

Annual — Report 2024

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

Key figures (group)

› Key figures

in %

Return on equity (RoE)	
Cost income ratio (CIR) ¹	
Common equity tier 1 ratio (CET1) (going-concern) ²	
Risk-based capital ratio (going-concern) ²	
Risk-based capital ratio (gone-concern) ²	
Risk-based TLAC ratio ^{2/3}	
Leverage ratio (going-concern) ²	
Leverage ratio (gone-concern) ²	
TLAC Leverage Ratio ^{2/3}	
Liquidity coverage ratio (LCR) ⁴	
Net stable funding ratio (NSFR)	

› Income statement

in CHF million

Operating income	
Operating result	
Changes in reserves for general banking risks	
Consolidated profit before taxes	
Consolidated profit	

› Balance sheet

in CHF million

Total assets	
Mortgage loans	
Amounts due in respect of customer deposits	
Equity	

› Participation of the canton and municipalities

in CHF million

Dividend to cover actual costs to canton	
Dividend for the canton	
Dividend for municipalities	
OECD minimum tax to the canton	
Compensation for state guarantee	
Total participation canton and municipalities	

› Additional payments

in CHF million

Payments from public service mandate	
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› Further information

in CHF million

Total customers' assets (managed assets and assets with custody services)	
Total managed assets ⁷	
–of which, net new money inflow/outflow (NNM) ⁷	
Headcount after adjustment for part-time employees, as at the reporting date	number
Branches ⁸	number

	2024	2023	Change in %
	8.0	9.3	
	55.0	51.8	
	16.8	17.4	
	17.9	18.7	
	7.8	8.0	
	25.7	26.8	
	6.8	6.6	
	3.0	2.8	
	9.8	9.4	
	142	147	
	116	117	
	3,088	3,194	–3.3
	1,277	1,469	–13.1
	–	–225	–100.0
	1,289	1,246	3.4
	1,120	1,238 ⁵	–9.5
	202,594	201,259	0.7
	106,600	100,874	5.7
	106,980	101,452	5.4
	14,862	14,268	4.2
	21	18	17.4
	184	340	–45.8
	170	170	0.0
	156	–	–
	31	30	3.6
	562	558	0.7
	140	161 ⁶	–13.2
	520,811	450,789	15.5
	457,276	395,786	15.5
	29,817	27,419	8.7
	5,779	5,539	4.3
	53	53	0.0

1 Calculation: Cost/income ratio (excl. changes in default-related value adjustments and losses from interest operations). 7

2 In accordance with the provisions for systemically important banks. 8

3 TLAC= Total Loss Absorbing Capacity

4 Simple average of the closing values on the business days during the quarter under review.

5 Tax expenses, taking into account the OECD minimum taxation already introduced in 2023, would have amounted to CHF 196 million, consequently would have reduced the consolidated profit to CHF 1,050 million.

6 Includes CHF 25 million for the establishment of the ZKB Philanthropy Foundation.

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 from assets under management to assets with custody services in the amount of CHF 55,003 million and to a reduction in net new money by CHF 9,354 million to CHF 27,419 million. Of which 51 branches (previous year: 51) of Zürcher Kantonalbank in Zurich as well as 2 branches (previous year: 2) of the subsidiary Zürcher Kantonalbank Österreich AG in Salzburg and Vienna.

Group structure

Parent company and significant group companies



Swisscanto Holding Ltd.	Zürcher Kantonalbank Finance (Guernsey) Ltd.	Zürcher Kantonalbank Österreich AG	ZKB Securities (UK) Ltd.	Complementa AG
	4 *	116 *	7 *	60 *
Swisscanto Fund Management Company Ltd.				
105 *				
Swisscanto Asset Management International SA				
16 *				

Representative offices:
São Paulo, Beijing, Mumbai, Singapore
(each 2 *)

Are managed as part of the parent company.

* **Number of employees**

Disclosures on companies in which the bank holds a permanent direct or indirect significant participation can be found in the annual report, Note 7 to the consolidated financial statements.

Zürcher Kantonalbank

**Close
to you.**

**We are
more
than just
a bank.**

**We do
more for
everyone.**

We're the bank of the people of Zurich. Since our foundation we have been committed to our public service mandate, which today consists of the service, support and sustainability sub-mandates. Our purpose is to contribute to the canton's fulfilment of its economic, social and ecological tasks and thus to support sustainable development. This gives us a special connection with the people of Zurich, the canton's economy and the environment. The public service mandate is our unique selling point – and we are proud of it.

Excerpt from the Cantonal Banking Act on Zürcher Kantonalbank

§2 Purpose

¹ The bank's purpose is to contribute to the canton's fulfilment of its economic, social and ecological tasks and thus to support sustainable development.

² It satisfies investment and financing needs through a business policy geared towards con-

tinuity. In doing so, it pays particular attention to the concerns of small and medium-sized enterprises, employees, agriculture and public authorities. It promotes home ownership, affordable housing and net-zero greenhouse gas emissions.

› Service mandate

We supply the population and the economy with the services of a universal bank.

We provide our clients with access to our financial services across all channels in both the physical and digital worlds. We have the densest branch network in the Canton of Zurich and cover the basic needs of our clients at low cost. We are characterised by the high quality of our financial services. Stability and security are central pillars of Zürcher Kantonalbank. We offer

services primarily in the areas of payment transactions, saving, investing, financing and advice. This advice covers topics such as retirement planning, financial planning and succession planning. When rendering these services, we pay particular attention to the concerns of small and medium-sized enterprises, employees, agriculture and public authorities. We also promote home ownership and affordable housing.

› Support mandate

We contribute to the economic strength and quality of life in the Canton of Zurich.

In line with our public service mandate, we support the Canton of Zurich in fulfilling its economic and social tasks. We are one of the largest providers of vocational training and are a major employer in the canton. We are one of the largest promoters of start-ups in Switzerland. We support the innovation and educational institutes in the Canton of Zurich. Our contribution to strengthening

the canton's competitiveness is an important pillar of our public service mandate. With our sponsorship commitments and awards, we contribute to the quality of life in the Canton of Zurich, to the protection of our natural resources and to the preservation of social cohesion. It only goes to follow that we advocate for nature and the environment, as well as for mobility, cultural diversity, equal opportunity, access to financial knowledge, education, innovation and entrepreneurship.

› Sustainability mandate

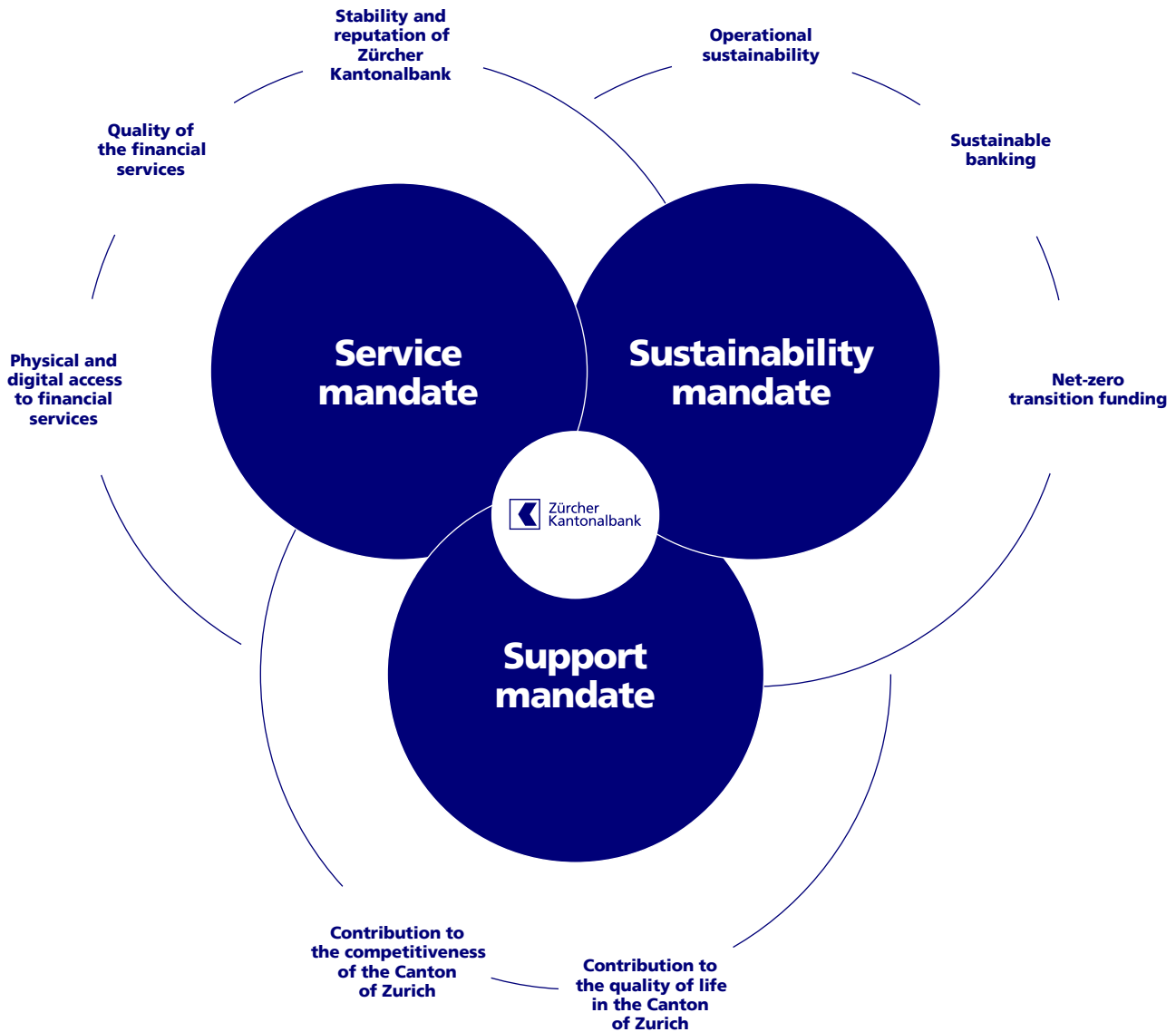
We pursue a business policy geared towards sustainability and continuity.

Sustainability is an integral component of our business model. Under our group strategy, we aim to reconcile successful economic activity with responsibility for the environment and society in a lasting manner. When fulfilling our public service mandate, we, as a universal bank, observe the principles of sustainability and the recognised rules of risk management. We promote the achievement of greenhouse gas neutrality. We are guided by the Sustainable Development Goals (SDGs)

of the United Nations, the Paris Climate Agreement and the goal to achieve greenhouse gas neutrality by 2050. In terms of operational sustainability, we focus on employee satisfaction, diversity, equity & inclusion and being a role model in our own operations. In sustainable banking business we introduced, for example, the ZKB sustainability standard in the investment business. Our net-zero transition support includes our contribution to achieving greenhouse gas neutrality, such as advisory services for SMEs.

————> Areas of impact of our public service mandate: p. 6–7

Areas of impact of our public service mandate



› What we are committed to

› What we do



Physical and digital access to financial services

- Densest branch network in the Canton of Zurich and physical cash supply
- High client satisfaction with our digital offerings

Quality of financial services

- Free everyday banking in the branches and online

Stability and reputation of Zürcher Kantonalbank

- One of the safest universal banks in the world
- Continuity in dividend policy



Contribution to the competitiveness of the Canton of Zurich

- One of the most important employers and training centres in the Canton of Zurich
- Promotion of the innovation and educational landscape in the Canton of Zurich
- One of the largest start-up financiers in Switzerland
- Promotion of financial literacy for children, young people and families

Contribution to the quality of life in the Canton of Zurich

- Over 400 sponsorship commitments in business, society and the environment
- ZKB Philanthropy Foundation
- Corporate volunteering programme and support for our employees taking part in public offices, trade associations and expert activities



Operational sustainability

- High level of employee commitment
- Verified equal pay
- Diversity, equity & inclusion goals and internal networks
- Net-zero target in the bank's operations by 2030

Sustainable banking

- ZKB sustainability standard in the investment business

Net-zero transition funding

- Implementation of our net-zero commitments (Net-Zero Banking Alliance and Net Zero Asset Managers Initiative)

For over 150 years

Zürcher Kantonalbank opened its counters for the first time on 15 February 1870 at Paradeplatz. This was preceded by fierce political controversy, in which the population and the Cantonal Parliament finally prevailed against the government and enshrined the establishment of a cantonal bank in the new Zurich constitution. It was a victory for common sense, as the economic need was clearly recognised: small and medium-sized enterprises as well as the broad mass of the Zurich population were inadequately supplied with banking services. Tradespeople and farmers in particular found it difficult to obtain affordable loans. The establishment of a cantonal bank was able to close this service gap.

Since it started business, Zürcher Kantonalbank has always remained true to its claim of being the bank for everyone in Zurich. In a partnership-based relationship, the Canton of Zurich and its bank have strengthened each other's development. This connection has contributed to Zurich's development from a canton characterised by small-scale industry and agriculture to one of the most economically successful regions in the world with prosperity for the entire population. Zürcher Kantonalbank has now been a part of Zurich's success story for over 150 years. It is passionately committed to the well-being of its clients and provides important impetus throughout the canton in terms of both business and sponsorship. It has a proven corporate strategy, a vibrant culture, as well as structures and processes that are capable of change. Our corporate culture is based on values that are also associated with the Canton of Zurich, such as consistency, reliability, predictability, performance orientation and a long-term approach, which we demand in our mission statement and which are practised by all employees.

————> zkb.ch/geschichte (available only in German)

1869

A peaceful revolution

The founding of Zürcher Kantonalbank was a consequence of the new cantonal constitution of 1869. The bank was to offer affordable loans to agricultural and commercial businesses and to meet the savings and investment needs of broad segments of the population.

1870–1914

Storm and stress

Zürcher Kantonalbank opened its first counter on 15 February 1870. After initial challenges, the bank quickly recovered and built up a strong presence.

1914–1945

Solid as a rock

Despite setbacks caused by war and crises between 1914 and 1945, Zürcher Kantonalbank remained a reliable pillar of the canton's economy. It also survived the Great Depression of the early 1930s relatively unscathed thanks to its focus on the domestic market.

1945–1990

Impressive growth

After the Second World War, Zürcher Kantonalbank experienced a golden age in the wake of the Western European economic upswing, growing from around 700 to over 4,000 employees and increasing its total assets from CHF 1.6 billion to CHF 44.4 billion.

1990–today

Stability through diversification

After the real estate crisis of the 1990s, Zürcher Kantonalbank reorganised itself strategically by strengthening its commission, services and trading business. The diversification strategy proved to be a stabilising factor and pillar for both the bank and the canton.

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About this report

This annual report comprises the management report, the corporate governance report, the compensation report and the financial statements of the Zürcher Kantonalbank group and its parent company.

—→ The digital version of this annual report is available at zkb.ch/annualreport.

Zürcher Kantonalbank

**Annual
— Report
2024**

Letter on the 2024 Financial Year



Urs Baumann, CEO, and Dr Jörg Müller-Ganz, Chairman (f.l.)

→ Detailed biographies can be found in the corporate governance section: p. 80 ff

Dear residents of Zurich

Dear clients,
Dear staff

In a challenging environment, Zürcher Kantonalbank in 2024 was once again able to generate very pleasing annual results.

The geopolitical situation remains tense, which is why the economic environment remains challenging. Wars are taking place on our doorstep, trouble spots are smouldering, disruptive political conditions are on the rise and we are also facing unresolved challenges in various areas of domestic politics. The order situation at some industrial companies is subdued. A solid foundation looks different.

The Swiss banking centre is facing major changes too. The stricter regulation of all banks following the merger of the two big banks is likely to change the framework conditions for all market participants. We advocate regulation with a sense of proportion that does justice to the competitive and resilient Swiss financial

centre while also assuming social and economic responsibility. Our financial centre with its more than 200 banks is diversified, strong and stable. It is an important pillar for our country and our economy. Regulation should therefore be based on simple principles and be proportionate to the complexity, size and risk profile of the various banks.

Strategy for responsible growth to continue unchanged

Zürcher Kantonalbank's position within the banking centre has also become stronger as a result of recent developments. For many client needs, we are the only Swiss alternative to the big bank. Last year we fulfilled this growing importance and responsibility as a partner with a full range of services for private individuals and companies of all sizes.

Our tried and tested strategy remains unchanged. We aim to expand our leadership position in the Greater Zurich Area, strengthen our national position and utilise international opportunities.

We are traditionally very strong in our core segments for private individuals and SMEs in the Greater Zurich Area and have a market penetration of 50 percent. Our product range is very competitive. With ZKB Banking, we have been offering free everyday banking for everyone for a year now. We also have other extras for people under the age of 30. Our product range is fully comprehensive in line with changing client requirements: on the one hand with the densest network of 51 branches, which we are modernising extensively, and on the other hand through our popular digital channels.

We expanded our specialised segments last year. Private Banking, Asset Management and Corporate Banking are on course for growth because we sharpened our positioning in these areas, launched new products and intensified our sales activities.

The universal bank model continues to prove its worth. In 2024 we generated a consolidated profit before taxes totalling CHF 1.289 billion. The lower net interest income compared to 2023, which we expected, was offset by a strong investment business, with income diversification paying off once again. Taking into account the OECD minimum tax, the canton will receive a dividend of CHF 361 million (2023: CHF 358 million). In addition, there is the compensation for the state guarantee of CHF 31 million (2023: CHF 30 million). The distribution to the municipalities amounts to CHF 170 million (2023: CHF 170 million). Overall, the canton and municipalities will participate in the profit of Zürcher Kantonalbank with CHF 562 million (2023: CHF 558 million) – over the last ten years with over CHF 4 billion. We are also allocating CHF 740 million of our profit to equity, thereby strengthening our stability. With a total loss-absorbing capacity on our risk-based capital ratio

“Our tried and tested strategy remains unchanged: we aim to expand our leadership position in the Greater Zurich Area, strengthen our national position and utilise international opportunities.”

Urs Baumann
Chief Executive Officer

“In order to fulfil our public service mandate, we are pursuing with our universal banking model a business policy geared towards continuity, stability and diversification.”

Dr Jörg Müller-Ganz
Chairman

of 25.7 percent, we clearly exceed the regulatory requirements. Zürcher Kantonalbank remains excellently capitalised.

The good annual results are based on a high level of client satisfaction. The client satisfaction survey we conducted in the reporting year once again showed that client loyalty and service quality are consistently rated highly in all segments.

We also enhanced our internal operations in the year under review. We have modified our compensation model for all managers and employees and further strengthened our corporate culture through a common understanding of leadership. We sharpened our business model by divesting our subsidiary ZKB Österreich and acquiring Complementa AG. The age-related succession within the Executive Board was continued with the election of Hjalmar Schröder as Chief Risk Officer to succeed Roger Müller. The Cantonal Parliament elected Dr York-Peter Meyer and Kristine Schulze as successors to Henrich Kisker and Walter Schoch, who resigned.

Public service mandate and financial security guide our actions

We will continue to drive the further development of our bank in the future. Two factors determine the framework for our business activities.

First, we strive for maximum financial security for our bank. ZKB is rated triple-A by the three leading rating agencies, taking into account the state guarantee, and aa- without the state guarantee, making it one of the safest banks in the world. Our bank is excellently capitalised. Another aspect of the bank's security is that we grow responsibly – in harmony with the canton and on the basis of our proven risk policy.

Second, the framework for our actions is provided by the statutory public service mandate, for which we invested CHF 140 million in the reporting year. Our business model is based on this and, with our unique selling point of contributing to solving economic, social and sustainability tasks in the Canton of Zurich, obliges us

to be more than just a bank. In order to fulfil our public service mandate, we pursue with our universal banking model a business policy geared towards continuity, stability and diversification. In addition to ZKB Banking and the modernisation of our locations, other aspects of our bank's activities that show how we are fulfilling our public service mandate include corporate volunteering, the ZKB Philanthropy Foundation, sustainability consulting for SMEs, ZKB environmental leasing and our climate targets. We are proud of this.

We aim to continue to grow responsibly in the future and to diversify our income base in the interests of the security and stability of our bank. This benefits everyone in Zurich. That means providing banking services to the people of Zurich, contributing to solving social problems and allowing the canton and its municipalities to share in our profits. Just like we've done for over 155 years!

We thank you for your trust.



Dr Jörg Müller-Ganz
Chairman



Urs Baumann
CEO

2024 in brief

Consolidated profit before taxes

1.29 bn
CHF

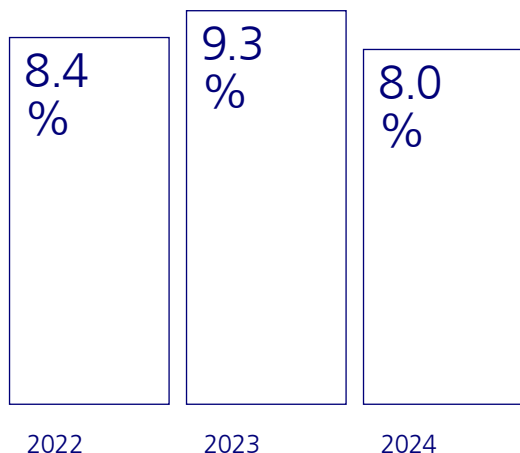
The consolidated profit before taxes is CHF 1.29 billion (previous year: CHF 1.25 billion).

Participation

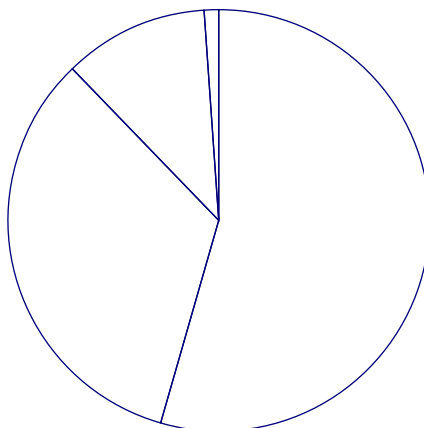
562 mn
CHF

The Canton of Zurich and its municipalities will participate in the result of Zürcher Kantonalbank for the 2024 financial year in the amount of CHF 562 million.

Return on equity (RoE)



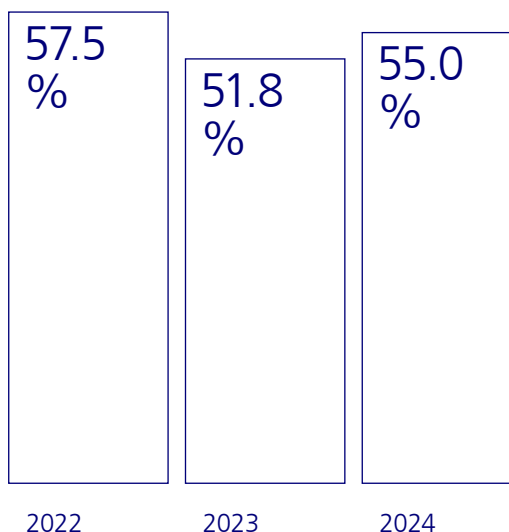
Diversified income



Operating income of CHF 3,088 million comprises the result from interest operations of CHF 1,680 million (54%), the result from commission business and services totalling CHF 1,024 million (33%), the result from trading activities at CHF 353 million (11%) and the other result of CHF 32 million (1%).

Cost/income ratio (CIR)

Target: 58–64 %



Business development: p. 57 ff.,
Financial Report: p. 104 ff.

Risk-based capital ratio

26.8%	25.7%	Total loss-absorbing capacity (TLAC)
8.0%	7.8%	gone-concern
18.7%	17.9%	going-concern
2023	2024	

Group rating

AAA

Aaa

Equity

14.9 bn CHF

Equity totalled CHF 14.9 billion as at the end of the year (previous year: CHF 14.3 billion).

Leverage ratio

9.4%	9.8%	Total loss-absorbing capacity (TLAC)
2.8%	3.0%	gone-concern
6.6%	6.8%	going-concern
2023	2024	

Liquidity coverage ratio (LCR)

146%	147%	142%
2022	2023	2024

Net stable funding ratio (NSFR)

124%	117%	116%
2022	2023	2024

Leader in the Greater Zurich Area

Market penetration



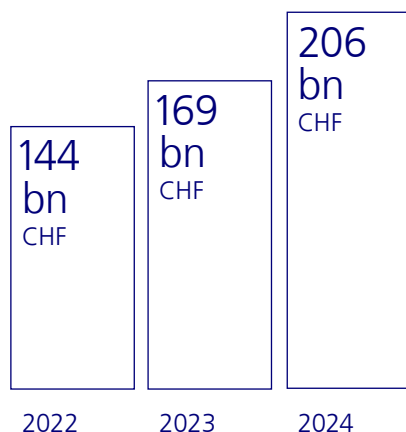
Nearly half of the people of Zurich and of the companies domiciled in the Canton of Zurich are clients of Zürcher Kantonalbank.

Client assets

521 bn CHF

Client assets totalled CHF 521 billion as at the end of the year (previous year: CHF 451 billion). The net new money inflow amounted to CHF 29.8 billion in 2024.

Fund volume



Densest network of branches and ATMs



51
Branches

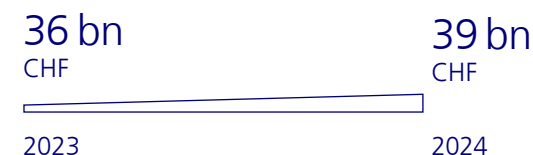
We operate 51 branches and around 260 ATMs in the Canton of Zurich.

Mortgage loans

107 bn CHF

We are the market leader in real estate financing in the Canton of Zurich (mortgage loans in the previous year: CHF 101 billion)

Credit exposure to companies



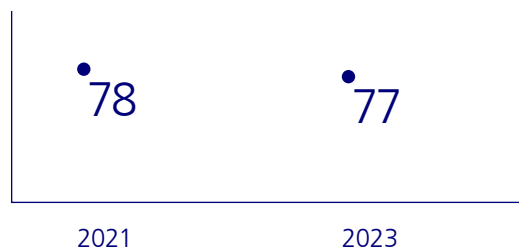
Attractive employer

No. of employees

6,607

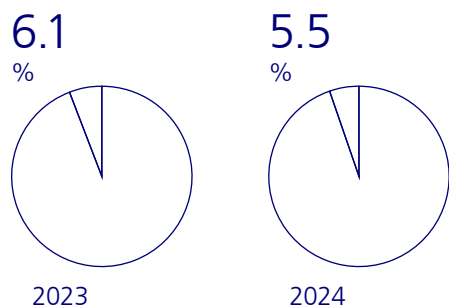
6,607 people work in over 5,779 full-time positions. With 430 apprenticeships, we are one of the largest providers of vocational training in the Canton of Zurich.

Satisfied employees



The commitment index of the latest employee satisfaction survey is a high 77 out of 100 points.

Low fluctuation rate



Anchored in the Canton of Zurich

Public service mandate

154

 Years

We have been the bank of the people of Zurich for more than 150 years.

Distribution



Over the past ten years, the Canton of Zurich and its municipalities have participated in our profit with an amount exceeding CHF 4 billion.

Expenses

140

 mn CHF

In 2024 we spent CHF 140 million for the public service mandate.

Milestones

Sustainability



Sustainability for SMEs

We have a new sustainability-related advisory service for small and medium-sized enterprises (SMEs). With Eco-Check, a company analysis, we show SMEs potential for improvement in terms of resource usage, energy consumption and climate-related matters, and offer further advice and products.

Capital adequacy requirements fulfilled

In the reporting year we placed another bail-in bond totalling CHF 300 million. The total of five bail-in bonds which we have issued mean that we already fully meet the gone-concern requirements that will apply from 2026. Furthermore, the final requirement for our contingency plan has been fulfilled, which is why FINMA confirmed on 26 March 2024 that it deems the contingency plan implementable.



QR codes available only in German

Location



Opening of a location in Lausanne

We have bolstered our business with pension funds and institutional clients in French-speaking Switzerland. To this end, we opened a local sales office in Lausanne.

Location



Opening of first branch based on a new concept

As part of the modernisation of all our branches, we opened the Kloten and Wollishofen locations according to a new concept.

Offer



Free everyday banking

At the beginning of the reporting year, we eliminated the annual fees for private accounts in CHF and debit cards.

Offer for trading and custody of cryptocurrencies

Since this reporting year we have been offering our clients trading and custody services for the cryptocurrencies Bitcoin and Ethereum.



Divestment of ZKB Österreich

The sale of our subsidiary Zürcher Kantonalbank Österreich AG was agreed with Liechtensteinische Landesbank (LLB).

New vested benefits foundation

We have expanded our offering for vested benefits assets by launching a second vested benefits foundation.



Acquisition of Complementa AG

We acquired Complementa AG in order to enhance our expertise in custody services.

New members elected to the Board of Directors

The Cantonal Parliament held elections to replace Walter Schoch and Henrich Kisker, two members of the Board of Directors who resigned due to age. York-Peter Meyer and Kristine Schulze followed them.



Investment strategy



Launch of thematic funds

Zürcher Kantonalbank's Asset Management division expanded its range of sustainable investment strategies to include the topics of circular economy, healthy longevity and digital economy.

Outlook

The environment for the banking industry will remain challenging in 2025. As a universal bank, however, we still expect to be able to present gratifying results thanks to our strategy and diversified business model. When conducting our business activities, we aim for a balanced combination of economically, socially and environmentally sustainable development. We aspire to further expand our market position in the Greater Zurich Area as the number one for private individuals and SMEs.

Subdued economic growth with significant regional differences

We anticipate global economic growth will remain subdued for the foreseeable future, but we do not expect a recession.

In 2025 we foresee a gradual, sustained economic recovery in Europe and the emerging markets outside China. Growth in China remains lower than in the past, but still higher than in the EU. Geopolitical tensions, potential trade conflicts and high government debt will lead to more volatile price trends. In particular, the potentially inflationary policy of the new US administration could result in fewer interest rate cuts and rising interest rates again.

For Switzerland we expect robust GDP growth. Inflation will likely remain stable in most other countries, giving central banks room for manoeuvre for further interest rate cuts.

Challenging environment

We anticipate competition in the Swiss banking centre will intensify further as a result of the merger of the two big banks and the increased market activities of foreign banks. The aim must be to collaborate with the political community to maintain the good framework for Switzerland as a financial centre. Equally important is that people's trust in the financial centre be strengthened while also highlighting the important role played by banks, particularly that of domestic banks, with respect to society and the economy.

Continuing the strategy

Zürcher Kantonalbank is adhering to its strategy. We have a business policy focused on continuity that prioritises the universal bank strategy, the bank's high level of security and stability, as well as its proximity to clients. We are also driving income diversification forward, in particular through a balanced product portfolio and a broad range of services in the investment and pension business. In the individual clients and SME core segments, we are striving to expand on our standing as a top-ranked bank. All internal activities are focused on increasing quality and efficiency. Great importance is attached to the Zürcher Kantonalbank brand. We want to be perceived as the most highly appreciated bank across Switzerland, both in the physical and digital worlds.

Sustainability as an integral component of our business model

Sustainability is an integral component of our business model. We incorporate the criteria of ecological, social and economic sustainability into everything we do and are guided by the United Nations Sustainable Development Goals and the Paris Agreement. We support our corporate and retail clients with banking services on the path to net zero by 2050. With our Net-Zero Banking Alliance commitment, we have undertaken to establish interim targets for 2030 and every five years thereafter until 2050. We make our contribution to social responsibility through our strong and, in particular, locally rooted social commitment, and by ensuring comprehensive access to financial services, especially for the target groups defined by the Cantonal Banking Act on Zürcher Kantonalbank.

Bank of the People of Zurich

Zürcher Kantonalbank has a clear statutory public service mandate from the Canton of Zurich: to continuously provide investment and financial services to the public and business, to contribute towards efforts to address the economic, social and environmental issues of the canton and thus to support a sustainable development. This makes us more than just a bank and has made us unique for over 150 years.

Public service mandate

Zürcher Kantonalbank was founded in 1870 as the bank of both the people and companies of Zurich. It is an independent public-law institution under the cantonal law of Zurich. We have a public service mandate from the Canton of Zurich. What this covers is specified in the Cantonal Banking Act on Zürcher Kantonalbank and in the Guidelines for the Fulfilment of the Public Service Mandate issued by the Board of Directors and approved by the Cantonal Parliament (zkb.ch/corporate-governance). Our business activities and public service mandate therefore benefit the canton, the municipalities, companies and the population. In 2024, expenses for items not purely profit-oriented or cost-covering amounted to CHF 140 million (2023: CHF 161 million).

Endowment capital and state guarantee

The endowment capital of CHF 2.425 billion forms the corporate capital of Zürcher Kantonalbank and is provided by the Canton of Zurich at market-based interest rates. The canton also provides the bank with a state guarantee. In doing so, it is liable for all the bank's (non-subordinate) liabilities should the bank's resources prove inadequate. This is a security measure that has never had to be drawn upon. In exchange for the provision of the state guarantee, we pay annual compensation to the canton, the amount of which is calculated in accordance with an actuarial model that is approved by the Cantonal Parliament. In 2024, the compensation for the state guarantee totalled CHF 31.2 million (2023: CHF 30.1 million).

Participation of the canton and municipalities in the result of Zürcher Kantonalbank

Zürcher Kantonalbank fulfils its public service mandate in several ways, including through a business strategy geared to long-term continuity. This strategy is based on market-oriented principles and intended to achieve an adequate level of profitability.

Zürcher Kantonalbank will distribute a dividend of CHF 375 million for 2024 (2023: CHF 528 million). This includes the dividend to cover the actual costs of the endowment capital in the amount of CHF 21 million (2023: CHF 18 million). In addition, the canton participates in the profit of Zürcher Kantonalbank through the compensation for the state guarantee totalling CHF 31 million (2023: CHF 30 million) and the total OECD minimum tax of CHF 156 million (2023: CHF 0). The municipalities participate in Zürcher Kantonalbank's profit with a dividend in the amount of CHF 170 million (2023: CHF 170 million). Overall, the canton and municipalities will participate in the result of Zürcher Kantonalbank with CHF 562 million (2023: CHF 558 million).

Sponsorship commitments for an attractive canton

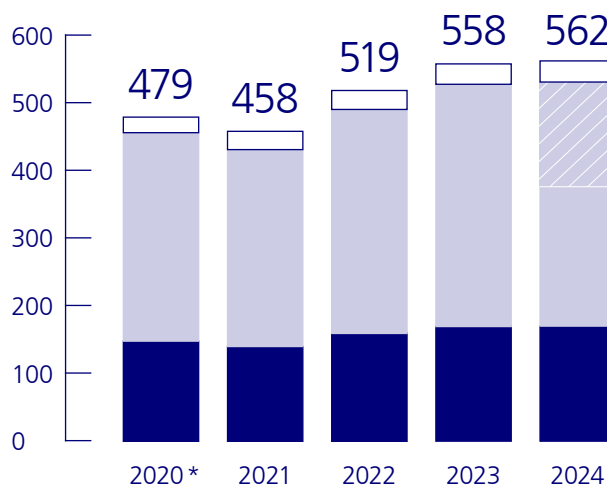
400

Expenses for the public service mandate

140

 mn CHF

Participation of the canton and municipalities CHF million



- Compensation for state guarantee to the canton
- OECD minimum tax to the canton
- Dividend for the canton
- Dividend for municipalities

* incl. special coronavirus dividend for the canton (CHF 67 million) and municipalities (CHF 33 million)

Developments from the public service mandate

Free everyday banking launched

Zürcher Kantonalbank eliminated the annual fees for private accounts in CHF and debit cards for retail clients as of 1 January 2024 (for more information on ZKB Banking, see p. 39).

Advisory service on sustainability for SMEs launched

After a test phase at the end of 2023, in 2024 we launched our advisory service for SMEs on climate-related matters, energy consumption and resource efficiency. The service combines engineering and financing expertise, provides clients with an analysis and improvement measures as well as an estimate of investment costs and customised financing solutions and products – such as the ZKB environmental loan or the newly launched ZKB environmental leasing.

New ZKB environmental leasing supports sustainable investments

We launched ZKB environmental leasing for our corporate clients at the beginning of 2024 together with the new advisory service on sustainability for SMEs. In this way we support climate-friendly objects and projects. Zürcher Kantonalbank contributes 1 percent to the procurement costs for sustainable investments financed via environmental leasing. This contribution supports clients in two ways. First, green leasing can be used to finance objects with sustainable drive systems. Second, environmental leasing can also be used to implement sustainable pioneering projects based on sustainability advice from Reffnet, our partner for the advisory service. In the 2024 financial year, financing totalling CHF 25 million was concluded with ZKB environmental leasing.

Joint education initiative of all cantonal banks launched

On the initiative of Zürcher Kantonalbank, the Swiss cantonal banks jointly launched in the reporting year an investment solution that distributes an annual donation to Education Cannot Wait, the United Nations initiative for education in emergency situations. The fund was launched by Zürcher Kantonalbank with Swisscanto Asset Management International SA as the fund management company. The cantonal banks support the new product with start-up capital totalling CHF 10 million. As a result, around 1,600 children in 48 crisis regions can enjoy a school education.

ZKB Philanthropy Foundation established

In line with our support mandate, at the end of 2023 we decided to establish the ZKB Philanthropy Foundation. This was established in spring 2024 and funded with a contribution of CHF 25 million as foundation capital. The foundation, which commenced operations in the reporting year, initially comprises five funding areas with an impact on the Canton of Zurich: health and sport, nature and ecology, social affairs, art and culture, as well as education, science and research.

As an umbrella foundation, the foundation offers clients the opportunity to realise their own philanthropic projects – with significantly less effort than setting up their own foundation. In addition, existing foundations that would like to hand over their administrative work can be integrated under the umbrella of the foundation.

Certificate of energy efficiency for residential buildings piloted

In order to promote the advisory service for our clients on sustainability in real estate, we piloted in the reporting year the new product “Certificate of energy efficiency for residential buildings” at the Affoltern am Albis branch.

The certificate was developed by the bank’s Real Estate Research department and provides sustainability-relevant characteristics for each residential property in the Canton of Zurich, such as carbon emissions, carbon savings through refurbishment, heating replacement options and solar potential. Selected clients were presented with such a certificate for their own home, which gave us a quick and uncomplicated overview of the sustainability of their property and the possibilities for optimisation.

The feedback from clients was consistently positive. They appreciated both the sensitisation to the topic and the solutions offered.

Katharinen Tower supported as main sponsor

A temporary installation rose up in 2024 next to the Fraumünster Tower in the city of Zurich: the Katharinen Tower. It commemorates Katharina von Zimmern, the last abbess of the Fraumünster monastery. She handed over her abbey to the Zurich Council in 1524.

Throughout the centuries, women have always occupied a prominent place in history and helped to shape it.

Zürcher Kantonalbank supported the Katharinen Tower as the main sponsor in order to create visibility for the historical figure Katharina von Zimmern and another 500 women who have helped to shape Zurich to this day.

Corporate volunteering programme launched

ZKB introduced a corporate volunteering programme in the year under review. Employees can spend up to two days volunteering for the benefit of society in the focus areas of the environment, social affairs, sport and education.

ZKB Sustainability Standard in the investment business

For our investment business we defined the ZKB Sustainability Standard, which covers both the Investment Solutions and Asset Management divisions. We apply this standard in our active investment solutions (active investment solutions refer to asset management mandates and investment funds, with the exception of indexed, individualised and third-party managed investment solutions and investment funds in the area of alternative investments). It also applies to investment recommendations made by Zürcher Kantonalbank as part of the standardised, sustainable investment advisory mandates of the Investment Solutions division, where clients make the investment decisions themselves.

Climate targets set for the balance-sheet-relevant financing business

We are guided in the financing business primarily by the objectives of the federal government regarding Agenda 2030 and the achievement of greenhouse gas neutrality by 2050. As part of the Net-Zero Banking Alliance (NZBA), our bank is aiming for net-zero greenhouse gas emissions by 2050 and has undertaken to apply science-based sector-specific climate targets in the financing business that are based on the 1.5°C climate target. As part of this commitment, in 2023 Zürcher Kantonalbank defined the first quantitative climate target for the residential mortgage business. In 2024, a further quantitative climate target was set for the office-related mortgage business. In our sustainability policy we have also defined climate targets in the form of conditions and exclusion criteria for the climate-intensive sectors of coal, oil and gas, energy production and cement.

Removal portfolio for the complete neutralisation of residual operational emissions

The goal of our operational environmental programme is to reach net zero by 2030. Our own emissions are to be reduced to less than 1,800 tonnes by 2030. To achieve net zero in its operations, the bank takes additional emission reduction measures and also neutralises the residual emissions it creates by means of negative emission technology certificates (NET). Our partners for the removal of all operationally generated residual emissions are Neustark AG, Climeworks AG and Bioenergie Frauenfeld AG.

New commitments as main sponsor

As part of our support mandate, we entered into two new commitments as the main sponsor in the reporting year. We are now supporting the Musikkollegium Winterthur and thus making a further contribution to Winterthur as a diverse city of culture. We are also the new main sponsor of Stadtzürcher Seeüberquerung (Zurich Lake Crossing), which is our contribution to promoting health.

We were also able to support some highlights of existing partnerships, including the Cantonal Brass Band Festival organised by the Zurich Brass Band Association and the North-East Swiss Wrestling Festival organised by the Zurich Wrestling Association. We also supported the 2024 Paracycling and Cycling World Championships in Zurich and the Trachtentrail event in the city of Zurich as part of the 2024 Federal Costume Festival.

Group Mission Statement and Strategy

Our vision is “Close to you”. Our mission statement describes our identity and serves as a compass for our conduct: We support, advise and offer solutions. Always, everywhere. Throughout your life. Our strategy shows us which path we need to follow in order to fulfil our public service mandate, both now and in the future: We are a universal bank and a leader in our home market. Throughout Switzerland we are a strong partner for large companies as well as private and institutional investors. We provide services in selected countries outside Switzerland.

Group mission statement

Our vision

Close to you

We support, advise and offer solutions. Always, everywhere. Throughout your life.

- No. 1 in the Greater Zurich Area
- Nationally strong
- Internationally successful

Our goals

Powerful Swiss universal bank

- Happy clients
- Committed staff
- High financial security
- Sustainable success

Our values

Inspiring

- Motivate, think ahead, show courage

Responsible

- Be reliable, create value, be present

Passionate

- Be involved, enthuse, persevere

Our roots

Bank of the people of Zurich

- For the population and the economy
- Continuity in business policy
- Economic, ecological and social engagement

Group mission statement

Zürcher Kantonalbank is characterised by continuity and stability. To ensure that we can continue to keep our promise of being “close to you” in future, we keep pace with economic, social and technological developments and align the organisation accordingly.

The group mission statement serves as a compass for our conduct and the future development of Zürcher Kantonalbank and its subsidiaries.

The more fast-paced the environment, the more important it is that long-term visions, goals and values guide our actions. Our Board of Directors has reformulated what this means in today's world in our mission statement.

The key element of this is the way we view ourselves. We're the bank of both the people and companies of Zurich. We engage in economic, environmental and social activities to fulfil our public service mandate.

Stakeholder groups

We want to enthuse our clients. In order to maintain our successful positioning in a rapidly changing world, we continuously strive to improve our understanding of proximity: We want to advise our clients not only as financial experts, but also expand their own financial expertise, provide them with lifelong support and offer them solutions to challenges they might not even be aware of.

As an institution under public law, we have a special responsibility to the Canton of Zurich. Because of this, we conduct our business activities with a focus on maximum financial security and reliability at all times.

This is only possible through the efforts of committed employees who identify with our vision, goals and values. That is why we provide them with comprehensive, long-term support to enable them not only to contribute actively to the development of the organisation, but also to successfully develop individual plans for enhancing their own qualifications and skills.

Our partners and suppliers are also pivotal to our actions. We attach great importance to cultivating a fair and cooperative business relationship with them, not only by focusing on economic aspects, but also by paying attention to ecological and social standards as well as the regional value chain.

We communicate with clients, employees and the public collaboratively, transparently and in good time.

Our values

Our values – responsible, inspiring and passionate – shape and reflect our culture and the conduct of the staff.

We conduct ourselves responsibly in every situation and with respect to all stakeholder groups. We are a reliable partner, make a positive impact and are at hand when needed. At the same time, our decision-making is always focused on creating sustainable added value – for both society and the environment.

Those who take initiative and inspire do not wait to see what others do. We think ahead, anticipate trends, show courage and assume a pioneering role, and in doing so inspire others and provide positive food for thought. We internalise our value of “inspiring” within our culture and thus become the bank that sets the pace beyond the Zurich area.

Our actions always revolve around people. Our passion for what we do is palpable – regardless of whether these contacts take place in person or online. Our collaborative commitment and perseverance spark enthusiasm in every encounter and in every aspect of our work.

Group strategy

Strategic principles

We are a universal bank and a leader in our home market, the Greater Zurich Area. Throughout Switzerland we are a strong partner for large companies as well as private and institutional investors. We operate internationally in the interests of our Swiss clients.

Globalisation, digitalisation, regulation of the financial sector and demographic change are challenges that we address by providing contemporary and forward-looking solutions for our clients. Our group strategy tells us which path we must take as Zürcher Kantonalbank. It defines our current and future business activities and priorities.

We firmly believe that the only way for us to fulfil our broad statutory public service mandate – which we passionately embrace – is by being a universal bank. This puts us in a position to offer the full range of banking services from one source and generate added value for clients in the process. We actively address key sustainability-related issues, lead the way with sustainable offerings and guide clients on their journey towards a more sustainable future.

Our entire value chain is focused on providing banking services to private individuals and companies in the Greater Zurich Area. The strong presence in our home canton and cross-divisional collaboration under the umbrella of the universal bank give us a competitive edge that we use to offer benefits to clients.

We pursue a diversification strategy: We generate income in several different business areas. Doing so enables us to minimise risks and increase stability, which in turn benefits our clients. We pursue a policy of broad income diversification and intend to expand on this even further, in part by aiming for qualitative growth in the investment and asset management business. We are also pursuing limited geographical diversification in order to slightly reduce our risk exposure to the narrow core market of Zurich.

The group strategy is geared towards client segments, producers and functions, and we define a sub-strategy for each of these areas.

Client segments

In the core individual client segments, we aim to retain our status as the leading financial services provider for the people of Zurich. We are there for our clients. When faced with life events such as entering the workforce, starting a family, the purchase of residential property, the founding of a company or inheritances, we are the reliable partner at their side. We understand what moves them and which challenges they face. Our experts offer the right solutions for those events and create added value.

In the core SME segments, our goal is to further expand our position as the clear number one for commercial, business and corporate clients in the Greater Zurich Area. We aspire to be the indispensable financial partner of choice for the 5,000 largest corporate groups in Switzerland.

The specialised segments include large corporations, pension funds, financial institutions, key clients, external asset managers and international private clients. We make targeted investments in these specialised segments in order to achieve qualitative growth.

Producers

Producers is the term we apply to the Asset Management, Trading, Capital Markets & Research divisions, as well as to the custody business. These are divisions that not only offer products directly on the market and maintain client relationships, but also perform an internal service function for the bank's various distribution channels (i.e. for product distribution via the client advisors, via our digital channels, etc.). We make ongoing, targeted investments to strengthen our producers and ensure that they are capable of delivering high-quality services that underpin their long-term ability to compete on the market.

Functions

Functions include all internal activities that provide targeted services to support and monitor the client segments and producers. These include Risk Management, Legal & Compliance, Communications, Marketing, IT, Segment, Product & Channel Management, People & Culture (Human Resources) and Finance. They are all committed to boosting the efficiency of the universal bank even further and delivering on the promise of being the bank "close to you".

Our priorities:

Our vision is to be "close to you". Our goal is that we want to be perceived as the most highly appreciated bank, both in the physical and digital worlds. Six priorities serve as our guiding principles:

- We want to further develop our successful growth and diversification strategy.
- We want to increase our effectiveness and efficiency.
- We want to use digitalisation to create a top client experience.
- We want to further expand our leading position in the area of sustainability.
- We want to further strengthen our strong brand.
- Our culture is our success factor. We want to develop it further in a targeted manner.

Our strategy house

Group mission statement

Group strategy

Client segments

Core segments – individual clients

- Retail clients
- High-net-worth individuals
- Private Banking

Core SME segments

- Commercial clients
- Business clients
- Corporate clients

Specialised segments

- Large corporations
- Pension funds
- Financial institutions
- Key clients
- External asset managers
- International private clients

Producers

Asset management

Trading, capital markets & research

Custody

Functions

- | | | |
|---|--|---|
| <ul style="list-style-type: none"> – Segment, product & channel management | <ul style="list-style-type: none"> – Investment solutions – Fund management – Financing centre – IT – Operations – Real estate | <ul style="list-style-type: none"> – Marketing – Communications – People & Culture (HR) – Finance – Risk – Legal & compliance |
|---|--|---|

Reports on:

- > Client segments: p. 38 ff.
- > Core segments – individual clients: p. 38 ff.
- > Core SME segments: p. 41 ff.
- > Specialised segments: p. 43 ff.
- > Producers: p. 47 ff.

Business Environment and Risk Assessment

The year under review was characterised by geopolitical uncertainties, weakening inflation and interest rate cuts by the central banks. The financial centre remains a pillar of the Swiss economy, but the conditions are challenging. Numerous regulatory requirements are in the works. 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.

Overall economy

US economy more dynamic than euro zone and China – Swiss economy robust

In 2024, the global economy proved to be more dynamic and resilient than expected. In the US in particular, economic growth was surprisingly high thanks to continued strong private consumption. The divergence between the US and Europe has thus become even more pronounced. Despite a recovery towards the end of the year, private consumption in the euro zone was still well below the pre-pandemic trend. Although the economy grew slightly in the year under review, this development was primarily driven by Southern Europe, while the German economy has been stagnating for some time.

After a strong start to the year, growth in China has slowed significantly. Structural problems such as the ongoing real estate crisis, the provinces' high levels of debt and the demographic trend had an increasingly negative impact on economic growth.

The Swiss economy proved robust over the course of the year. This is due not only to the high level of immigration, but also to diversification in high-tech industries. These sectors have sales markets that are less price-sensitive, which means any potential strengthening of the Swiss franc will have less of an impact on demand.

Central banks lower key interest rates due to decline in inflation

Inflation receded across a broad front in 2024. The major economic upheavals caused by the pandemic and the war in Ukraine are largely a thing of the past.

The decline in inflation and the stabilisation of inflation expectations, however, were also bolstered by the decisive action taken by the central banks. Over the course of the year, inflation rates in many major economies approached the target value of 2 percent again. This allowed most major central banks to lower their key interest rates again.

The Swiss National Bank (SNB) gave the go-ahead back in March and subsequently lowered the key interest rate at every assessment to 0.5 percent by the end of 2024. Several interest rate cuts also took place in 2024 in the US, the euro zone, the UK and Canada. In contrast, the Japanese central bank ended its almost eight-year experiment with negative interest rates and raised its key interest rate to 0.4 percent.

Positive market developments

The equity markets benefited from the constructive macroeconomic environment and the prospect of lower interest rates. In addition, investors' fantasies continued to be fuelled by the ongoing boom in the field of artificial intelligence. The major technology companies therefore remained the driving force behind the equity markets. It was only later in the year that defensive sectors, such as consumer staples and energy suppliers, were able to recover somewhat.

The US equity market received additional support from the re-election of Donald Trump, from whom investors expect a business-friendly course with lower taxes and deregulation in the financial and energy sectors. As a result, the US equity market rose by more than 20 percent for the second year in a row. Yields on government

bonds rose for the most part since the beginning of the year, reflecting the improved economic outlook and lower expectations of interest rate cuts.

In Switzerland, on the other hand, yields declined significantly due to the SNB's scaled-back key interest rate, lower inflation and the continuing high demand for government bonds from institutional investors. At the end of the year, the yield on 10-year Swiss government bonds fell below 0.2 percent. The price of gold was on an upward trajectory and repeatedly reached new record highs amid robust demand.

Switzerland as a banking centre

The Swiss financial centre makes an important contribution to the Swiss economy. Some 240 banks account for almost 5 percent of the domestic value chain. Switzerland is still the world's number one for cross-border private banking.

Structural changes on Switzerland's domestic market

Margins remain under pressure in many business areas, especially as the Swiss market is highly competitive. After interest operations generated high revenues for many banks in 2023 in the wake of the rapid interest rate shift by the Swiss National Bank, this normalised in the year under review as a result of the SNB's interest rate cuts.

The merger of the two big banks in 2023 revealed the first structural changes for the Swiss financial centre in the reporting year and will result in further major changes in the coming years.

The general conditions in banking operations remain challenging. Banks have to contend with increasingly extensive national and international regulatory requirements, find the right solutions to accommodate changing client behaviour and make good use of the opportunities opened up by digitalisation. Cost management remains one of the key strategic objectives at many banks.

Swiss banks optimistic despite uncertainties

The SNB lowered the key CHF interest rate in several steps, from 1.75 to 0.5 percent, during the year under review. As a result, margins came under pressure again, and interest operations saw declines. So far, there have not been any major defaults in the Swiss lending business. In contrast, banks' income from the commission business increased, while trading business was down in many places.

Many growth initiatives

Some areas of activity in the advisory business hold obvious potential for banks. Investment, pension and tax matters have become more complex, for example. Concerns about inflation and uncertainties are prompting a greater focus on sustainable asset protection. Against that backdrop, there is a growing need for comprehensive financial advice; banks can meet that need by offering both advisory services and corresponding products.

Digitalisation solutions

Digitalisation is leading to new fintech companies trying to gain a foothold in the market. It is also opening up numerous opportunities for established banks – in some cases through collaborative partnerships with innovative fintech start-ups. These collaborative partnerships are seen by most financial services providers in Switzerland as a key to success if they want to offer new client experiences and solid quality at reasonable costs. Most of the institutions active in retail banking are still working on digitalisation solutions. Ultimately, however, the digital channels are more useful for maintaining the loyalty of existing clients than for acquiring new ones.

Regulation

The regulatory focus was mainly on reviewing banking legislation following the merger of the big banks, as well as on the major trends of data management and digitalisation as well as sustainability and sustainable finance. Bank-related initiatives are monitored by Zürcher Kantonalbank and proactively supported by its representatives, either directly or in trade associations.

Continued development of supervisory law

In 2024, FINMA, the SNB and the Financial Stability Board (FSB) published their reports on the merger of the two big banks. In addition, FINMA approved the merger of the big banks without conditions in June 2024 based on the Competition Commission's report. The Federal Council also published its too-big-to-fail report in June, in which it analyses possible measures. The report of the Parliamentary Investigation Committee was published towards the end of 2024. Parliament has therefore postponed until 2025 all proposals in connection with the merger (including the 60 or so initiatives already pending in Parliament) and the Federal Council's proposal to introduce a public liquidity backstop. In that way all proposals can be discussed in their entirety.

FINMA opened various consultations, including on the FINMA Insolvency Ordinance and a new circular on consolidated supervision. The transfer of the supervisory principles on auditing into an ordinance, including a

complete revision of Circular 2025/1 “Auditing”, has already taken place and entered into force on 1 January 2025, as has the new Circular 2025/2 on “Rules of conduct under FinSA/FinSO”.

The contingency and stabilisation plans of Zürcher Kantonalbank as a systemically important bank were reviewed by FINMA in March 2024 and deemed implementable.

In the area of financial market law, the revision of the Financial Market Infrastructure Act (FinMIA) has begun, with a focus on financial market infrastructures, derivatives trading, market abuse, criminal provisions and financial analysis.

Data and digitalisation becoming increasingly important

As further headway is made with respect to digitalisation, the importance of data increases too. This development goes hand in hand with a growing number of statutory regulations and requirements.

In 2024, the EU qualified the revised Data Protection Act and its ordinances as equivalent. The Swiss-US Data Privacy Framework (DPF), which enables compliant data exchange in accordance with the Federal Act on Data Protection (FADP), came into force in line with the regulation between the EU and the US. Following the finalisation of the revised Cyber Security Act, which now stipulates a reporting obligation in the event of critical cyber attacks, the Federal Council launched the consultation on the new Cyber Security Ordinance.

The law on the creation of a legally recognised digital identity (e-ID), which is central to digital business models, passed through the parliamentary process quickly and largely uncontested at the second attempt. In December 2024, both councils approved the Federal Act on the e-ID together with credits. This legislation, which is important for digital business models, is scheduled to come into force in 2026.

Important regulations have come into force in the EU which, depending on the business model, also directly or indirectly affect providers in Switzerland. These include the EU Data Act, which aims to ensure fair access to and fair use of data. The EU Digital Services Act establishes the framework for digital platforms and search engines to improve data protection, combat illegal content, etc. The EU AI Act also came into force in mid-2024. In response, the Federal Council is expected to present an analysis of possible Swiss regulations on the topic at the beginning of 2025. FINMA has therefore refrained from issuing its own regulation, but published at the end of 2024 a supervisory communication on the application of governance and risk management also in relation to artificial intelligence. The EU has also begun to comprehensively regulate cryptocurrencies. Switzerland was quicker in this regard and has already imple-

mented this through the distributed ledger technology (DLT) legislation, with selective adjustments to Swiss law.

Sustainability and sustainable finance

Following the consultation process, the Federal Council will bring the Climate Protection Ordinance into force on 1 January 2025, with obligations for businesses to draw up transition plans and to continuously adapt to climate change and take protective measures.

In mid-2024, the Federal Council endorsed self-regulation within the financial sector to combat greenwashing and is temporarily refraining from legislating on this topic. It will, however, continue to actively monitor regulatory developments in the EU.

In mid-2024, the Federal Council opened the consultation on broadening sustainability reporting in accordance with the Swiss Code of Obligations (CO). By lowering the thresholds, more companies are to be subject to this reporting requirement. Only in the case of banks should all institutions be subject to this obligation, regardless of their size and degree of influence on sustainability. The banks are calling for equal treatment in this regard.

In mid-2024, the Federal Council opened the consultation on the CO₂ Ordinance to further reduce greenhouse gas emissions. As part of the ongoing CO₂ legislation, an amendment was also made to the Federal Act on Unfair Competition (UCA) in 2024. It is now also considered unfair to make false or misleading statements in terms of quality, quantity or in relation to production processes.

After FINMA had adopted many of the financial sector's proposals for clarification and simplification in two consultations, it will bring the new Circular 2026/1 “Nature-related financial risks” into force on 1 January 2026.

The new directive on due diligence in the area of sustainability (CS3D, Corporate Sustainability Due Diligence Directive) has been adopted in the EU. This goes further in some areas, but is less far-reaching in others (e.g. with regard to child labour) than the Swiss CO rules. The EU supervisory authorities are also proposing that the category “transition” be added to the designation of sustainable investment solutions. The EU is thus adopting the UK's approach defined in its policy statement Sustainable Disclosure Requirements and Investment Labels (SDR), which also allows for “improvers”. This broadens the permissible investment universe.

Other relevant regulatory topics at federal level

In mid-May 2024, the Federal Council launched the dispatch on further strengthening the fight against money laundering. In particular, the new Transparency Act (TLEA) aims to create a central register of beneficial

owners. In addition, advisors will now also be subject to the Anti-Money Laundering Act (AMLA), but only for transactions that are considered to be particularly critical from an AMLA perspective, such as company formations and restructurings as well as property purchases.

In the area of taxation, Switzerland and the US have signed a new agreement on the mutual exchange of financial data. Based on this, the previously unilateral exchange of data in favour of the US is now reciprocal for the first time.

Developments at cantonal level

Following the adoption of the OECD/G20 proposal to tax large, internationally active companies at a minimum rate of 15 percent in the federal referendum on 18 June 2023, the regulation came into force on 1 January 2024. The OECD minimum tax also affects Zürcher Kantonalbank, which will be subject to tax based on the new criteria. For state-owned organisations, income from the supplementary tax accrues to the owners. The bank and Cantonal Parliament amended the Zürcher Kantonalbank Act to ensure that the previous distribution of profit from Zürcher Kantonalbank remains the same. The respective tax amount paid to the canton is to be taken into account when determining the amount of the distribution. The Cantonal Parliament adopted the amendment to the Zürcher Kantonalbank Act in the reporting year; the amendment enters into force on 1 January 2025.

In the year under review, the Cantonal Parliament rejected a parliamentary initiative that provided for the Cantonal Parliament to now approve the profit distribution in a separate vote at the request of the Board of Directors.

The amended Zürcher Kantonalbank Act entered into force on 1 January 2024 and its purpose article now enshrines sustainable development and greenhouse gas neutrality.

Risk assessment

The Board of Directors' risk management tasks

Risk management is practised at every level within the bank. The Board of Directors is responsible for managing overall risks: It approves the principles for risk management and compliance, the Code of Conduct, the framework for group-wide risk management and the risk policy requirements at group level. The Board of Directors is responsible for assuring a suitable risk and control environment within the group and arranges for an effective internal control system (ICS). It also approves transactions involving major financial exposure.

Ongoing risk monitoring

Zürcher Kantonalbank fosters a risk culture that is geared towards responsible behaviour. This includes the ongoing monitoring of risks in all dimensions. The risk organisation provides the Board of Directors and the Executive Board with comprehensive reports on a quarterly basis on the development and profile of credit, market and liquidity risks, as well as compliance risks and reputational risks.

Credit risks

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.

The mortgage portfolio of Zürcher Kantonalbank grew by 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.

Zurich real estate market

The accentuated decline in interest rates has hardly had any impact to date on price trends in the market for owner-occupied homes. Despite the tailwind from interest rates, price growth for owner-occupied homes in Zurich has slowed slightly from 3.7 percent in 2023 to this year's increase of 3.3 percent. In particular, prices moved sideways for the "land" region of the ZWEX Index, i.e. in more rural and therefore more affordable

regions of the Canton of Zurich. The reason for the limited price movement is probably the existing excess supply. Following the rise in interest rates that began in 2022 with the end of the pandemic and the outbreak of the war in Ukraine, prospective homeowners became more cautious. The sales process was particularly difficult in the new-build segment. Longer selling times and a larger selection of properties for sale were the result. As financing conditions became more favourable, buyers' appetite to live in their own four walls increased again in 2024. Ultimately, buying your own home can reduce housing costs again compared to renting a similar property. After a historic low in the number of transactions, market activity picked up again in the second half of the year. However, the reduction in the number of homes available for sale will continue for some time and will keep the price trend in check. That means the market for owner-occupied homes is in a stable condition.

Market and liquidity risks

The risk profile in trading was largely characterised by credit risks in bond trading. The value at risk (VaR) at the end of the year was lower than in the previous year.

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 in favour of fixed-rate mortgages, including those with longer terms.

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.

Operational and compliance risks

The bank's risk profile for operational risks has not changed fundamentally. Process and cyber risks continue to be the two areas with the most significant residual risks, which means that managing those risks continues to be a high priority. 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 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. 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.

Further information on risk management and the risk profile is available in the Risk Report (Note I in the Financial Report).

Banking Services for the Population and Companies

In a challenging market environment, we delivered a strong performance in all business areas thanks to the systematic alignment of our organisation with clients' needs. Continuous further development of both our physical and digital sales channels ensures that our clients enjoy an excellent client experience.

Client proximity

We offer an outstanding client experience and often provide our clients with lifelong support.

We ensure physical proximity to our clients every single day, whether it be during personal advisory consultations or during interactions at our locations. To that end we maintained 51 branches in the Canton of Zurich as at the end of 2024. With our branches, ATMs and other locations, we operate the densest network in the Canton of Zurich. We also operate national and international sales offices or representative offices at selected locations to support institutional clients and export-orientated Swiss companies (see locations on p. 215).

We create additional proximity with a variety of cutting edge digital self-service options. We are constantly developing services that are provided via mobile channels in particular, as they are becoming increasingly important. As a result, clients can carry out their banking activities regardless of the time or location via the ZKB eBanking and ZKB Mobile Banking services.

We are of the opinion that security, user-friendliness and service quality are of the utmost importance, which is why we continuously review and optimise our processes.

In view of changing client needs in terms of being able to conduct everyday banking transactions anywhere and at any time as well as the simultaneous upgrading of digital channels, we invest substantially in our eBanking, Mobile Banking and cashless payment solutions. We are

constantly adapting the digital services and functionalities we offer for banking transactions to meet our clients' needs and adding new, cutting-edge functions.

Client satisfaction survey:

Our client loyalty remains consistently high

Our clients give us feedback on the performance of Zürcher Kantonalbank as part of the client satisfaction survey conducted every two years. Conducted with the help of external institutions, the survey focuses on client loyalty and satisfaction with respect to various aspects of the client relationship.

In 2024, we received the opinions of over 7,000 clients. The results show that client loyalty remains consistently high in all three areas – Private Banking, Corporate Clients and Direct Banking – compared with the 2022 survey. The index, which expresses client loyalty, stands at 77 index points out of a possible 100 points in Private Banking, 80 index points in Corporate Clients and 78 index points in Direct Banking. We also recorded very high scores in terms of perceived service quality.

Modernisation of all branches in the Canton of Zurich

Zürcher Kantonalbank also relies on its local presence in the long term. All of the branches are to be remodelled in line with a new location concept and will boast a more modern, standardised client and brand experience across all channels.

The branches will focus on personal advice and providing support for important life or corporate events. As more and more day-to-day transactions are being taken care of digitally, branch employees provide clients with assistance for self-service channels on site and help them venture into the digital world.

In the year under review, the Kloten and Wollishofen branches were reopened with a new concept. Planning for the modernisation of further locations was also initiated.

Another increase in cashless transactions

2024 saw a continuation of the trend towards cashless payments. In the reporting year, we recorded a 6 percent decrease in cash transactions. By contrast, cashless transactions (ZKB Visa debit card, credit card or TWINT) increased by 14 percent. In payment transactions, there was a further shift from physical payment orders (Quickpay) to electronic payments (eBanking, Mobile Banking, eBill, LSV).

ZKB Mobile Banking is the most frequently used channel among private individuals

With 8 million logins per month, Mobile Banking is the primary channel for retail clients to access everyday banking services. Use of our ZKB Mobile Banking channel is growing strongly and has surpassed that of eBanking. The number of clients who use only Mobile Banking (mobile-only users) is also growing strongly.

Our aim is to offer all everyday banking transactions in Mobile Banking.

Our mobile applications ZKB Mobile Banking, ZKB Twint, ZKB Access and frankly are rated as very good. In a nationwide comparison with apps from other financial services providers, we are the leader, according to a study by the Lucerne University of Applied Sciences.

Open banking driven forward

On the topic of open banking, Zürcher Kantonalbank supports further developments for various client segments.

Thanks to the Swiss Bankers Association's (SBA) "Retail Multibanking" industry project, private individuals should be able to manage several banking relationships via a single platform or app and thus obtain an up-to-date financial overview of all their banking relationships.

Corporate clients and trustees can use additional software interfaces via the SIX bLink platform to connect their corporate account at Zürcher Kantonalbank online in order to directly reconcile their accounts receivable and accounts payable and obtain a cash management overview in real time.

For asset managers, involvement in the "Open-Wealth Association" has been intensified so that they

can continuously improve and automate their advisory services, including direct stock exchange trading with Zürcher Kantonalbank.

Further development of digitalisation and innovation

Every business unit within Zürcher Kantonalbank is working on new solutions. We foster a corporate culture that supports not only ongoing but also transformative innovation at every level.

We develop products, services and business models for every client segment in the bank based on our bank's strategy. Throughout the bank, we ensure that important market developments and future trends are incorporated into the different strategies of the business areas at an early stage. We use a variety of future scenarios to work on expansions, updates and transformations from the client's perspective. The close exchange with specialised companies, academic research partners as well as innovative start-ups ensures that the latest market developments are incorporated into future solutions. Promising ideas are broken down into concrete steps, and various offers are tested with clients directly. As a result, several innovations contributed to the bank's success in the past financial year.

Zürcher Kantonalbank develops and operates our bank's applications and systems in the centre of Zurich – something we are proud of. Because it keeps us close to our users, which lets us run our IT both efficiently and effectively.

Building on stable, simple and secure services, we are focusing on important forward-looking investments for the next few years, including the cloud and information management, the implementation of our cyber security roadmap and support for our business portfolios. We use automation and standardisation as ways to increase our impact on behalf of the bank, and we use systematic performance management to steer our developments based on facts.

Our employees are our greatest asset in this regard. That is why we make long-term investments in our IT engineering culture as well as in the skills, competencies and specialist careers of our employees.

New digital platform for external asset managers as well as professional and institutional clients

With the launch of "ZKB eWealth" and new interfaces for data exchange with third-party systems, Zürcher Kantonalbank in the reporting year further expanded and comprehensively modernised its digital offering for external asset managers as well as professional and institutional clients. They can use it to obtain an overview of their clients' portfolios, account, custody account and money market holdings, retrieve receipts,

Modernisation of all locations by 2030

ZKB Mobile Banking

8 million logins per month

High client loyalty

according to the 2024 client satisfaction survey

enter individual and collective stock exchange orders, foreign exchange transactions, instructions for corporate actions and account transfers. The interface also enables the exchange of position and transaction data with other banks and third-party system providers as well as the real-time receipt of stock exchange orders. With this contemporary offering, we are meeting a major need of our professional clients and positioning ourselves as a central provider in the market.

Guarantee and import letter of credit orders now in eBanking

Zürcher Kantonalbank provides its corporate clients with new functionalities in eBanking that enable the electronic and secure commissioning of orders for guarantees and import letters of credit. As an alternative to placing orders in writing using traditional forms, the digital channel offers significant advantages: a constantly updated overview of all orders, the option of copying old orders and using them as a basis for new ones, as well as efficient and secure transmission of orders to Zürcher Kantonalbank. The functionalities will be gradually expanded so that in the future, in addition to other foreign trade products such as export letters of credit or documentary collections, it will also be possible to enter change orders, exchange draft texts for guarantees, notify commission settlements or use additional reporting functions.

Digital assets: Trading and custody of cryptocurrencies

With the launch of the Digital Asset Solution, Zürcher Kantonalbank is offering its clients trading and secure custody of cryptocurrencies. We are thus setting another milestone in connection with digital assets. The new processes and services are seamlessly integrated into the existing client channels ZKB eBanking, ZKB Mobile Banking and ZKB eWealth (for institutional investors) and thus offer a familiar, simple and secure client experience. The offer is characterised in particular by the fact that Zürcher Kantonalbank assumes the critical function of securely storing the private keys. This means that clients do not need their own wallet and therefore do not have to worry about storing their own private keys. We also enable trading around the clock and at weekends right from the start.

Core segments – individual clients

As a financial partner in touch with the realities of life, we support and advise our clients during major life events. When it comes to important financial events and decisions, such as entering the workforce, starting a family, buying residential property, retirement and inheritances, our client advisors are personally available as competent partners. They stand at the ready to develop, in a timely manner, comprehensive solutions for investments, financing and taxes, as well as for retirement and succession planning. Additional specialists may also be consulted, depending on the complexity of the matter. We provide comprehensive solutions to meet individual requirements and are at our clients' side at every stage of their lives to ensure they can make the right financial decisions for the long term.

Our direct bank provides advice and support for our clients' day-to-day banking transactions while simultaneously serving as the central processing centre for Zürcher Kantonalbank. Our wide range of services includes the execution of our daily business activities, business openings and closings, maintenance of master data, availability and deputisation management as well as services related to complex needs in connection with estates and guardianships. This also includes our phone-based customer services, which recorded around 880,000 incoming calls in 2024 (2023: around 930,000).

At the end of 2024, we had active relationships with around 770,000 individual clients in our core individual client segments (2023: around 740,000).

Launch of ZKB Banking attracts new clients

Zürcher Kantonalbank eliminated the annual fees for private accounts in CHF and for debit cards for retail clients as of 1 January 2024.

Existing clients began to reap the benefits of this automatically starting on 1 January 2024. Since then, the possibility of opening new accounts digitally has enabled new clients from all over Switzerland to use the new ZKB Banking service. In the reporting year, we recorded around 31,000 additional active individual clients, which we attribute in part to this offering.

ZKB Banking combines the advantages of a free, purely digital neobank with the security and added value of a traditional bank that offers high service quality and personalised advice for everyday banking transactions via digital channels – and also has a presence in the Canton of Zurich through its 51 branches. Clients have access to products and services from one of the safest universal banks in the world – with personalised advice and service from specialised experts by phone, video or on site at the branches in the Canton of Zurich.

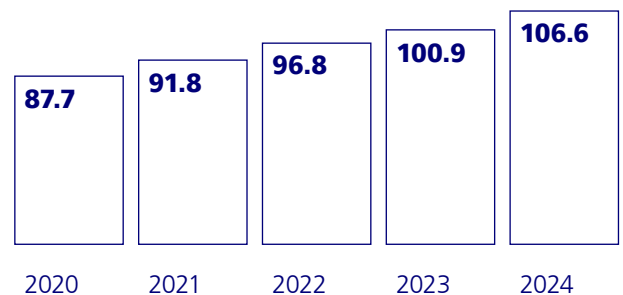
Market penetration

50%

in the Canton of Zurich for private individuals

Mortgage loans

107 billion CHF



Pension assets

11 billion CHF

Pension assets in the ZKB foundations for pillar 3a and vested benefits

Zürcher Kantonalbank's goal is for clients to be able to carry out all their day-to-day transactions through a hybrid offering – meaning either digitally or physically – by 2025. ZKB Banking is an important milestone on this path.

More bank for young adults: New offer for U30 clients

With the launch of ZKB Banking Young, Zürcher Kantonalbank in the reporting year strengthened the attractiveness of banking products and access to additional services for young people and young adults. Existing and new clients can benefit until their 30th birthday: In addition to free accounts and debit cards, which are already included in the basic ZKB Banking offer, ZKB Banking Young also includes a free credit card. Moreover, all clients aged 14 to 30 now benefit from the ZKB Nachtschwärmer ticket (free public transport in Zurich on Friday and Saturday evening from 7 p.m.) and the ZKB Visa Debit STUcard.

Investments: Growth in the number of mandates and positive performance in wealth management

→ Responsible investing in the Sustainability Report 2024: 33 ff. 53 ff. 65 f.

If you have liquid funds that you do not need, it makes sense to invest them on the financial markets. It is important to invest savings in line with a suitable investment strategy, particularly from the point of view of long-term asset protection or asset growth.

We help our clients define their investment strategy based on their financial situation, their risk appetite, their sustainability preferences, their investment horizon and their investment objective. Together we determine the most suitable investment solution for their individual needs – ZKB Discretionary Mandate or ZKB Portfolio Consulting. This gives clients access to the expertise of the Chief Investment Officer (CIO) and the numerous investment experts at Investment Solutions.

In ZKB Discretionary Mandate, clients delegate the investment decision to us. We ensure that the assets are always invested in line with the agreed investment strategy. The risk appetite of our clients is always at the centre of every investment decision.

In ZKB Portfolio Consulting, we help our clients make investment decisions by providing them with personalised investment proposals tailored to their investment strategy. Furthermore, we continuously monitor the portfolio and inform them immediately if the portfolio's risk deviates from the range defined in the risk/return profile.

We recorded further growth in the number of wealth management mandates, while the number of advisory mandates stagnated. The volume of invested

mandates developed positively in both wealth management and investment advice (including performance).

The interest rate hikes of recent years had an impact in 2024. Inflation declined in both the US and Europe. However, as the economy remained robust, the central banks lowered interest rates less than originally expected. Stable profit margins and impetus from the technology sector led to rising equity markets. Bonds also posted price gains thanks to the interest rate cuts.

The performance of all investment strategies used by ZKB Discretionary Mandate was positive as at the end of the year under review. In a peer comparison of the ARC Private Client Index provided by ARC Research, which we have been tracking since the beginning of 2018, we are still clearly outperforming our competitors.

Growth and product expansion for pension savings

Private pension savings in pillar 3a and vested benefits foundations were also expanded in 2024.

The offering was expanded with a second vested benefits foundation. This closes a gap in the value chain and enables us to provide our clients with even more comprehensive support throughout their entire wealth management process and more effective retirement planning. This means that the vested benefit assets can be divided once when a person leaves a pension fund and transferred to two different vested benefit foundations. The two divided credit balances can therefore be drawn later in different years and allow greater financial flexibility.

Pension assets in ZKB's pillar 3a and vested benefits foundations have reached a milestone, exceeding the CHF 10 billion mark in total assets for the first time (2024: CHF 11 billion). Part of this is contributed by frankly, the digital pension solution from Zürcher Kantonalbank, which has assets of CHF 3.8 billion (2023: CHF 2.5 billion) and over 120,000 clients (2023: 95,000).

Retirement planning offering expanded to include estate planning

In the year under review, we further developed our estate planning advisory service. Our new services are aimed at clients who want to develop the right solution for their estate planning with our inheritance specialists. In addition to providing advice, we also draw up documents such as wills, inheritance contracts or marriage contracts and assist with their implementation. This completes our range of services from the free ZKB inheritance check to comprehensive support in inheritance matters.

Strongly positioned in the mortgage business

Zürcher Kantonalbank is the market leader for real estate financing in the Canton of Zurich. Competition in

the market environment remained intense. We continue to attach great importance to the quality of our loans and embrace a credit policy that is geared towards continuity.

Our mortgage loans increased by CHF 5.7 billion to CHF 106.6 billion in the year under review. This corresponds to an increase of 5.7 percent, whereas the market as a whole (only banks, excluding mortgage investment companies and insurers) grew by 2.6 percent. At the end of the year under review, ZKB rollover mortgages based on SARON accounted for 21 percent of the mortgage portfolio (2023: 23 percent). The share of fixed-rate mortgages (including ZKB starter mortgages and ZKB environmental loans) in the total mortgage portfolio was 78 percent at the end of the year.

—→ Our implementation in the financing business in the Sustainability Report 2024: 49 ff., 64 f.

Home ownership guaranteed in the third phase of life

Many people approaching retirement worry about their mortgage solution because their post-retirement income usually declines. Since Zürcher Kantonalbank stands by its clients for life, conveying a sense of security and appreciation is a priority of the customer services provided at Zürcher Kantonalbank. Accordingly, Zürcher Kantonalbank not only continues to maintain the mortgages in its clients' third phase of life, but also increases them if necessary – even if a client's income decreases. Clients who have always met their mortgage obligations and whose mortgage does not exceed two-thirds of the value of their property will also receive this promise in writing.

Core SME segments

Our employees assist companies through every phase of the business life cycle and provide them with the support they need to overcome the financial challenges they face – from the company's foundation to succession planning.

Our direct bank advises commercial clients on all aspects of day-to-day business and stands by this client segment on matters related to payment transactions, financing, investments and retirement planning.

As a universal bank, we offer companies the full range of services – even in around 100 countries through our correspondent banks if needed. Our specialised corporate client advisors act as personal contacts for our business and corporate clients for all financial matters, dealing with their specific and complex needs.

As set out in the bank's statutory public service mandate, we place a great deal of emphasis on our commitment to small and medium-sized enterprises (SMEs). Thanks to our consistent lending policy, we make a signifi-

cant contribution to the functioning of the economy by supplying credit to SMEs in the Canton of Zurich as well as to medium-sized and large companies throughout Switzerland.

The bank for SMEs

At the end of 2024, our clients included around 75,000 active legal entities, of which 60,000 were companies (mostly SMEs) and around 15,000 were other legal entities such as associations and foundations (2023: around 72,000 legal entities, of which 58,000 were companies and 14,000 were other legal entities). In the Canton of Zurich, we achieve a market penetration of over 50 percent among companies.

Our credit exposure to companies increased to CHF 38.9 billion in the year under review, an 8.4 percent increase year over year (2023: CHF 35.9 billion).

We see growth opportunities in expanding our business with existing clients or through new client acquisition. Occupational pensions also play a very important role, both from a company perspective and for the individual entrepreneur.

—→ Our implementation in the financing business in the Sustainability Report 2024: 49 ff., 64 f.

Coronavirus loans continue to be repaid

Covid-19 emergency loans in the year under review amounted to CHF 153 million. Of this amount, CHF 144 million were Covid-19 loans and CHF 4 million were Covid-19 plus loans from the federal programme. After peaking at CHF 1 billion in 2020, CHF 597 million has meanwhile been fully repaid and active limits have been reduced by a further CHF 253 million as at the end of 2024. Loans from the cantonal programme came to a total of CHF 2 million. The loans that Zürcher Kantonalbank granted at its own risk have been almost completely repaid.

ZH SME: Support with recruitment of specialists

With its ZH SME Initiative, the bank makes a contribution towards the ongoing and sustainable success of SMEs. To that end, it has commissioned the Zurich University of Applied Sciences (ZHAW) to conduct an annual study on SMEs.

Zürcher Kantonalbank publishes the findings, collaborates with experts to take a more detailed look at one of the SME-relevant topics and develops some potential solutions.

Topic of the year in 2024 went again to the shortage of trained specialists at SMEs. In two ZH SME practical seminars, Zürcher Kantonalbank conducted seven one-day sessions covering concrete solutions for employer's promises, brand identity, recruitment and relationship management. Companies that completed both

Market penetration

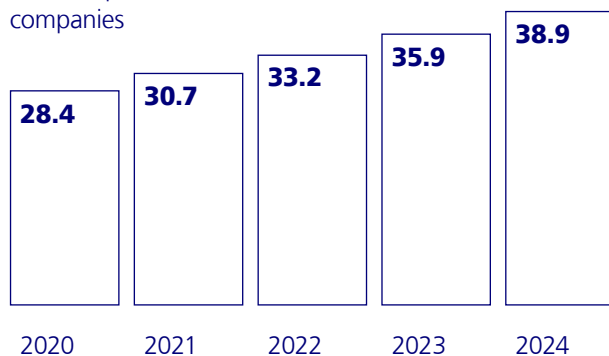
50%

in the Canton of Zurich for companies

Credit exposure

39 billion CHF

Credit exposure to companies



Start-up promotion

CHF 19.7 million for 52 start-ups and scale-ups

More than CHF 250 million for around 300 start-ups and scale-ups since 2005

seminars were given the opportunity to receive an “SME ZHustupf” – financial support for a self-chosen measure to increase employer attractiveness. This offer was taken up by 14 companies, with a total value of over CHF 50,000. ZH SME also brought together givers and seekers of advice – free of charge – under the title of “From SME to SME”. The platform promotes dialogue with and between entrepreneurs.

Offer for sustainably successful SMEs

After a test phase in the 2023 reporting year, in 2024 we launched our advisory service for SMEs on sustainability.

This new service combines engineering and financing expertise and provides our clients with advisors from the Reffnet network of experts, a nationwide network accredited by the Swiss federal government that provides consultations on resource efficiency and energy.

In the in-depth expert consultation, Reffnet consultants develop specific improvement measures in the selected area on the basis of a free eco-check and present in an expert report the estimated investment costs, the expected cost savings and the positive environmental impact.

Client advisors support the implementation of corresponding measures with their comprehensive financing expertise and tailored financing solutions and products – such as the ZKB environmental loan or the new ZKB environmental leasing (zkb.ch/kmu-nachhaltigkeit, available only in German).

Start-up services in demand

New companies in traditional sectors, such as a painting business or a medical practice, are part of the regular financing business of Zürcher Kantonalbank. In 2024, Zürcher Kantonalbank provided CHF 31.6 million in funding for traditional company start-ups. On top of that, we also provide financing for innovative start-ups (see below).

In order to help people start up their own companies, we make ongoing improvements to the services and support we offer. Zürcher Kantonalbank’s offering comprises advisory services and ongoing client support. We collaborate with prominent start-up services which handle the formalities that come with company start-ups.

The bank also works closely with the “GO! Ziel selbstständig” association, helping people to become freelance entrepreneurs with microloans.

Start-ups and Pioneer portfolio

→ Promoting start-ups in the Sustainability Report 2024: p. 65

Zürcher Kantonalbank is one of the largest investors in start-ups in Switzerland. A total of CHF 19.7 million

(2023: CHF 15.8 million) in risk capital financing was approved for 52 promising start-ups and scale-ups in 2024 (2023: 46). Through the Pioneer programme, over CHF 250 million in support has flowed to around 300 innovative young companies since 2005.

In the reporting year, we successfully sold our stake in some of our portfolio start-ups to other companies. These sales included our participations in FemtoTools AG, Sherpany and RoomPriceGenie AG.

Partner in non-profit housing construction

Zürcher Kantonalbank is a long-standing and reliable partner in non-profit housing construction. Since 2022, the bank has been offering the WohnPlus mortgage to housing cooperatives that provide special social benefits. The WohnPlus mortgage is in constant demand, enabling the bank to further strengthen its position in the sector.

——> Our implementation in the financing business in the Sustainability Report 2024: 49 ff., 64 f.

Support for generational changes

Thousands of Zurich-based SMEs need to work out their succession plans and require both specialist and financial support during this phase. Our priority is to ensure that the generational change at SMEs is a success, as it is also important to the economy. Interested parties can take their first steps digitally (zkb.ch/nachfolgecheck, available only in German). We enable a simple assessment of the current situation and offer customised solutions or individual project support on matters relating to succession planning.

In the reporting year, our succession experts carried out 27 assessments and personally accompanied 110 entrepreneurs on the path to generational change. In the year under review, the bank granted 55 acquisition loans totalling more than CHF 100 million.

Demand for microloans remains steady

Microbusinesses and small enterprises make an important contribution to the vibrant Zurich economy. We therefore ensure that these companies have access to professional advice and a wide range of services with fair conditions. Zürcher Kantonalbank granted more than 3,200 noncost-covering microloans of less than CHF 200,000 to SMEs in the year under review (2023: over 3,000).

Leasing as a liquidity-preserving form of financing

Capital goods leasing remains important. For SMEs and the agriculture sector in particular, this represents a liquidity-preserving alternative to a traditional investment loan. Zürcher Kantonalbank is a major provider of capital goods leases throughout Switzerland.

Our leasing calculator (zkb.ch/leasingrechner, available only in German) makes the initial contact even easier. A total of around 3,100 leasing contracts with a volume of over CHF 360 million were concluded (2023: around 3,300 leasing contracts with a volume of around CHF 363 million). The portfolio at the end of 2024 contained more than 13,000 contracts with a volume of over CHF 758 million (2023: more than 13,000 contracts with a volume of around CHF 762 million). The joint distribution network with other cantonal banks continues to prove successful.

Specialised segments

In our capacity as a universal bank, we also meet the needs of large Swiss corporations with international operations, key clients, foundations, trading companies, large international organisations and financial services providers, such as banks, insurance companies, pension funds, asset managers, external asset managers, investment funds and brokers. By being active in this wide range of specialised segments, we diversify our income, spread our risks and provide a broad basis for the business of the bank as a whole. In doing so, we also take the international orientation of the Greater Zurich Area into account.

Meeting complex requirements of large corporations and insurance companies

In times of increasing regulatory requirements, we see it as our task to provide services to our clients in a secure, simple and efficient manner, and to meet the increasing complexity of client demand with professional and effective solutions. We support our clients as a reliable partner not only with financing via loans or the extremely strong Swiss capital market, but also with trade and export finance business, securities and foreign exchange trading, payment transactions, as well as custody and asset management.

ESG criteria are also becoming increasingly important in the financing business. In addition to existing internal training initiatives, Zürcher Kantonalbank developed a tailored training programme for employees in collaboration with the ZHAW in the reporting year.

Regardless of the economic situation and market trends, we stand for continuity and consistency. With our business model geared towards long-term client relationships and our comprehensive range of products and services, we are and will remain a reliable and solution-oriented partner.

Leading role in syndicated loans

We use syndicated loans to satisfy large-volume financing requirements of CHF 50 million or more. In

our role as lead bank, we bundle the financing power of the Swiss cantonal and regional banks as well as other national and selected foreign banks. As the number two on the national syndicated loan market, we want to continue to grow while adhering to our proven risk policy. Our many years of experience, our excellent banking network and our strong financing power make us a highly valued and reliable partner for syndicated loans.

In our capacity as lead bank, we had a portfolio of syndicated loans totalling around CHF 10 billion at the end of 2024.

Expertise in pension fund business

The consolidation of Swiss pension funds is progressing steadily and, in our view, will continue to accelerate against the backdrop of increased requirements (regulation, integration of sustainability, efficiency, performance). The demands placed on the management of pension funds and asset management continue to grow as a result. As one of the leading banks in this segment and the second-largest asset manager in Switzerland, we advise pension funds and provide them with comprehensive support in the form of investment, custody and trading services, and payment transactions.

We offer training for members of boards of trustees and organise annual professional and networking events like the Pension Fund Day, which serves as a platform for pension fund representatives. In addition, we publish the Swiss Pension Fund Study every year under the brand Swisscanto by Zürcher Kantonalbank. This representative study has been published for more than 20 years and fulfils an important social function by presenting findings on the general state of pension plans in this country. Both the professional events and the Swiss Pension Fund Study are recognised throughout the industry and underline the competence of Zürcher Kantonalbank.

In the reporting year, Zürcher Kantonalbank further expanded its business with pension funds in French-speaking Switzerland and opened a local sales office in Lausanne.

Internationally networked for local clients

In today's globally networked economy, we offer our clients access to banking services worldwide. Foreign trade plays an especially important role both for Switzerland and for the companies in the Canton of Zurich. Having a broad range of payment and performance insurance products in the area of trade and export finance is crucial for enabling clients to conduct their internationally oriented business transactions safely and successfully.

To that end, we cultivate international banking relationships in around 100 countries, meaning we are in charge of a high-calibre network of correspondent banks. Through our representative offices in Brazil, China,



Three questions for: **Jürg Bühlmann, Head of Corporate Clients**

The financial centre has changed over the past year. How does this affect the corporate client business at ZKB?

The market is in flux, many companies are reviewing their banking situation and evaluating alternatives. These are available – competition is strong and the supply of financing solutions is guaranteed, especially for SMEs. We are experiencing a significant increase in demand throughout Switzerland from larger companies and in the pension fund business.

ZKB wants to grow in these two segments. Will this goal be achieved?

Yes, we are pleased with the development. We were able to strengthen our position with large domestically oriented companies. As the second-largest universal bank, we cover their needs very well. For example, with syndicated loans, investments and trading transactions. There is also a significant demand among institutional clients for a second strong Swiss provider. This also applies in particular to French-speaking Switzerland, where we opened a sales office last year.

What feedback have you received on the ZKB presence in Lausanne?

We had already been active in the pension fund business in French-speaking Switzerland for some time. The fact that we now have a local presence is seen by our clients as a strong signal and has been very well received. A local presence enables greater proximity, a better understanding of needs and easier communication. Simply put: We are fulfilling our promise to be close to you.

India and Singapore, we are also able to draw on local knowledge to support our Swiss-domiciled clients in their most important export markets in East Asia, the Indian subcontinent, as well as South and Central America.

Here, some of the factors our clients appreciate include short decision-making paths and quick decisions. With our modernised foreign trade and export financing software, we continue to provide a wide range of services and even more efficient transaction processing to those of our clients and partners in the financial industry that are involved in foreign trade. We are also constantly adding functionalities on the electronic channels to strengthen client loyalty.

We maintain a strong network of cash correspondents and custodians geared to the needs of our clients; this network serves as a basis for the flawless, efficient processing of clients' international payment transactions as well as for the trading business and asset management. Zürcher Kantonalbank provides its clients with access to 55 investment markets and 30 currencies through its global network. At the same time, we grant banks with global operations access to international payment transactions in Swiss francs, thereby supporting the global business activities of our clients in the process.

We consider the selection and ongoing monitoring of our business relationships to be of paramount importance. To that end, Zürcher Kantonalbank focuses on continuously strengthening its due diligence and know-your-client (KYC) processes as well as its transaction monitoring measures, which comply strictly with national and international regulations and recommendations.

Solutions for financial services providers in Switzerland

Cooperation with other financial services providers in Switzerland has been a core strategic business area of Zürcher Kantonalbank for many years. As a nationally significant universal bank with roots in the local area and an outstanding credit rating, we are the natural partner for many third-party institutions.

The services we provide include solutions in all our core businesses. These include investment and asset management business, trading and capital market services, and financing.

Structural change in the financial sector and technological advancements continue unabated. They pose complex challenges for small and medium-sized banks in particular. There is a growing need for strategic collaboration through the targeted procurement of products and services from provider banks like Zürcher Kantonalbank, particularly in the areas of asset management, investment advice, custody and trading. The partner banks benefit from our bank's expertise and innovativeness.

2024 also saw us expand our collaborative partnerships in the investment business, for example in the areas of sell-side research. The launch of the new ZKB Research Portal (see p. 48) and our leading position in the area of sustainability, such as the expansion of our ESG offering with the reports "ESG Compass Real Estate" and "ESG Compass Credit", supported us in this endeavour.

At the same time as launching the trading and custody of cryptocurrencies for its own end clients, Zürcher Kantonalbank has also been offering trading and secure custody as a service provider for third-party banks since September 2024. Swiss banks can therefore concentrate on their own end-client processes and use the existing infrastructure and interfaces to Zürcher Kantonalbank, which handles trading and custody, to transmit orders. The new service also includes support for the banks from the first day of the project through to the productive launch.

Ideally positioned among key clients

For more than twelve years, we have been conducting business with the wealthiest client segment among private individuals and their family offices in the Key Clients division of the Private Banking business unit.

Combining the strengths of a universal bank with the highly customised customer service of extremely skilled relationship managers with excellent internal and external networks is proving to be a recipe for success.

This creates tangible strategic added value for clients in this segment: Comprehensive solutions can be offered, from the structuring of total assets to individual implementation. These go beyond traditional banking solutions and also cover areas such as pensions, taxes and inheritance law. The very good performance seen in the year under review once again shows that this approach is paying off. Zürcher Kantonalbank provides support to many clients on challenging financial matters. Accordingly, this segment contributes significantly to the growth of assets under management and thus to the increase and diversification of our bank's income.

Expansion of support for foundations and non-profit organisations (NPO)

When it comes to implementing not-for-profit ideas and projects, non-profit organisations (NPO) play an important role in Switzerland. The foundation and NPO client segment has become an important business area in recent years. The strong professionalisation of the sector coupled with increasing complexity is leading to a noticeable demand for external expertise. Zürcher Kantonalbank is positioning itself in this regard as an outstanding banking partner, both in areas such as governance and investment strategy as well as in tailored and sustainable investment and financing solutions. Overall, the bank's offering is aimed at the entire range

Relationships with foreign bank groups

200

in around 100 countries for internationally oriented companies in the Greater Zurich Area

Syndicated loans

10

 billion CHF

with Zürcher Kantonalbank as lead bank.

Partner for financial services providers in Switzerland

from non-profit organisations to very large, complex foundations. Over 1,000 organisations have already been supported in the reporting year.

In addition, the ZKB Foundation Dialogue series of events has become just as well established as our involvement as the main shareholder in the leading digital philanthropy platform StiftungSchweiz (stiftungschweiz.ch) with the trade magazine "The Philanthropist". Through this commitment, the bank makes a major contribution towards digitalising and increasing the efficiency of the entire philanthropic sector in Switzerland.

Making a greater impact with the ZKB Philanthropy Foundation

The ZKB Philanthropy Foundation, which was announced at the beginning of the reporting year, commenced its activities in the year under review. The aim is to provide clients with an efficient and effective way of making philanthropic commitments – from charitable donations to establishing their own foundation within the umbrella foundation. At the same time, Zürcher Kantonalbank is directly involved as a founder by funding five thematic funding areas with a share capital of CHF 25 million as part of the umbrella foundation.

Endowment fund launched

We developed Switzerland's first endowment fund in the reporting year. This is geared towards the investment needs of non-profit organisations. The investment strategy of the endowment fund is based on a diversified portfolio with a balanced risk profile and takes into account the strict sustainability criteria of the "Sustainable" product line of ZKB Asset Management. The fund is intended to support the objective of generating income from assets to finance the charitable purpose.

Reliability for external asset managers

The traditional market with external asset managers in Switzerland plays an important role for Zürcher Kantonalbank. Thanks to our positioning as a reliable partner for external asset managers, we were once again able to build on the positive developments of recent years and gain further market share. Our very specific expertise, many years of experience and high level of client focus remain central to the bank's continued long-term success. This success is based on the trust that clients place in Zürcher Kantonalbank. We strengthen this through professional and personalised support, solid, first-class expertise in the investment business by our employees and a modern digital offering. The latter has been thoroughly modernised and is being continuously expanded. In the reporting year, we improved our online banking for external asset managers and added further functionalities, such as the foreign exchange order. As asset managers are increasingly using third-party soft-



Three questions for: **Florence Schnydrig Moser, Head of Private Banking**

Ms Schnydrig, you have been more visible beyond the cantonal and national borders with the Private Banking division for around two years now. What is the background to this?

We would like to raise awareness of our Private Banking services at ZKB in Switzerland and, since we have the simplified exemption, also in Germany. We offer our clients an integral value chain that takes into account all aspects relevant to their assets. This offer is in great demand – even outside our canton.

Where are you active?

We operate from Zurich throughout Switzerland and in selected markets abroad – primarily in Europe. We also look after Swiss nationals living abroad, provided the country is not on our restricted list. Prudent risk management and the preservation of our excellent reputation are top priorities in all our activities.

What is your goal?

As a reliable financial partner, we want to offer our clients excellent advice that is close to their life situation, reflects their individual values and allows them to benefit from our excellent internal and external network. In line with our range of services, we strive to continuously diversify ZKB's income base in the Private Banking business unit in order to ensure continuity and stability.

ware to manage their client assets, we attach great importance to the further development of our interfaces. In this context, we have introduced an application programming interface (API) that enables asset managers to enter stock exchange orders via third-party software.

Private Banking International – Leading for Swiss citizens living abroad and firmly anchored in Europe

The Private Banking International has positioned itself as leading in the Swiss market for Swiss citizens living abroad. Currently, around 30,000 Swiss citizens move abroad every year. And that trend is rising. The bank has a comprehensive offering that meets their need for a long-term, reliable partner capable of handling their financial affairs. As the leading financial institution for Swiss citizens abroad, Zürcher Kantonalbank makes it possible for all Swiss citizens who move abroad to remain or become clients of the bank.

In addition, Zürcher Kantonalbank has fulfilled all the requirements to actively engage in cross-border marketing in Germany since 2023. Around a dozen events were held throughout Germany during the year under review. Zürcher Kantonalbank was also able to further strengthen its position in other selected markets in Europe in the year under review and is available to support international clients and Swiss clients living abroad with its own team of experts.

Producers

Custody with growth and expansion of expertise

Custody and asset services are important basic services for our institutional clients. These include custodian and administrative services, securities accounting, performance reporting, independent ESG reporting and investment compliance services, as well as custodian bank services for investment funds. We also satisfy growing demand for front- and mid-office support, such as the automated delivery of transaction, position and price data into asset managers' systems or the timely transmission of settlement instructions.

Our focus is on the digitalisation of business services, i.e. the development of APIs for connecting third-party systems as well as the enhancement of user interfaces on the web. Zürcher Kantonalbank is a founding member of the Open Wealth Association, which aims to define and operationalise an Open API standard for the global wealth management community. The agreed standard will be implemented via bidirectional interfaces such as bLink, the open finance platform operated by SIX. Zürcher Kantonalbank also offers a platform solution that provides institutional clients and asset man-

agers with enhanced digital access to their assets, giving them more efficient, comprehensive tools for managing and controlling those assets.

Efforts to develop new, innovative solutions – often in close cooperation with our clients – as well as our broad range of services enabled us to once again achieve very good growth in new assets as well as in custody and custodian bank clients in an increasingly saturated market. The merger among the big banks has prompted several custody clients to review their mandates and put them out to tender again on the market. Thanks to our comprehensive range of services and our many years of expertise, we are in an excellent position to attract interested parties to the custody services of Zürcher Kantonalbank.

In the reporting year, Zürcher Kantonalbank acquired Complementa AG, a company specialising in investment reporting services, as part of its corporate succession. Discerning custody clients want tailored, high-quality and individually configurable investment reporting. To date, we have provided this service for our own clients in co-operation with Complementa AG. The takeover enables us to further expand our expertise in the custody sector and offer the entire range of services from a single source.

Leading provider of research on Swiss companies

Zürcher Kantonalbank's research covers 191 public companies, real estate funds and investment foundations nationwide, as well as 184 bond issuers – more than any other institution in Switzerland. That means our 27 analysts make up the most important research team in the country. Thanks to its broad coverage and close contact with companies, our team of experts has in-depth knowledge of the Swiss market and publishes research with insights that create added value. What's more, our ratings are essential for a large proportion of the issuers in the Swiss Bond Index (SBI). Our share recommendations outperformed their respective benchmarks again this year.

Further expansion of our sustainability research

We published a substantial number of comprehensive reports in 2024 that comprised 127 studies and 83 "ESG Insights" reports. With the "ESG Compass Credit" and the "ESG Compass Real Estate" reports, we evaluated 157 domestic bond issuers as well as 14 listed real estate companies, 30 listed real estate funds and 12 unlisted real estate investment foundations for the first time according to our ESG approach with regard to their sustainability and awarded them an ESG star rating.

Expansion of the equity and credit research coverage

The equity and credit research team expanded in the year under review its already extensive coverage of issuers with equity, credit and ESG ratings by initiating coverage of 6 public companies, 2 real estate funds and 6 bond issuers. With its ratings, the research of Zürcher Kantonalbank thus covers 98 percent of the market capitalisation of the Swiss Performance Index, 76 percent of the domestic borrowers present on the market and almost 100 percent of the outstanding bond volume, as well as almost 100 percent of the market capitalisation of the listed Swiss real estate segment.

Launch of the new "ZKB Research Portal"

With the launch of the "ZKB Research Portal" in the reporting year, we offer institutional clients simple and direct access to our research services. Once registered, users have access to research publications, analyst models and company profiles of the companies covered by the research, as well as to our extensive research library. In addition, research recipients can set up e-mail alerts to be informed immediately about new research publications on specific sectors and companies.

Platform for companies and investors

Zürcher Kantonalbank promotes dialogue between companies and investors by organising investor events, production tours and more than 150 roadshows per year. The Swiss Equity Conference and the Swiss Real Estate Conference, attended by a total of over 90 listed Swiss companies and real estate funds as well as 600 participants, are a highlight every year. This holds particularly true for our Tier 1 clients, as we can offer them access to the top management of listed Swiss companies through one-on-one meetings. With over 100 participants, this year's bondholder event on the focus topic of "Banks", at which the 23rd edition of the "Swiss Rating Guide" was also presented, set a new attendance record.

Trading and Capital Markets division achieves outstanding results

We are Switzerland's leading provider in the trading business as well as in the issuing of debt capital and equity instruments (capital market). In trading, we cover all of the important products and asset classes, such as equities, foreign currencies, precious metals, interest rate and credit instruments, as well as structured products. In a consolidating market environment, we position ourselves as an "insourcer" in our domestic market of Switzerland and provide our clients with our integrated value chain and cutting-edge interfaces. The Trading and Capital Markets division is also an important service provider for the parent company.

There was no positive impetus for the global economy at the start of the year, although the equity markets performed well and the central banks delayed interest rate cuts. Key interest rates in Switzerland were lowered in March for the first time in nine years, and the SNB thus initiated a progressive cycle of interest rate cuts earlier than expected. Apart from a brief but sharp rise in equity volatility in particular in the summer and in the volatility of short-term interest rates in the run-up to further key interest rate decisions by central banks, the trend of rather favourable equity markets and further falls in interest rates continued unabated over the course of the year.

Against this backdrop and thanks to prudent risk management, the Trading and Capital Markets division achieved a result in line with the long-term average. It should be noted that certain significant revenue components are booked under commission or interest income rather than trading income.

The bank achieved a record result in equity brokerage. In the Equity Capital Markets business, we acted as lead manager for 14 transactions of issuers listed on the SIX Swiss Exchange and in other functions and/or on other exchanges for another 9 transactions, making us the market leader in Switzerland.

On debt capital markets, Zürcher Kantonalbank managed the issue of 117 bonds worth CHF 21.5 billion. We are the market leader in the CHF domestic segment. Additionally, 44 transactions worth CHF 10 billion were carried out for the Central Mortgage Bond Institution of the Swiss Cantonal Banks.

The structured products business developed favourably and recorded a marked increase in income compared to the challenging previous year. By contrast, the business with interest rate instruments recorded a market-related decline in a very challenging year. Trading in foreign exchange and precious metals achieved good results in a multi-year comparison. In the securities lending, repo and money market business, revenues were down compared with the previous year.

The result from trading activities (excluding commission and interest income) amounted to CHF 353 million in the year under review, 15.1 percent below the previous year's level. On average, market risks in the trading book (value at risk) amounted to CHF 12 million in 2024.

Asset Management reports steady growth and market share gains

—> Responsible investing in the Sustainability Report 2024: 33 ff. 53 ff. 65 f.

With over 270 specialists, Zürcher Kantonalbank's Asset Management is the competence centre in charge of the development and management of investment solutions,

Leading provider in sell-side research

Bond issues

161

Over CHF 31.5 billion and 14 equity markets transactions as lead manager.

Billion Swiss francs in assets under management at ZKB Asset Management

297

such as investment funds and individual, institutional mandates. As such, Asset Management provides professional and innovative investment solutions to meet client needs in Zürcher Kantonalbank's various business units. It also provides clients with support in connection with technical issues and sales.

Thanks to strong net new asset growth of CHF 24 billion and a positive market trend, assets under management increased by 20.7 percent over the course of 2024. They amounted to CHF 297 billion at the end of the year. According to Swiss Fund Data, this enabled the Asset Management division to increase its share in the Swiss funds market to 10.67 percent in 2024 (2023: 10.18 percent).

Institutional business performed particularly well. According to the Asset Management Guide 2024 published by Investment and Pensions Europe (IPE), a major European publication for institutional investors and those running pension funds, Asset Management of Zürcher Kantonalbank ranks 16th among the largest providers in the institutional sector in Europe (2023: 20th place).

Swisscanto with a new brand identity

The Swisscanto product brand has been managed under the brand umbrella of Zürcher Kantonalbank since the reporting year. The former red lettering has been replaced by the blue of Zürcher Kantonalbank. Its new presence also focuses on our proven expertise in the field of sustainability. By adapting and bringing the product brand closer to Zürcher Kantonalbank, Swisscanto should benefit from the latter's brand awareness and trust. It also enables a unified external image and more efficient brand management.

Further expansion abroad in the wholesale business

In wholesale distribution, Swisscanto collective investments are placed in the product range of financial services providers and distributed by them to their end clients. This distribution channel is very important for Zürcher Kantonalbank Asset Management, both in Switzerland and abroad. An established sales organisation already exists abroad in Germany. This year, the sales organisation in Italy was also expanded with a new sales team and a branch office in Milan. This strategic expansion is intended to make the existing products accessible to a significantly larger target group.

Launch of sustainable thematic funds

With the launch of three new thematic funds, the range of thematic funds offered by Zürcher Kantonalbank Asset Management has been further expanded and has gained strategic importance for our growth ambitions. In addition to the existing thematic funds Climate, Water and High Quality, the new thematic funds Healthy

Longevity, Digital Economy and Circular Economy were added. The three new funds are categorised as Article 9 funds under the EU's Sustainable Finance Disclosure Regulation (SFDR) and thus expand our most sustainable product line, "Sustainable".

Innovations and awards

Achieving the net-zero target calls for innovative business ideas and technologies. One milestone in 2022 was the launch of the Decarbonisation thematic private equity fund. This fund allows investors to make targeted investments in companies promoting business ideas that reduce greenhouse gases, thereby promoting the economy's climate transformation at the same time. The closing of the subscription was in 2024 with a total investment amount of around CHF 130 million.

It was also significant that six of our sustainable funds once again received the FNG seal, an independent label from the Forum Nachhaltige Geldanlagen (FNG) for investments that take ethical and environmental factors into consideration. This prestigious award is regarded as a seal of quality for sustainable investments and is held in particularly high esteem in Germany, Austria and Switzerland. Since the first submission of four funds in 2022 and two further funds in 2023, these funds have been awarded the top rating straight away and confirmed annually.

Responsible voting behaviour and engagement

The Swisscanto fund management companies actively exercise their voting rights for the shares included in our active and passive investment funds. We update our sustainable voting policy on an annual basis. This includes, for example, supporting relevant shareholder proposals at annual general meetings and promoting ESG best practice standards. Our voting guidelines and voting behaviour are published online.

Our investment stewardship is built on three pillars, regardless of whether we have invested in equities or fixed-interest securities: Through direct dialogue, we promote responsible corporate governance at companies in which we have significant investments. Through collaborations, we help to promote the UN Sustainable Development Goals (UN SDG). Through global commitment, we advocate for the principles of the UN Global Compact.



Three questions for: **Iwan Deplazes, Head of Asset Management**

Mr Deplazes, Asset Management opened a new location in Milan at the beginning of 2024. What strategy are you pursuing with this?

The expansion of international sales is an important strategic priority. Abroad, we are pursuing the ambition of achieving economies of scale and diversifying our client base. We can already reap the rewards here: International fund sales have increased considerably and make a substantial contribution to our overall result.

What does your strategy involve beyond that?

In addition to expanding our sales network, we are continuously developing our expertise in sustainable investments. In 2024, for example, we expanded our range to include three new thematic funds focusing on the digital economy, healthy longevity and the circular economy. These investment strategies look for companies that can both benefit from these long-term trends and address the challenges of sustainable development.

How do you assess the course of business over the past 12 months?

We have recorded strong growth in assets under management. We have become the number two provider in Switzerland with the Swisscanto brand and we are one of the top-selling asset managers in Europe. As a business area, we make a significant contribution to the success of Zürcher Kantonalbank. This is our contribution to diversifying the group's income and risks.

Employees

We offer our employees a great deal of creative freedom in a dynamic and digital environment. As one of the canton's largest training centres, we also make it possible for numerous young adults to enter a wide range of professions in banking and IT.

Zürcher Kantonalbank is a popular and attractive employer. Our culture is characterised by a sense of responsibility, our focus on performance, fairness and respect. We take our corporate responsibility seriously by encouraging our employees to take responsibility for their own actions, paying fair market compensation and offering flexible working arrangements to help employees strike a healthy work-life balance.

Unless indicated otherwise, the figures and information below relate to the parent company (excluding subsidiaries and their subsidiaries).

→ Detailed information on the personnel structure and other key personnel figures: Sustainability Report 2024 p. 69 ff.

Headcount

The group's headcount rose by 240 in 2024, from 5,539 to 5,779 full-time equivalents (FTE). 10 full-time equivalents were filled by temporary employees. The group employs a total of 6,607 people. 341 employees were at the parent company on an apprenticeship or high school internship.

High level of identification with the company

We have a high level of employee commitment and low staff turnover (2024: 5.5 percent, 2023: 6.1 percent).

Our employees also actively act as brand ambassadors by carrying over into their personal lives our corporate culture and our corporate values as well as their enthusiasm for working in the bank.

This positive image should help ensure that we are widely perceived as an employer of choice.

Employee satisfaction survey confirms commitment

We conduct our employee satisfaction survey every two years. The survey was last conducted in 2023.

The response rate, which serves as an indicator of employees' willingness to provide direct feedback, was at a very high level in 2023: 8 out of 10 employees completing the questionnaire in full. We view this high level of participation as an expression of an open feedback culture.

The Commitment Index, which comprises six individual questions, provides information on how satisfied employees are with Zürcher Kantonalbank as their employer and how strongly connected they feel to the company. At an average of 77 out of 100 points, this score remained at nearly the same high level. These positive results were received throughout all of the business units. (The rating scale has been adjusted since the penultimate survey in 2021. An index of 89 on the previous scale corresponds to a score of 78 on the new scale).

The survey also gave us insights into what drives commitment and helped us gather and address our employees' concerns.

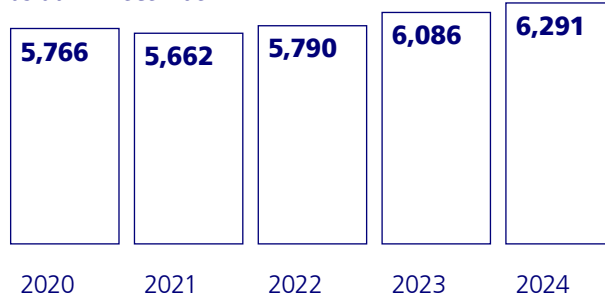
Leadership 2030

We are continuing to develop our culture as one of the bank's six strategic priorities. As an important part of this, we further developed our understanding of management throughout the bank in the reporting year. Based on the bank's vision, strategy and values, it refers to the bank's ambition for 2030 and serves as a central management tool for achieving it.

Number of employees at the parent company

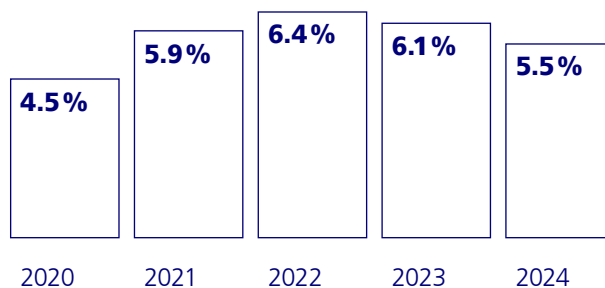
Large regional employer

as at 31 December



Turnover rate

Loyal employees



Apprenticeships

430

One of the largest training centres in the canton

Performance & Development

In order to keep pace with the changes in our environment as Zürcher Kantonalbank and to live and implement our understanding of leadership in everyday life, we have revised Performance & Development (P&D). The aim of the further development of P&D following its launch seven years ago is process simplification, increased commitment and consistency within the bank.

The development of all our employees lays the basis for individual and collective performance and, by extension, for our corporate success. This is why we are strengthening the dialogue between managers and employees in particular. An in-depth feedback and development dialogue between employees and their supervisors was established twice a year as a new tool. The regular short meetings will remain as such and will also be mandatory in future.

Both conversations aim to discuss performance and conduct and to explore individual development opportunities.

By setting a framework, we create commitment and a basis for all employees and managers. At the same time, we allow a high degree of freedom in the implementation so that we can continue to act according to the situation and needs.

Promotion of training and further education

We find it extremely important that our employees continually expand their technical, methodological and social skills. We provide a wide range of internal classes, workshops, podcasts and videos, among other things, as well as the opportunity to attend external training and development courses.

We invested CHF 12.3 million in basic training and further education in the year under review (2023: CHF 11.1 million). Each employee spent an average of 14 hours on internal training and further education (2023: 18.6 hours). 914 employees (16.7 percent) are currently taking part in a training course (2023: 830 employees, 15.6 percent). We are continuously expanding our proven learning portal geared toward self-study to ensure that it continues to provide a needs-based range of courses to promote our employees' development and make them fit for the future.

Talent management – high potential community

In connection with the further development of P&D, the portfolios have also been revised. The new "High Potentials" portfolio distinguishes between potential for management and specialist careers.

Continuous dialogue shows what potential our employees have and where their strengths lie. We therefore invest heavily in a comprehensive talent manage-

ment programme. Our aim here is not just to train young people, but to promote lifelong learning at all levels.

Zürcher Kantonalbank has been offering an extensive networking and development service – its Talent Community – for all employees defined as high potential. It is structured to match our talent management objectives and includes personal development, networking, visibility and inspiration. The aim is to contribute to the further development of the bank.

At the same time, we view the internal Talent Community as complementary to our external talent acquisition and recruitment activities. Employees with special potential, excellent performance levels and exemplary conduct are offered special opportunities. 18 employees were given the opportunity in the year under review to proceed with their personal and professional development in tailored support programmes.

Wide range of offers for young professionals

With 430 apprenticeships, we are one of the largest providers of vocational training in the Canton of Zurich. The majority of the vocational training we offer is in the areas of banking and IT.

Attractive apprenticeship programme – even after graduation

74 apprentices began their apprenticeships in 2024 after the new commercial training reform took effect. Added to those are 14 IT apprentices specialising in application and platform development and two apprentices each in the areas of mediamatics and digital business development.

The highlight for nearly 90 of our first-year apprentices was the traditional one-week apprentice camp in the sports resort of Fiesch, Valais. One focus was on managing your own resources during the apprenticeship.

In addition to apprentice camp, apprentices can look forward to one special day every year of their apprenticeship. The first year of their apprenticeships features a sustainability day, there is an art and creativity day in the second year, and the third year includes an innovation day.

77 commercial bank apprentices and 13 IT apprentices graduated, with 46 of them also earning their vocational baccalaureate.

We were once again able to meet our main objective of continuing to employ young employees in the bank after they have completed their apprenticeships. Of those apprentices in the year under review, 95.5 percent chose to pursue a career within the bank and gain more valuable professional experience.

Programmes for high school and university graduates

In addition to apprenticeships, we also offer internships for vocational school, high school and IMS graduates, as well as trainee programmes for university graduates and graduates of apprenticeship programmes.

In its second iteration, the summer internship programme for students proved popular once again. The ten-week programme gave 20 students an insight into the bank, enabling them to gain some initial professional experience and build a network. We were able to convince several participants to stay on with us as employees.

There were 60 interns and about 89 trainees working at the bank in 2024. All high school graduates completed their internships successfully.

The bank sparks young people's interest in working in IT. The Information Technology Days were attended by around 124 young people, including 37 girls.

Employer commitment

Equal opportunities – diversity, equity & inclusion

Zürcher Kantonalbank aims to achieve equal opportunity for all employees and is committed to a shared understanding of diversity, equity and inclusion (DE&I). We believe that the diversity of our employees offers the bank substantial added value. Furthermore, it reflects our equally diverse client structure. We are firmly committed to fairness and respect and promote equal opportunities – regardless of age, gender, sexual orientation, nationality, religion and physical impairment. We have the following DE&I networks: Women's Network, Queers & Peers, the Mensch* network (for employees with disabilities) and a Co-Lead Network (job sharing in management). Zürcher Kantonalbank has the LGBTI Quality Seal.

Diversity, equity & inclusion was enshrined in the 2030 public service mandate (see p. 7) as a component of corporate sustainability.

At the end of the year under review, women made up 36.9 percent of the workforce (2023: 37.0 percent). The percentage of women in middle management was 38.2 percent (2023: 37.8 percent), with 19.0 percent in senior management (2023: 17.9 percent).

Focus on gender equality

The bank fulfils its social responsibility and is committed to ensuring gender equality in management and junior staff. The Executive Board has decided to implement accompanying measures in order to achieve the bank's gender diversity targets. Taking suitability into account, by the end of 2026 the proportion of women

at the second most senior level of management should be 20 percent and 30 percent at the third most senior level. Another goal is to strike a balance in the gender distribution in the trainee programmes. The Diversity Steering Committee decides on measures and monitors the achievement of objectives.

Externally, we are a member of the Advance gender equality network, where Florence Schnydrig Moser, Head of Private Banking and member of the Executive Board, sits on the Board.

Specifically targeting female talents for careers in IT

To address the IT skills shortage, specifically targeting female talents is more important than ever. IT is a professional field with a future and it is being shaped by young people. With around 1,000 employees, Zürcher Kantonalbank is one of the largest IT employers in Switzerland. Our 2024 Information Technology Days were very successful again. Held in the middle of Zurich's District 5, they make the multifaceted world of information technology tangible for students, school classes and teachers in both secondary schools and high schools. A virtual programme was offered for school classes that featured daily events on key topics for students in senior grades, and on Friday events were focused on girls.

National Future Day is held every November and offers girls and boys from grades 5 to 7 an opportunity to accompany their parents to work. Half-day programmes were offered at the main sites. The special "Mädchen Informatik-los!" project proved very popular once again. In this project, IT-savvy girls spent half a day each gaining an insight into IT professions.

Increasing awareness of people with disabilities

Founded in 2022, the Mensch* network provides a knowledge platform for employees with and without disabilities. In this way we promote dialogue between all employees to raise awareness of what it is like to live with a disability and break down barriers. The member of the Executive Board responsible for this is Remo Schmidli, Head of IT, Operations & Real Estate.

Work-life balance

We want our employees to be able to find a healthy balance between their professional commitments and their personal lives. To do that, we offer them flexible working models. The combination of management and part-time work is becoming increasingly important for both men and women.

Demand for co-lead roles remains strong. This means that two managers share one management function. 23 employees currently work in a co-lead function.

In total, 29.8 percent of our employees work on a part-time basis. We have also seen a slight increase in the number of part-time employees working in middle and senior management. The percentage of women working in senior management positions has likewise increased again.

We find it extremely important that our female employees return to us after their maternity leave. Our maternity concept strengthens this intention. In addition, we provide financial support for employees with certain workloads who have one or more children in daycare while they are working. Around 111 fathers took the two-week paternity leave.

Political engagement

Zürcher Kantonalbank supports employees if they choose to hold a political office. A total of over 100 employees are involved in politics. Through this commitment, they make a valuable contribution towards embedding our bank in both the political and social realms. The bank supports these non-profit activities by offering up to one month's worth of paid days off without any reduction in annual leave, for example. As an expression of the appreciation we have for the commitment shown by these employees, the Chairperson's Committee organises the "Politics and Commitment" event every year. This year, the event took place in the Bullinger Church in Zurich's District 4, the current meeting place of the Cantonal Parliament.

Health

Our systematic approach to health management makes an important contribution to the work-life balance and well-being of our employees. An important aspect of our commitment as an employer is preventive healthcare and health promotion.

In 2023, we received the Friendly Work Space label for the fourth consecutive time, which is valid for three years. Our systematic health-related offers include financial support for health checks, free flu vaccinations in collaboration with the Swiss Association of Pharmacists, and support for sporting activities such as the health-promoting Swiss-wide "Bike to Work" campaign.

The health room in the Hard office building offers a varied programme throughout the working week featuring a variety of different sports and relaxation courses.

We also provide our employees with ergonomically designed workplaces, as well as rest and massage rooms. What's more, if they find themselves in stressful situations, our employees can take advantage of a free and anonymous external counselling service. We are constantly optimising our measures with the aim of helping our employees to stay fit and healthy.

In the year under review, we reported 7.1 lost days per employee as a result of sickness or occupational and non-occupational accidents (2023: 6.4 days).

Integration

We also pay special attention to employees with health problems. We provide close, personal and professional support to affected employees and take steps that enable them to maintain or restore their ability to work.

In 2024, we were able to offer temporary jobs to several people under tailored integration programmes for people with disabilities. In total, nearly 1 percent of our employees received support that enabled them to re-enter the workforce during the year under review.

Annual report of the employee representation committee for 2024

The employee representation committee (ERC) consists of five members and represents the interests and rights of employees vis-a-vis Zürcher Kantonalbank as employer. It promotes open dialogue and communication about different opinions, viewpoints and interests.

The responsibilities of the ERC include: performing tasks and competences arising from participation rights, monitoring compliance with participation rights and initiating any necessary adjustments, representing the collective interests of employees, regularly exchanging information with the employee committee, its members and employees, formulating employee concerns and requests for the attention of the employer and supporting individual enquiries from employees.

By performing these tasks, the ERC is able to recognise employee concerns at an early stage and address them to the Executive Board and the People & Culture management so that they can be incorporated into the bank's concepts, directives and decision-making principles.

The compensation model was adjusted in the 2024 reporting year. The ERC was involved in the process and was able to represent employees' interests.

Components of compensation

Our employees are compensated according to the total compensation approach. Their compensation consists of a base salary, variable compensation based on the performance of the group, as well as statutory allowances and additional voluntary benefits. For more information, please see the Compensation Report.

Pensions

In the year under review, the Pension Fund of Zürcher Kantonalbank covered 6,039 active insured persons and 2,282 retirees. As at 31 December 2024, it managed assets of approximately CHF 5.626 billion and had a coverage ratio of 116.0 percent (unaudited). For further information on occupational pensions and employee benefits, please see Note 13.

Business Development

2024 – A result characterised by interest rate hikes, excellent securities trading and investment activities as well as the introduction of the OECD minimum tax

The consolidated profit before taxes totalled CHF 1,289 million, 3.4 percent higher than in the previous year (CHF 1,246 million). At consolidated profit level, the impact of the OECD minimum tax newly introduced in 2024 is evident, amounting to CHF 156 million. As a result, the consolidated profit stands at CHF 1,120 million, which corresponds to a decrease of 9.5 percent or CHF 118 million compared to the excellent previous year.

Net interest income was unable to match the exceptional level of the previous year. Rather, this was strongly characterised in 2024 by the four interest rate hikes by the Swiss National Bank (SNB). With a decrease of 7.7 percent compared to the previous year, the net result from interest operations amounted to CHF 1,680 million.

The commission business and services present a very favourable picture. At CHF 1,024 million, they achieved their best result ever and, with a 33.1 percent share of operating income, make a correspondingly positive contribution to the bank's overall result.

Due to the significantly lower market momentum over the entire financial year, the trading result of CHF 353 million is below the previous year's figure of CHF 415 million. Only the result from trading in shares and structured products exceeded the previous year's result.

Operating expenses of CHF 1,731 million increased by 3.1 percent or CHF 52 million compared to the previous year. After taking into account depreciation and amortisation, value adjustments and changes to provisions, as already mentioned, the pre-tax group result was a pleasing CHF 1,289 million (up 3.4 percent).

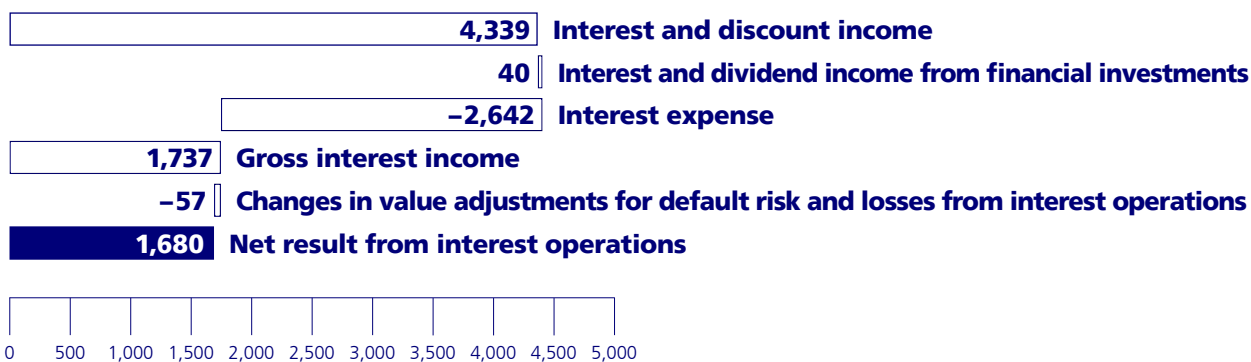
Analysis of earnings

Gratifying net interest income

Gross interest income amounted to CHF 1,737 million, corresponding to a 7.1 percent or CHF 132 million lower result than in the previous year. Interest operations were characterised in particular by the SNB's four interest rate hikes. While interest income in the lending and mortgage business, as well as the volume, developed favourably, declining interest income in the deposit business was the driving factor behind the lower gross interest income.

At CHF 57 million, the line item Changes in value adjustments for default risk and losses from interest operations shows a slightly higher net allocation than in the previous year (CHF 49 million). At CHF 32 million, the creation of individual value adjustments was lower than in the previous year (CHF 52 million). On the other hand, the value adjustments for expected losses were higher in the current year, with a net allocation of CHF 20 million. This development is due to the growth in lending volume and the deterioration of individual client ratings, while a net release of CHF 4 million was recorded in the previous year. The latter was due to the turnaround in interest

01 Breakdown of result from interest operations in CHF million



rates, which led to a significant shortening of terms for new mortgage loans.

Overall, this led to a net result from interest operations totalling CHF 1,680 million, which is CHF 140 million or 7.7 percent lower than the previous year's figure.

Record-high result from the commission business and services

At CHF 1,024 million, the result from commission business and services is 8.9 percent or CHF 84 million higher year-on-year, which represents an all-time high. This was due in particular to the development of the largest income component, commission income from securities trading and investment activities. This amounts to CHF 1,152 million, an increase of 12.8 percent compared to the previous year. The favourable stock market environment, combined with the pleasing growth in assets under management, both in the current and previous year, was the driving factor behind the record-high result. Commission income from lending activities also contributed to the positive result, which at CHF 77 million was around CHF 5 million or 7.0 percent higher than in the previous year.

By contrast, commission income from other services decreased by CHF 12 million to CHF 148 million, due in particular to the introduction of free everyday banking on 1 January 2024. Commission expenses totalled CHF 353 million, compared with CHF 314 million in the previous year.

Moderate trading result

At CHF 353 million, the result from trading activities was unable to match the previous year's very strong result (CHF 415 million). The previous year's result had benefited from the market situation in the first half of the year. In the 2024 financial year, however, market momentum was subdued and opportunities were lacking, particularly in the fourth quarter. Only the result from trading in shares and structured products, at CHF 79 million, exceeded the previous year's result by 41.6 percent. The other income components all declined. At CHF 93 million, the result from trading in bonds, interest rate and credit derivatives in particular was CHF 59 million or 38.8 percent lower than in the previous year.

For further information, please see Note 32 to the Financial Report.

Outcome very pleasing in other result from ordinary activities

The other result from ordinary activities stands at CHF 32 million, up CHF 13 million or 71.2 percent over the previous year.

The following two components in particular represent significant differences compared to the previous year: Firstly, the market-related value adjustment of financial investments was CHF 9 million lower at CHF 4 million. Secondly, one-off income of CHF 4 million was realised from the sale of properties acquired as part of mortgage liquidations.

Operating expenses increase in line with expectations

Operating expenses of CHF 1,731 million increased by 3.1 percent or CHF 52 million compared to the previous year. Growth in both personnel, general and administrative expenses is therefore within the planned and expected range.

Around CHF 43 million of the growth is attributable to personnel expenses, which rose by 3.7 percent year on year to CHF 1,223 million. This is mainly due to the higher headcount (FTEs up 4.3 percent).

At CHF 33 million, office space expenses are on a par with the previous year. By contrast, costs for information and communications technology were significantly higher, rising from CHF 180 million to CHF 193 million compared to the previous year. The higher IT costs are also mainly due to the increase in the number of employees, which is reflected in licence fees and maintenance costs. The costs for other operating expenses decreased by 1.6 percent or just under CHF 5 million to CHF 272 million, although this did not fully compensate for the higher IT costs. At CHF 508 million, general and administrative expenses are therefore also slightly higher than the previous year (CHF 499 million).

For further information on personnel, general and administrative expenses, please see Notes 34 and 35 to the Financial Report.

Overall lower value adjustment and amortisation expenses

Expenses in connection with value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets in the year under review amount to a total of CHF 72 million, slightly

lower than the previous year (CHF 75 million). This is mainly due to the value adjustments on participations, which at CHF 4 million are 48.0 percent lower than in the previous year. Depreciation on bank premises and other real estate also declined (minus CHF 3 million). Higher expenses resulted from goodwill amortisation of CHF 12 million in connection with the investment in Complementa AG, a new subsidiary that provides infrastructure for investment reporting. Amortisation of intangible assets of just under CHF 3 million, on the other hand, remained at the previous year's level.

Changes to provisions and other value adjustments and losses

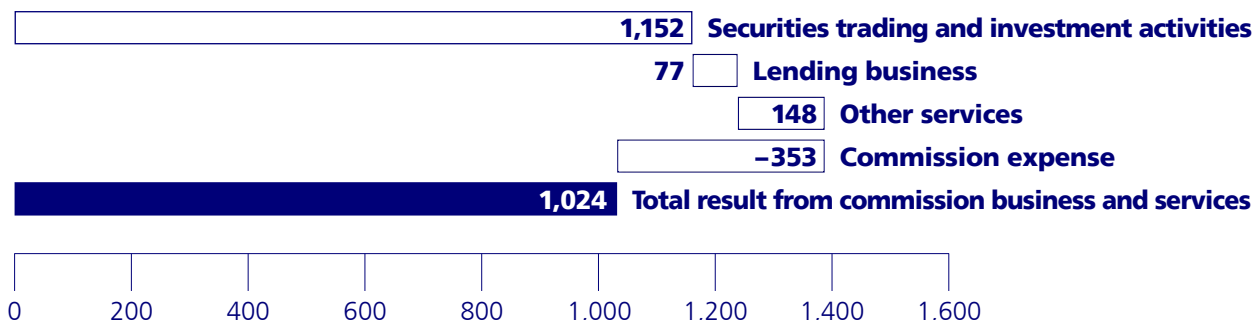
Value adjustments and provisions are recognised to the extent necessary to cover default risks and any other identifiable risks.

For 2024, changes to provisions and other value adjustments and losses show a creation of CHF 8 million, in contrast to a release of CHF 28 million in the previous year. This significant change is due to the development of provisions for default risks on credit lines granted, for which there were major reversals in the previous year. For the changes in value adjustments for default risks and losses from interest operations, please see the section on interest operations.

Consolidated profit before taxes

At CHF 1,289 million, the bank was able to achieve an outstanding consolidated profit before taxes. This is CHF 43 million higher than the previous year, whereby reserves for general banking risks totalling CHF 225 million were formed in 2023 to strengthen equity due to the exceptional result.

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



Higher tax expenses due to OECD minimum taxation

Tax expenses totalled CHF 168 million and were therefore significantly higher than in the previous year. The change is attributable mainly to the introduction of OECD minimum taxation, which will be levied for the first time in 2024 in the form of a supplementary tax. For 2024, the OECD minimum tax amounts to CHF 156 million. The OECD minimum tax is credited in full to the canton when determining the dividend to the canton and municipalities in accordance with the Minimum Tax Ordinance (OMinT) and the Cantonal Banking Act on Zürcher Kantonalbank. Further information on OECD minimum taxation can be found in the accounting and valuation principles in the notes to the financial statements.

Analysis of the asset and financial position

Total assets stand at CHF 202.6 billion as at the end of 2024, roughly in line with the previous year's level.

On the assets side, liquid assets fell by 17.6 percent to CHF 32.7 billion. Nevertheless, they remain at a high level with liquidity ratios that continue to be very good. This is reflected in the liquidity coverage ratio (LCR) of 142 percent (previous year: 147 percent), as well as in the net stable funding ratio (NSFR) of 116 percent (previous year: 117 percent). Accordingly, the bank continues to comply comfortably with regulatory liquidity requirements. In contrast to the development of liquid assets, there was growth in the mortgage business, which increased by 5.7 percent or CHF 5.7 billion.

On the liabilities side, amounts due to banks increased by 12.1 percent or CHF 4.3 billion to CHF 39.7 billion. At the same time, liabilities from securities financing transactions fell by CHF 6.1 billion to CHF 8.0 billion. There was also a sharp increase of CHF 5.5 billion to CHF 107.0 billion in amounts due in respect of customer deposits.

Other liabilities totalled CHF 834 million at the end of 2024, down 53.4 percent on the previous year. This is mainly due to the fact that the balance of broker settlement accounts as at the reporting date has normalised again compared to the previous year's high figure.

Development of the interbank and securities financing business

On the assets side, the securities financing business had a balance of CHF 25.3 billion as at the reporting date, comparable with the previous year (CHF 25.7 billion).

On the liabilities side, the balance declined to CHF 8.0 billion (minus 43.2 percent or CHF 6.1 billion). This is due in particular to a shift to amounts due to banks of CHF 4.3 billion to CHF 39.7 billion, whereby this development is the result of active balance sheet management.

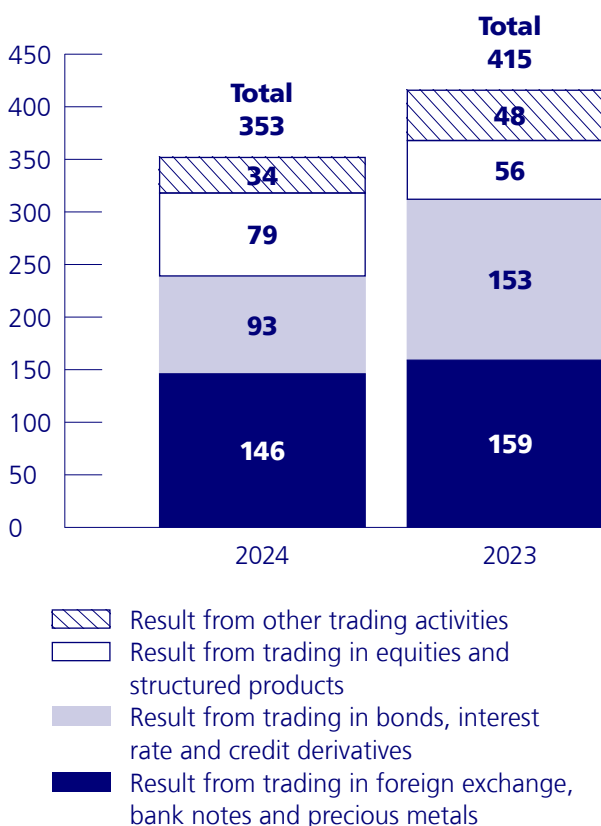
Please see Note 1 in the Financial Report for further information.

Volume growth in loans

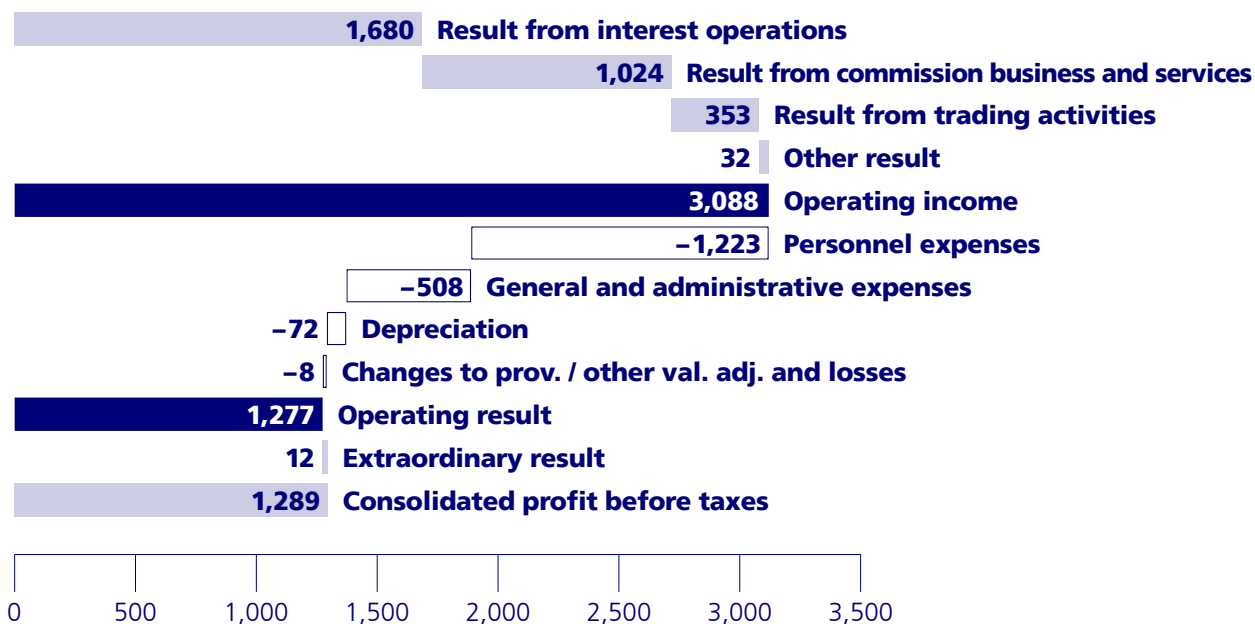
Mortgage loans in the amount of CHF 106.6 billion were outstanding at the end of 2024 (previous year: CHF 100.9 billion). This corresponds to a net increase of 5.7 percent or CHF 5.7 billion. At year-end, the value adjustments for impaired mortgage loans amounted to CHF 35 million (previous year: CHF 36 million) and CHF 383 million (previous year: 363 million) for expected losses on mortgage loans.

Amounts due from clients amounted to CHF 11.6 billion and these recorded net growth of 3.3 percent or CHF 369 million. Individual value adjustments totalled CHF 222 million (previous year: CHF 199 million). Value adjustments for expected losses for this item were only marginally higher than in the previous year at around CHF 53 million (previous year: CHF 52 million).

03 Breakdown of result from trading activities in CHF million



04 Consolidated profit before taxes in CHF million



Higher trading portfolio and an increase on the asset side in replacement values

On the assets side, the trading portfolio increased by 13.1 percent to CHF 13.4 billion (previous year: CHF 11.9 billion). The positive replacement values of derivative financial instruments increased significantly by CHF 1.7 billion to CHF 2.7 billion as at the reporting date.

On the liabilities side, the picture is the opposite. Trading portfolio liabilities (portfolio at year-end: CHF 2.9 billion) declined by CHF 363 million or 11.2 percent year on year.

The negative replacement values of the derivative financial instruments (portfolio at the end of the year: CHF 1.0 billion) showed a year-on-year decline of 59.1 percent.

However, liabilities from other financial instruments at fair value increased by 10.5 percent to CHF 4.4 billion.

For further information on trading activities, please see Notes 3 and 4 to the Financial Report. Information on market risk management can be found in section 1.6 of the Risk Report.

Portfolio of financial investments slightly lower

At CHF 5.2 billion, the portfolio of financial investments is around CHF 371 million or 6.6 percent lower than the previous year. The decline is mainly related to expiring money-market book claims that were not renewed. At CHF 4.7 billion (previous year: CHF 5.3 bil-

lion) or 90.6 percent (previous year: 94.5 percent), debt securities account for the largest share of financial investments. These are generally held to maturity. Fixed-interest securities that qualify as high-quality liquid assets (HQLA) under the Liquidity Ordinance may be counted towards liquidity. At the end of 2024, the portfolio of securities in financial investments that were eligible to be regarded as HQLA totalled CHF 4.7 billion. The remaining portfolio mainly consists of precious metals (CHF 349 million) and equity securities (CHF 134 million).

Investments at the previous year's level and tangible fixed assets down slightly

At CHF 155 million, non-consolidated participations were at a similar level to the previous year (CHF 154 million). For further information, please see Notes 6 and 7 to the Financial Report.

The tangible fixed assets mainly comprise the portfolio of bank premises worth CHF 472 million (previous year CHF 504 million), whereby two sales took place at the beginning of 2024. The change in tangible fixed assets was influenced by depreciation of CHF 53 million in combination with (replacement) investments in the amount of CHF 18 million. Accordingly, the portfolio of tangible fixed assets totalled CHF 497 million at the end of the year, compared to CHF 534 million in the previous year. Further details on tangible fixed assets can be found in Note 8.

Growth in customer deposits

At CHF 107.0 billion, amounts due in respect of customer deposits at the end of the year were 5.4 percent higher than in the previous year. This item includes savings accounts as well as other customer accounts at sight and on time. In contrast to the previous year, holdings in sight deposit accounts in particular increased as per the end of 2024 (up CHF 7.2 billion). Time deposits, on the other hand, recorded a decline of CHF 2.3 billion.

Declining holdings of cash bonds and money market securities and shift from central mortgage institution loans to bond issues

The challenging interest rate environment and the general conditions on the capital market are also reflected in the balance sheet. While holdings of cash bonds increased in the previous year, they declined again in 2024 and totalled CHF 260 million at the end of the year (previous year: CHF 288 million). The reaction to the interest rate environment was even more pronounced in money market securities, where the portfolio fell by CHF 582 million to CHF 50 million.

Bonds outstanding totalled CHF 11.0 billion, an increase of CHF 447 million compared to the end of the previous year. This increase was mainly at the expense of mortgage-covered loans. At year-end, mortgage-covered loans in the amount of CHF 11.2 billion were recognised in the books (previous year: CHF 11.6 billion), which corresponds to a decline of CHF 396 million. Along with client funds, bond issues together with mortgage-covered loans represent important funding instruments. For further information, please see Note 15 to the Financial Report.

Strong capital base

Shareholders' equity reported before appropriation of profit increased by CHF 594 million or 4.2 percent over the previous year. This figure contains the bank's capital of CHF 2.4 billion provided by the Canton of Zurich as equity, which has an indefinite time limit.

Other elements include retained earnings in the amount of CHF 11.0 billion, reserves for general banking risks (CHF 379 million) and consolidated profit (CHF 1,120 million). The currency translation reserve had a negative impact of CHF 15 million. At year-end, the bank's equity totalled CHF 14.9 billion (previous year: CHF 14.3 billion).

Client assets

Client assets amounted to CHF 520.8 billion as at 31 December 2024 (previous year: CHF 450.8 billion), of which CHF 457.3 billion relates to assets under management (previous year: CHF 395.8 billion). The CHF 61.5 billion increase in assets under management is mainly

due to the market performance (CHF 32.8 billion) and net new money inflow (CHF 29.8 billion). For further information, please see Notes 31 a) and 31 b) to the Financial Report.

Development of regulatory capital adequacy situation

At risk-weighted level, the current capital adequacy requirements as a systemically important bank (TLAC requirement, consisting of going-concern and gone-concern requirements) total 19.7 percent. With a risk-based TLAC ratio of 25.7 percent (previous year: 26.8 percent), these requirements are significantly exceeded, confirming the strong capitalisation of Zürcher Kantonalbank.

At an unweighted level, the TLAC requirement as a systemically important domestic bank is 6.4 percent. With a TLAC leverage ratio of 9.8 percent (previous year: 9.4 percent), these requirements are also comfortably exceeded.

AAA rating still one of the safest banks in the world

The rating agencies Fitch, Moody's and Standard & Poor's left their ratings for Zürcher Kantonalbank unchanged at AAA and Aaa, respectively. Zürcher Kantonalbank is also one of the safest universal banks in the world on a stand-alone basis (i.e. without taking any government support into account), as evidenced by the stand-alone rating of aa- (Standard & Poor's).