange and bank notes	Precious metals	Securities lending and borrowing	Bonds, interest rate and credit derivatives	Equities and equity derivatives	Commodities and commodity derivatives	Other products [2]
Result from trading in foreign exchange, bank notes and precious metals	**147**	129	10	–	8	–	–	–
Result from trading in bonds, interest rate and credit derivatives	**93**	15	–	−13	92	1	–	–
Result from trading in equities and structured products	**62**	−3	−7	0	13	59	−0	0
Result from other trading activities	**34**	−0	−0	35	0	−0	0	−1
Total	**336**	**140**	**2**	**22**	**114**	**59**	**0**	**−1**
– of which, from fair value option on assets	**–**	–	–	–	–	–	–	–
– of which, from fair value option on liabilities	**−242**	−3	−1	–	–	−238	−0	0

2 The trading result from other products includes hybrid products and real estate derivatives.

33 Disclosure of material refinancing income in the item interest and discount income as well as material negative interest

During financial year 2024, refinancing income from trading activities of CHF –369.5 million (previous year: CHF –435.6 million) was included in the item Interest and discount income. The item Interest and discount income also includes the result of currency swaps in the amount of CHF 1,141.9 million (previous year: CHF 987.4 million), which were entered into solely for the purpose of engaging in interest arbitrage. Negative interest on lending business is shown as a reduction in the interest and discount income. Negative interest on deposit-taking business is shown as a reduction in interest expenses.

in CHF million	2024	2023
Negative interest on lending business (reduction in interest and discount income)	0	0
Negative interest on deposit-taking business (reduction in interest expenses)	1	2

34 Breakdown of personnel expenses

in CHF million	2024	2023
Salaries and benefits	942	927
– of which, alternative forms of variable compensation	–	–
AHV, IV, ALV and other social security contributions	195	179
Changes in book value for economic benefits and obligations arising from pension schemes	–	–
Other personnel expenses	36	33
Total	**1,174**	**1,139**

35 Breakdown of general and administrative expenses

in CHF million	2024	2023
Office space expenses	31	31
Expenses for information and communications technology	187	175
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	2	2
Fees of audit firms	4	4
– of which, for financial and regulatory audits	4	4
– of which, for other services	0	0
Other operating expenses	262	269
– of which, compensation for state guarantee	31	30
Total	**486**	**481**

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

in CHF million	2024	2023
› Extraordinary income		
Reversal of impairment on other participations	8	3
Income from sale of other real estate/bank premises	9	–
Income from sale of participations	0	–
Other	1	0
Total	**18**	**4**
› 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 [1]	–	225 [1]
Release of reserves for general banking risks	–	–
Total	**–**	**225**

1 Allocation to strengthen the bank's capital.

37 Disclosure of and reasons for revaluations of participations and tangible fixed assets up to acquisition cost at maximum

in CHF million		2024	2023
Participations	**Registered office**		
CLS Group Holdings AG	Lucerne	0	0
TWINT Ltd.	Zurich	1	0
Zürcher Kantonalbank Österreich AG	Salzburg	6	2
Total		**7**	**3**

Appreciation is applied to non-listed participations in accordance with the mean value method and, for listed participations, in accordance with the market value method.

39 Presentation of current taxes, deferred taxes, and disclosure of tax rate

in CHF million	2024	2023
Creation of provisions for deferred taxes	–	–
Reversal of provisions for deferred taxes	–	–
Recognition of deferred taxes on losses carried forward	–	–
Recognition of other deferred taxes	–	–
Reversal of other deferred taxes	–	–
Expenses for current income and capital taxes	–156 [1]	–
Expenses for property gains taxes	–2	–
Total	**–158**	**–**
Unrecognised tax reductions on losses carried forward, and tax credits not recognised under the principle of prudence	–	–
Hypothetical deferred income taxes calculated at theoretical tax rates on revaluations of investments not relevant for tax purposes	–	–

Figures in table: minus = expense; plus = income
1 Of which OECD minimum tax CHF 156 million
Average weighted tax rate (basis: operating result): 12.6 %

Pawnbroking agency
of Zürcher Kantonalbank

Zürcher Kantonalbank is required to operate a pawnbroking agency (§ 7 section 3 of the Zürcher Kantonalbank Act). Since 1872, the pawnbroking agency has been granting loans in return for the depositing of pledged items. It is managed as an independent business operation in Zurich, at Zurlindenstrasse 105. The following section shows the balance sheet, income statement and loan transactions of the pawnbroking agency.

Balance sheet (before appropriation of profit)

Assets in CHF 1,000	2024	2023
Liquid assets	**326**	358
Amounts due from banks	**538**	395
Accounts receivable	**–**	–
Loans	**6,241**	5,659
Inventory	**–**	–
Furniture, IT system	**0**	0
Transitory assets/ accrued interest	**246**	217
Total assets	**7,351**	**6,628**

Liabilities in CHF 1,000	2024	2023
Amounts due to banks	**6,000**	5,300
Surplus from auctions	**138**	149
Accounts payable	**1**	1
Provisions	**125**	115
Reserve fund	**1,248**	1,248
Profit carried forward	**0**	0
Operating profit/-loss	**–161**	–184
Total assets	**7,351**	**6,628**

Income statement

Expenses in CHF 1,000	2024	2023
Operating expenses	**879**	890
Refinancing expenses	**114**	81
Losses	**30**	0
Depreciation and provisions	**10**	–
Operating profit	**–**	–
Total	**1,034**	**971**

Income in CHF 1,000	2024	2023
Interest on loans	**772**	702
Other income	**101**	84
Operating loss	**161**	184
Total	**1,034**	**971**

Loan transactions

	Items	in CHF 1,000	Items	in CHF 1,000
Total loans at 31.12.2023			3,751	5,659
New loans in 2024 (incl. renewals)			7,873	13,178
Repayments in 2024	7,675	12,512		
Proceeds from auctions incl. inventory receipts	103	84		
Total loans at 31.12.2024			**3,846**	**6,241**

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Report of the statutory auditor to the Cantonal Parliament of Zurich
on our audit of the financial statements as of 31 December 2024 of

Zurich, 27 February 2025

Zürcher Kantonalbank, Zürich

Report of the statutory auditor

Report on the audit of the financial statements

Opinion
We have audited the financial statements of Zürcher Kantonalbank (the Company), which comprise the balance sheet as at 31 December 2024, the income statement and the statement of changes in equity 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 186 to 204) comply with Swiss law and the Law on Zürcher Kantonalbank.

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, and we have 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 each 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 matters below, provide the basis for our audit opinion on the financial statements.

Determination of value adjustments and provisions for default risks on loans to clients

Area of focus	Zürcher Kantonalbank discloses loans to clients, consisting of amounts due from customers and mortgage loans, at nominal value less any necessary value adjustments. For default risks on impaired loans, individual value adjustments are made. For default risks on non-impaired loans value adjustments and provisions for expected losses are recognized. For the measurement of value adjustments and provisions for default risks, valuation models are used. In addition, this requires making estimates and assumptions which, by definition, involve judgments and may vary depending on the valuation. As of 31 December 2024, Zürcher Kantonalbank discloses client loans totaling CHF 118.2 billion. As of the balance sheet date, individual value adjustments and provisions for impaired loans amounted to CHF 361.2 million and value adjustments and provisions for expected losses amounted to CHF 508.1 million. With 58.9%, loans to clients represent a material part of the assets of Zürcher Kantonalbank, and we consider the determination of value adjustments and provisions for default risks on loans to clients as a key audit matter. The significant accounting principles for determining value adjustments and provisions for default risks are described by Zürcher Kantonalbank on pages 112 to 114, 118, 119 as well as on pages 158 to 165 of the bank's annual report. Furthermore, we refer to notes 2 and 16 on pages 191, 192 and 197 in the notes to the financial statements.
Our audit response	We audited the processes and key controls in connection with granting and monitoring loans as well as with regard to the methods for identifying and determining individual value adjustments and provisions for default risks on loans to clients. Moreover, we evaluated the concept for the determination of value adjustments and provisions for expected losses. Finally, we performed sample tests on the impairment of selected client loans, and evaluated the compliance of significant accounting principles as well as the appropriateness of the disclosures in the notes to the financial statements. Our audit procedures did not lead to any reservations concerning the determination of value adjustments and provisions for default risks on loans to clients.

Fair value measurement of financial instruments

Area of focus	Fair value is defined as the amount for which an asset is exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. This amount corresponds to the price requested in a price-efficient and liquid market or, if this is missing, to the price determined on the basis of a valuation model. Valuation models are significantly affected by the assumptions that are used, including interest, forward and swap rates, spread curves and the volatility and estimates of future cash flows. There is a significant degree of judgment involved in making these assumptions. Zürcher Kantonalbank discloses financial instruments at fair value measurement in different balance sheet items. As of 31 December 2024, the fair value of positive replacement values of derivative financial instruments amounts to CHF 2.8 billion, while that of the negative replacement values amounts to CHF 1.0 billion. Furthermore, as of 31 December 2024, Zürcher Kantonalbank discloses liabilities from other financial instruments at fair value measurement totaling CHF 2.6 billion that were determined using a valuation model. As a result of the scope of judgment and the significance of the listed balance sheet items in the financial statements of Zürcher Kantonalbank, the valuation of these items represents a key audit matter. The corresponding accounting and valuation principles are described by Zürcher Kantonalbank on pages 114, 115, 120 as well as on pages 165 to 170 of its annual report. Furthermore, we refer to notes 3, 4 and 14 on pages 192 to 194 and 196 in the notes to the financial statements.
Our audit response	We audited the processes and key controls with regard to fair value measurement, the validation and application of valuation models. Moreover, we assessed the assumptions made in connection with the valuation and their appropriateness on the basis of sample testing and evaluated the measurement of financial instruments by means of independent valuation models. On the basis of sample testing and a comparison with third-party sources, we assessed the fair values used and directly available from an active market. Moreover, we evaluated the appropriateness of the disclosures in the notes to the financial statements. Our audit procedures did not lead to any reservations concerning the fair value measurement of financial instruments.

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with confidence

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 consolidated financial statements, the stand-alone financial statements and our auditor's reports 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 in accordance with the applicable financial reporting framework for banks, the provisions of Swiss law and the Law on Zürcher Kantonalbank, 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.

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.

Furthermore, we confirm that the appropriation of available earnings complies with Swiss law and the Law on Zürcher Kantonalbank. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Bruno Patusi Licensed audit expert (Auditor in charge)	Bruno Taugner Licensed audit expert