

Zuercher Kantonalbank

Full Rating Report

Ratings

Foreign Currency	
Long-Term IDR	AAA
Short-Term IDR	F1+
Viability Rating	a+
Support Rating	1
Support Rating Floor	AAA
Sovereign Risk	
Long-Term Foreign-Currency IDR	AAA
Long-Term Local-Currency IDR	AAA

Outlooks

Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Financial Data

Zuercher Kantonalbank

	31 Dec 11	31 Dec 10
Total assets (USDm)	142,417	134,536
Total assets (CHFm)	134,000	126,410
Total equity (CHFm)	8,568	8,180
Fitch core capital (CHFm)	8,555	8,167
Loan impairment charges (CHFm)	-28	51
Operating profit (CHFm)	766	718
Net income (CHFm)	769	729
Cost/income ratio (%)	65.03	62.30
Operating ROAA (%)	0.59	0.57
Operating ROAE (%)	9.23	9.04
Fitch core capital/weighted risks (%)	14.29	14.96
Tier 1 ratio (%)	13.40	14.10
Equity/assets (%)	6.39	6.47

Key Rating Drivers

Cantonal Guarantee Key: Zuercher Kantonalbank's (ZKB) Long- and Short-Term IDRs are based on the explicit guarantee provided under a special law (the ZKB law) by ZKB's sole owner, the Canton of Zurich ('AAA'/Stable). In return for this guarantee, the bank has to provide services in line with its public mandate. Given ZKB's importance to the canton and the potential repercussions for the financial sector in Zurich of a default of one of its major banks, Fitch Ratings considers it extremely likely that the canton would support the bank in a timely manner.

Standalone Strength: ZKB's Viability Rating (VR) reflects its moderate risk profile, sound asset quality (benefiting from a high share of mortgages) and healthy funding structure. The VR also takes into account the bank's high exposure to the Zurich housing market and its need to increase its capital ratios in the context of new, stricter domestic capital requirements.

Consistent and Adequate Performance: ZKB's well-diversified revenue is reflected in stable operating profit despite somewhat increasing costs. Fitch expects the bank to maintain adequate growth in its underlying core lending activities, but cautions that the volatile and competitive environment is likely to make it challenging for ZKB to materially diversify revenue to offset cost pressures in an increasingly demanding regulatory environment.

Strong Asset Quality: ZKB benefits from Zurich's well-performing economy and the bank's adequate underwriting standards. Although Fitch does not expect asset quality to deteriorate markedly in the short term, higher interest rates or the impact of the eurozone crisis on export-oriented SMEs and corporates could lead to higher default rates.

US Offshore Accounts Probe: ZKB's private banking client base is largely onshore, but the bank does have a number of offshore clients, including in the US. ZKB is one of 11 Swiss-domiciled banks under investigation by US authorities for allegedly helping US nationals to evade taxes through offshore accounts. While its US client assets are limited, according to the bank, Fitch believes the outcome of the investigation is uncertain and could potentially have a substantial negative impact on ZKB.

Solid Liquidity and Funding: ZKB's good franchise in the Canton of Zurich provides it with access to customer funding in the form of retail and corporate deposits, which accounted for around three-fifths of non-equity funding at end-2011. This supports the bank's sound funding and liquidity profile, which also benefits from its state guarantee.

Higher Regulatory Capital Requirements: ZKB's capitalisation compares well with international peer levels and is of good quality. To strengthen its capitalisation and ensure early compliance with Switzerland's stricter regulatory capital requirements, ZKB in early 2012 started issuing new-style Tier 1 buffer capital notes (with a 7% write-down trigger).

What Could Trigger a Rating Action

IDRs – Canton of Zurich: ZKB's Long-Term IDR has a Stable Outlook, reflecting the Outlook on the Canton of Zurich. Any changes in the ratings of the Canton of Zurich would affect ZKB's IDRs. Should the cantonal or Swiss authorities choose to eliminate the cantonal banks' liability guarantees, this would also put pressure on the bank's ratings.

VR – Market Downturn: ZKB's VR is sensitive to a sharp downturn in the real estate market in Switzerland, in particular in Zurich. Further pressure on the VR could arise if a rise in interest rates or the eurozone crisis resulted in higher default rates.

Related Research

Fitch: Cantonal Banks Unlikely to Lose Guarantees in Short-Term (January 2012)

Canton of Zurich (March 2011)

Analysts

Anna Deineko ACCA
+44 20 3530 1538
anna.deineko@fitchratings.com

Christian Kuendig
+44 20 3530 1399
christian.kuendig@fitchratings.com

- Third-largest Swiss bank, with a particularly strong position in SME and mortgage lending in the economically strong Canton of Zurich.
- The Canton of Zurich, ZKB's sole owner, guarantees all of the bank's senior liabilities under its public-law mandate. The guarantee is, in the agency's view, unlikely to be abolished in the medium term.

Profile

Franchise and Strategy

ZKB is the third-largest Swiss bank and the largest cantonal bank by total assets. It is also a leading "universal" bank in the Canton of Zurich (see [Fitch Affirms Canton of Zurich at 'AAA'; Outlook Stable](#), published on 22 February 2012), one of Switzerland's wealthiest cantons, where it benefits from a strong position in SME and – particularly – residential mortgage lending.

ZKB's public mission, its legal form and the federal structure of the cantonal banks sector limit ZKB's retail and SME lending activities to the Canton of Zurich. However, it has a nationwide and to some extent international franchise in private banking and asset management, as well as banking products for large corporates. Other international activities are limited to interbank business and international trade finance for Swiss companies.

Although ZKB's private banking client base is predominantly onshore, it has in recent years expanded in international private banking, including to some US clients, resulting in an investigation by the US tax authorities in late 2011. The US has never been a strategic market for ZKB, and since the beginning of the enquiry, ZKB has announced its intention to withdraw from this market.

ZKB's strategy focuses on strengthening franchise and market share in its core activities: retail banking, corporate banking, financial institutions and multinationals. At the same time, the bank intends to increase the contribution from private banking and asset management activities. ZKB has continuously extended its private banking and asset management function. In early 2010, it established an onshore private banking presence in the European Union by acquiring a small Salzburg-based private bank, which should help ZKB tap into international markets. Although Fitch believes that ZKB is well placed to maintain its strong market position, the agency is of the opinion that the competitive market environment for private banking and asset management may make significant expansion challenging in the medium term.

Ownership and Legal Structure

The Canton of Zurich is ZKB's sole owner. As a public-law institution – like many other cantonal and public-sector banks – ZKB is governed by its own cantonal law (the ZKB law) and is exempt from corporate taxation. Under the ZKB law, the Canton of Zurich guarantees all of ZKB's liabilities except subordinated debt and participation rights. Although the law does not explicitly guarantee the timely repayment of ZKB's senior liabilities, Fitch believes it is extremely likely that the canton would support the bank in a timely manner if necessary, given ZKB's importance to the canton and the potential repercussions for the financial sector in Zurich of a potential default of one of its major banks. Under current law, the Canton of Zurich is required to majority-own a cantonal bank and operate it.

Fitch does not expect to see any changes to ZKB's structure in the medium term that would require a change in cantonal legislation. Similarly, the agency does not expect the Canton of Zurich to revoke its guarantee in the medium term. In the unlikely event that the Swiss authorities chose to eliminate cantonal banks' liability guarantees, Switzerland's multi-tiered political system would, in the agency's view, hinder its quick implementation.

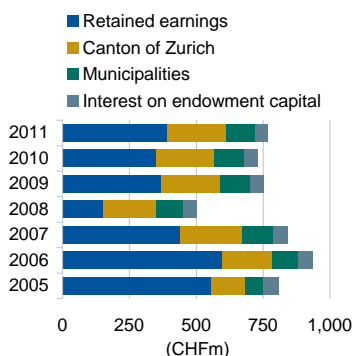
In return for the cantonal guarantee, ZKB's public mandate includes the provision of banking services for SMEs, public companies and rural areas, as well as the promotion of home ownership and affordable housing. In line with its public-sector mandate, ZKB's profit after allocation to reserves is distributed to the canton (around two-thirds) and the canton's municipalities.

Presentation of Accounts and Corporate Governance

ZKB is subject to Swiss banking regulations and supervised by the Swiss Financial Market

Figure 1

Net Income Distribution



Source: ZKB; Fitch

Related Criteria

- [Global Financial Institutions Rating Criteria \(August 2011\)](#)
- [Evaluating Corporate Governance \(December 2011\)](#)

Supervisory Authority, FINMA. The bank prepares its financial statements in accordance with Swiss accounting standards. Although not publicly listed, ZKB has corporate governance standards enacted by the Swiss stock exchange in place.

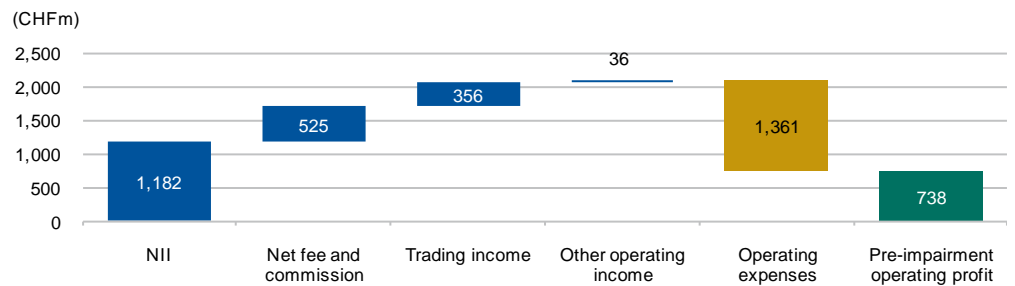
Performance

ZKB’s good-quality and well-diversified revenue base meant that despite growing costs, the bank reported stable operating profit in 2011. Operating efficiency, however, was somewhat dampened by its heavy cost base. The agency expects ZKB to maintain adequate growth momentum in its underlying core lending activities given the bank’s solid franchise. Due to legal restrictions and the current volatile and competitive environment, further revenue diversification will, in Fitch’s view, prove challenging. Coupled with the cost pressures from an increasingly demanding regulatory environment and limited scope for cost optimisation, the agency does not expect any material improvements in ZKB’s profitability in the short term.

- Stable profitability despite a challenging operating environment.
- Limited economies of scale and scope for cost optimisation put pressure on the bank’s already weak operating efficiency.

Figure 2

Pre-Impairment Operating Profitability
End-2011



Source: ZKB; Fitch

Operating Revenue

During 2011, ZKB benefited from its well-diversified operating revenue, which remained relatively stable yoy despite a persistently difficult operating environment. Net interest income (NII) performed well, driven by growth in the bank’s lending activities but also by its bond portfolio, which has been considerably increased since 2009 to mitigate the low interest rate environment. The impact of the continued low interest rate environment was more than offset by wider lending spreads on core new lending business, resulting in a higher net interest margin with a positive effect on NII. NII accounts for the largest part of revenue, as is typical for a bank with large retail operations.

As a result of ZKB’s larger bond portfolio and the relatively short (modelled) duration of the bank’s liabilities, NII from controlled gapping increased in 2010 and 2011 but should fall in 2012 and 2013 once a proportion of ZKB’s bond portfolio matures. Consequently, assuming unchanged interest rates, lending growth and lending margins, Fitch believes it will be challenging for ZKB to maintain its current level of NII in 2012.

The eurozone crisis led to subdued transaction volumes in 2011, which was reflected in a decline in net fee and commission income. Although assets under management (AuM; including on-balance-sheet deposits; net of double-counting) increased by over 7% yoy to CHF163.5bn at end-2011, the increase was not significant enough to offset the negative impact of a slowdown in client activity. After a short-lived period of strong net new money (NNM) inflows in 2008, NNM inflows in 2011 were at similar levels as in the years following 2008. Most NNM inflows (78% of NNM at end-2011) came from institutional investors. Fitch believes that the volatile markets and a competitive private banking environment will hinder any meaningful increase in revenue contribution from private banking activities in the short term.

Most of ZKB's net trading income relates to client flow-driven trading revenue, largely from institutional and larger private banking clients. Pure proprietary trading activities are limited. Net trading income from FX instruments and commodities accounted for almost half of end-2011 net trading income, followed by fixed-income products trading (26%), and equities and equity derivatives (10%), with the remainder largely relating to structured products.

Operating Expenses

Staff expenses, accounting for around two-thirds of total operating expenses, increased in 2011, largely as a result of new hires (the number of staff was up by around 3% yoy to 5,101 at end-2011) and higher base salaries. The developments reflect the bank's strategy of continued selective investment in its franchise, in both retail and private banking.

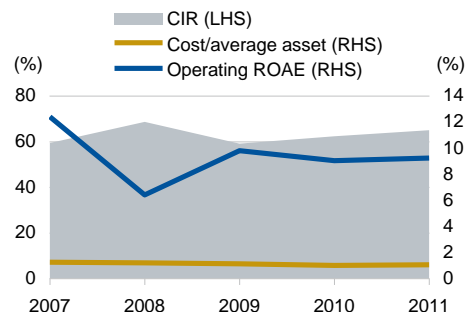
The overall increase in staff costs, however, was somewhat offset by lower variable incentive-related pay. ZKB's compensation structure is such that variable compensation of staff flattens out once certain targets have been achieved. This structure is intended to avoid incentivising senior management to take excessive risks to generate higher personal returns. The need to maintain heavy payrolls in order to compete in the Swiss employment market means, in Fitch's view, that ZKB's staff costs are likely to remain above those of international peers.

ZKB's initiated renovation of its central Zurich head office and associated relocation costs meant that other operating expenses also increased in 2011. The agency believes that the additional costs necessary to accommodate increasingly demanding regulatory requirements may burden the bank's already elevated operating cost base in the short to medium term.

The increase in ZKB's cost base, coupled with relatively stagnant revenue, led to a worsening of the bank's operating efficiency in 2011. Its cost/income ratio increased by almost 300bp, with the operating ROAE also showing signs of deterioration. Consequently, ZKB's cost/income ratio lies at the upper end of the bank's target range (58%-64%), and its ROE lies at the lower end of the target range (9%-12%). Given the pressures on the bank's revenue diversification capacity and limited economies of scale and room for cost optimisation, ZKB's cost efficiency is likely to continue to lag somewhat its stated targets.

Figure 3

Key Profitability Metrics



Source: ZKB; Fitch

Loan Impairment Charges

Loan impairment charges (LICs) have historically been low at ZKB, benefiting from its high proportion of secured lending and the generally strong domestic economy. The trend of low LICs continued in 2011, with only CHF3m booked. In addition, the bank released some previously booked LICs (CHF31m; netted figure shown in the attached spreadsheets). Fitch expects to see somewhat higher LICs in the short term and cautions that further pressure could arise from an increase in interest rates or higher default rates from export-oriented SMEs and corporates as a result of the eurozone crisis.

Risk Management

ZKB's supervisory board is ultimately responsible for the bank's risk profile. To this end, it has drawn up global risk policy parameters for credit and country risk, trading book risk, balance-sheet interest rate risk, real estate risk and other risks. Strategic and reputation risks are not quantified but have formed part of ZKB's risk strategy since it was last modified in 2005. A risk management committee within the board supervises compliance to ensure it remains within

- Credit risk is the largest risk source, mitigated by high collateralisation.
- Moderate market risk driven by structural interest rate risk and limited trading activities.
- Loan book dominated by high-quality residential mortgages; pressure on asset quality could arise from interest rate increases or eurozone effects.

established parameters. Management is assisted in the implementation and monitoring of risk policies by a risk committee, which is chaired by the chief risk officer, who reports directly to the supervisory board on a regular basis.

Credit Risk

ZKB's credit risk profile is dominated by its large residential mortgage book (74.3% of gross loans at end-2011; see *Appendix*), which contributed positively to loan growth in 2011. Although loan book growth was slightly below the market average in 2011, it compares well with that of ZKB's international peers. Geographically, most of ZKB's loans continue to be to borrowers in the Canton of Zurich, with smaller balances in other Swiss cantons.

Total mortgage loans, of which 96% were fixed-rate mortgages, accounted for almost 90% of gross loans at end-2011. Fixed-rate mortgages remain borrowers' preferred choice as interest rates remain low. At end-2011, around 85% of mortgage loans were secured on residential real estate, followed by office real estate (9.7%). Remaining loan balances were corporate loans

Loan/value ratios (LTVs) for residential mortgage loans are capped at 85% for properties in and around Zurich and at 80% for properties in other areas. LTVs on new business in 2011 were slightly higher than the average LTV of the loan portfolio. However, average LTVs remain moderate, in the agency's view. In addition, property valuations are done frequently by a specialised in-house team. Unsecured exposures of over CHF30m are reassessed quarterly.

ZKB's corporate client portfolio is of good quality. At end-2011, it was largely concentrated in the internally rated 'B2' to 'B4' categories, equivalent to 'AA+' to 'BBB' ratings. Although corporate loans are well diversified, some concentration exists in the financial services, chemicals and infrastructure sectors. At end-H111, the 10 and 20 largest corporate exposures accounted for an acceptable 12% and 18% of gross loans respectively (106% and 160% of Fitch core capital). Related-party lending was limited to CHF582m at end-2011, or 6.8% of Fitch core capital.

The bank has reduced and has actively collateralised (repo'd) its interbank exposure since 2009. However, interbank assets remain considerable at 13% of total assets at end-2011.

ZKB's fixed-income portfolio fell from CHF17.5bn at end-2010 to CHF11.7bn at end-H111. ZKB uses derivatives mostly to hedge its large fixed-rate mortgage book, but also offers derivative products to its corporate clients. Exposure to credit derivatives (a notional CHF2.1bn at end-2011) and total return swaps (CHF4.2bn) is limited.

Figure 4

Asset Quality Indicators

(CHFm)	2011	2010
Impaired (gefährdete) loans	1,188	1,124
Overdue (überfällige) loans	245	170
Total impaired and overdue loans	1,433	1,294
Total gross loans (%)	1.92	1.80
Specific loan impairment charges	574	671
Coverage impaired loans (%)	48.32	59.70
Coverage impaired & overdue loans (%)	40.06	51.85
Fair valued collateral (FVC)	320	283
LICs + FVC/impaired loans (%)	75.2	84.88
LICs + FVC/impaired & overdue loans (%)	62.39	73.72
Total gross loans	74,466	71,765

Source: ZKB; Fitch

Asset Quality

The bank's asset quality continues to be sound, underpinned by Zurich's affluent and well-performing economy and ZKB's strict underwriting and monitoring policies. The bank uses notional long-term average interest rates of 5% when assessing the affordability of a given customer to repay their mortgage commitments, allowing for some headroom should interest rates rise.

At end-2011, non-performing loans amounted to a low CHF1.2bn, equivalent to 1.6% of gross loans. Fitch views coverage as adequate given the high portion of secured lending. While the agency does not expect to see significant deterioration in the quality of ZKB's portfolio, it cautions that an increase in interest rates could lead to an increase in non-performing mortgage or corporate loans. The eurozone crisis could also result in higher default rates among export-oriented SMEs and corporates.

Market Risk

ZKB's exposure to market risk mainly arises from the interest rate risk in its banking book and some equity risk in its trading book. Interest rate risk in its banking book is monitored and controlled using value at risk (VaR) (99% confidence interval, 21-day holding period, 250 day

observation period) and CaR approaches, together with sensitivity analyses. Lower interest rate volatility was reflected in a 42% fall in VaR yoy to CHF82m at end-2011, or to around 0.96% of Fitch core capital. A 100bp parallel increase in interest rates would reduce NII from controlled gapping by CHF361m (equivalent to 4.2% of Fitch core capital). Overall, however, ZKB benefits from rising interest rates due to a positive impact on its deposit margin. FX risk is moderate as the bank's limited foreign assets and liabilities are closely matched.

Market risk also arises from ZKB's sizeable trading portfolio (CHF14.1bn at end-2011). More than two-thirds of ZKB's trading book related to bonds (virtually all central bank-eligible; CHF5.4bn unencumbered), CHF2.6bn to equity investments and CHF1bn to commodities. Market risk in its trading book is monitored and controlled using daily VaR (99% confidence interval, 10-day holding period, 365-day observation period) with assigned VaR limits together with sensitivity analyses and CaR approaches. Trading VaR utilisation, after taking into account significant diversification effects, increased marginally from CHF23m at end-2010 to CHF24m at end-2011. The average trading VaR also increased, to CHF26m in 2011 from CHF20m in 2010, driven by higher exposure and increased market volatility.

ZKB regularly performs market risk stress tests (excluding banking book interest rate risk). Its most severe stress test ("Black Monday") shows that overall market risk predominantly relates to equity risk, credit spread risk and interest rate risk from trading activities. In late 2011, the maximum loss under its most severe stress test amounted to slightly less than CHF100m, or around 20% of capital allocated to market risk.

Operational and Reputational Risk

ZKB regularly reviews its processes and collects data to include in its operational loss database. A compliance function and a code of conduct covering legal, reputational and operational loss risks are in place. Operational and reputational losses have been limited to date. The repercussions of the investigation into US offshore accounts remain to be seen. To date, ZKB has not made any substantial provisions relating to this matter.

Funding and Capital

Funding and Liquidity

ZKB's market share in the Canton of Zurich provides the bank with good access to customer funding in the form of retail and corporate deposits. At end-2011, ZKB expanded its deposit base, its main funding source (covering 95% of loans at end-2011), by 11% yoy. Savings accounts and term deposits were the main drivers of the deposit growth despite low interest rates offered on these products, implying that ZKB benefits from its status as a state bank. While the bulk of ZKB's deposits relate to retail clients, there is some concentration in its deposit base, with the 10 and 20 largest institutional depositors accounting for 14% and 17% of total customer deposits, respectively, at end-H111.

Net interbank borrowing (CHF8.5bn at end-2011) remains an important funding source for ZKB, with a comprehensive network of international correspondent banks. At end-2011, ZKB's net interbank funding position was close to zero, with bank placements and cash and cash equivalents covering the bank's largely unsecured interbank liabilities. In 2011, ZKB increased its covered bond issuance in order to diversify its funding profile, with the remaining funding needs covered by the issuance of senior unsecured bonds and customer deposit growth.

Long-term funding maturities (both wholesale and retail) amount to around CHF3bn for 2012 and gradually decline in subsequent years. Pressures on funding costs eased during 2011, and the agency expects the bank to be able to generate sufficient funding at an adequate price in 2012.

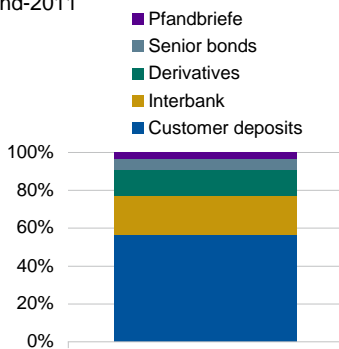
ZKB's liquidity position is strong, in the agency's view. It is underpinned by a substantial portfolio of cash and liquid assets, which more than doubled yoy in 2011. At end-2011, ZKB

- Stable retail deposit base benefiting from state guarantee.
- Strong liquidity position.
- Stricter new regulatory capital requirements put pressure on capitalisation.

Figure 5

Non-Equity Funding

End-2011



Source: ZKB; Fitch

held CHF18.9bn of available liquidity, predominantly in cash and listed debt securities. This equates to a high 15% of liabilities or 27% of customer balances.

ZKB regularly performs liquidity stress tests, assuming the unavailability of unsecured wholesale funding, reduced rollover rates (depending on customer/product type) and a continuation of its core lending business. Management expects to comply early with Basel's net stable funding ratio (NSFR). Complying with the liquidity coverage ratio (LCR) will prove more challenging, due to ZKB's holdings of ineligible bank bonds and its large deposit base with short-term maturities. To ensure early compliance with the LCR, ZKB intends to ring-fence CHF1.7bn of residential mortgages with one of Switzerland's two central mortgage institutions (Pfandbriefzentrale), which would ensure same-day liquidity if needed. Moreover, the bank has started promoting longer-term (60-day) corporate deposits and intends to increase volumes of long-dated international bond issuance.

Capital

Although ZKB's capital ratios are stronger than those of many of its international peers and its capital is of good quality, new, stricter domestic regulatory capital requirements mean that the bank's capital levels are close to the new minimum capital adequacy requirements with which ZKB will have to comply by end-2016 provided an early adoption is not implemented.

According to the circular issued by FINMA, ZKB will have to meet a Tier 1 capital ratio of between 13.6% and 14.4%. In addition, a cyclical capital buffer is likely to have to be maintained in the range of 0%-2.5%. Combined, the minimum capital ratio for ZKB could fall in the range of 13.6%-16.9%. Consequently, ZKB has revised its Tier 1 capital ratio target range to 13%-15%.

The implementation of Basel 2.5 in Switzerland in 2011 explains much of the decrease in ZKB's regulatory Tier 1 ratio, adding to the challenge of strengthening the capital ratios. However, ZKB's capital is of good quality, consisting entirely of Tier 1 capital. Fitch core capital is in line with regulatory Tier 1 capital. The higher Fitch core capital ratio than the regulatory Tier 1 capital ratio shown in the spreadsheets can be explained by Fitch's inclusion of distributable retained earnings.

Although ZKB's own legislation includes no obligation to maintain a certain payout ratio, the bank is implicitly expected by the canton and the canton's municipalities to maintain a stable payout ratio, which indirectly reduces its flexibility to generate capital internally. However, Fitch understands that ZKB intends to use a range of capital-strengthening measures, one of which was the issuance of Basel III-compliant Tier 1 subordinated debt in early 2012 (CHF590m), to ensure adequate capitalisation.

In addition, ZKB is legally permitted to issue participation rights amounting to 50% of its endowment capital in order to bolster its capital base, but these securities are explicitly excluded from the state guarantee under cantonal law. Currently, the bank has no participation rights outstanding. ZKB also has access to CHF575m of additional capital already pre-approved by its owner.

According to the bank's Capital at Risk (CaR) model, almost 60% of capital was allocated to credit risk at end-2011, followed by market risk at around 35%; the rest was allocated to operational risk.

Appendix: Loan Book Composition

Figure 6

Loan Book Composition

(CHFm)	End-2011	End-H111	End-2010	% change yoy	Total (%)
Total net loans	73,892.00		71,094.00	3.94	100.00
Total mortgage loans, of which:	65,059.00		62,021.00	5.16	88.05
Residential ¹	54,872.00		52,128.00	5.26	74.26
Office	6,296.00		6,272.00	0.38	8.52
Commercial	2,317.00		2,120.00	9.29	3.14
Other	1,574.00		1,501.00	4.86	2.13
Total other loans	8,833.00		9,073.00	-2.65	11.95
Total net loans by sector					
Private individuals		43,738.56		-1.65	59.60
Real estate		700.79		62.86	0.95
Financial services		1,189.09		-27.49	1.62
Manufacturing		1,309.06		17.60	1.78
Other		26,447.51		20.73	36.04
Total net loans					
Domestic	72,837.00		69,996.00	4.06	98.57
Foreign	1,055.00		1,098.00	-3.92	1.43
< one year remaining maturity	25,082.00		26,177.00	-4.18	33.94
> one year remaining maturity	48,809.00		44,918.00	8.66	66.05
Denominated in CHF	72,501.00		69,850.00	3.80	98.12
Denominated in other currencies	1,391.00		1,244.00	11.82	1.88
Contingent liabilities and lines	11,957.00		9,769.00	22.40	

¹ Residential mortgage loans include loans to corporations backed by residential property.

Source: ZKB, Fitch

Zuercher Kantonalbank
Income Statement

	31 Dec 2011		As % of Earning Assets	31 Dec 2010		As % of Earning Assets	31 Dec 2009		As % of Earning Assets	31 Dec 2008		As % of Earning Assets
	Year End USDm Unqualified	Year End CHFm Unqualified		Year End CHFm Unqualified	Year End CHFm Unqualified		Year End CHFm Unqualified	Year End CHFm Unqualified		Year End CHFm Unqualified	Year End CHFm Unqualified	
1. Interest Income on Loans	1,790.8	1,685.0	1.37	1,607.0	1.33	1,780.0	1.55	2,851.0	2.87			
2. Other Interest Income	165.8	156.0	0.13	173.0	0.14	148.0	0.13	63.0	0.06			
3. Dividend Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
4. Gross Interest and Dividend Income	1,956.6	1,841.0	1.49	1,780.0	1.48	1,928.0	1.68	2,914.0	2.94			
5. Interest Expense on Customer Deposits	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
6. Other Interest Expense	700.4	659.0	0.53	682.0	0.57	800.0	0.70	1,591.0	1.60			
7. Total Interest Expense	700.4	659.0	0.53	682.0	0.57	800.0	0.70	1,591.0	1.60			
8. Net Interest Income	1,256.2	1,182.0	0.96	1,098.0	0.91	1,128.0	0.98	1,323.0	1.33			
9. Net Gains (Losses) on Trading and Derivatives	378.4	356.0	0.29	367.0	0.30	508.0	0.44	52.0	0.05			
10. Net Gains (Losses) on Other Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
11. Net Gains (Losses) on Assets at FV through Income Statement	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
12. Net Insurance Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
13. Net Fees and Commissions	558.0	525.0	0.43	532.0	0.44	508.0	0.44	471.0	0.47			
14. Other Operating Income	31.9	30.0	0.02	32.0	0.03	88.0	0.08	37.0	0.04			
15. Total Non-Interest Operating Income	968.2	911.0	0.74	931.0	0.77	1,104.0	0.96	560.0	0.56			
16. Personnel Expenses	927.8	873.0	0.71	836.0	0.69	850.0	0.74	735.0	0.74			
17. Other Operating Expenses	518.7	488.0	0.40	428.0	0.35	469.0	0.41	557.0	0.56			
18. Total Non-Interest Expenses	1,446.5	1,361.0	1.10	1,264.0	1.05	1,319.0	1.15	1,292.0	1.30			
19. Equity-accounted Profit/ Loss - Operating	6.4	6.0	0.00	4.0	0.00	2.0	0.00	7.0	0.01			
20. Pre-Impairment Operating Profit	784.4	738.0	0.60	769.0	0.64	915.0	0.80	598.0	0.60			
21. Loan Impairment Charge	-29.8	-28.0	-0.02	51.0	0.04	171.0	0.15	128.0	0.13			
22. Securities and Other Credit Impairment Charges	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
23. Operating Profit	814.1	766.0	0.62	718.0	0.60	744.0	0.65	470.0	0.47			
24. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
25. Non-recurring Income	3.2	3.0	0.00	9.0	0.01	8.0	0.01	12.0	0.01			
26. Non-recurring Expense	0.0	0.0	0.00	n.a.	-	1.0	0.00	38.0	0.04			
27. Change in Fair Value of Own Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
28. Other Non-operating Income and Expenses	n.a.	n.a.	-	n.a.	-	0.0	0.00	60.0	0.06			
29. Pre-tax Profit	817.3	769.0	0.62	727.0	0.60	751.0	0.65	504.0	0.51			
30. Tax expense	0.0	0.0	0.00	-2.0	0.00	1.0	0.00	1.0	0.00			
31. Profit/Loss from Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
32. Net Income	817.3	769.0	0.62	729.0	0.60	750.0	0.65	503.0	0.51			
33. Change in Value of AFS Investments	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
34. Revaluation of Fixed Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
35. Currency Translation Differences	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
36. Remaining OCI Gains/(losses)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
37. Fitch Comprehensive Income	817.3	769.0	0.62	729.0	0.60	750.0	0.65	503.0	0.51			
38. Memo: Profit Allocation to Non-controlling Interests	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00			
39. Memo: Net Income after Allocation to Non-controlling Interests	817.3	769.0	0.62	729.0	0.60	750.0	0.65	503.0	0.51			
40. Memo: Common Dividends Relating to the Period	400.7	377.0	0.31	379.0	0.31	381.0	0.33	352.0	0.35			
41. Memo: Preferred Dividends Related to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			

Exchange rate

USD1 = CHF0.94090

USD1 = CHF0.93960

USD1 = CHF1.03050

USD1 = CHF1.06370

Zuercher Kantonalbank
Balance Sheet

	31 Dec 2011			31 Dec 2010			31 Dec 2009			31 Dec 2008		
	Year End USDm	Year End CHFm	As % of Assets	Year End CHFm	As % of Assets	Year End CHFm	As % of Assets	Year End CHFm	As % of Assets	Year End CHFm	As % of Assets	
Assets												
A. Loans												
1. Residential Mortgage Loans	58,318.6	54,872.0	40.95	52,128.0	41.24	48,762.0	41.59	45,395.0	40.09			
2. Other Mortgage Loans	10,826.9	10,187.0	7.60	9,893.0	7.83	9,241.0	7.88	8,504.0	7.51			
3. Other Consumer/ Retail Loans	4,037.6	3,799.0	2.84	2,798.0	2.21	3,367.0	2.87	3,253.0	2.87			
4. Corporate & Commercial Loans	5,350.2	5,034.0	3.76	6,275.0	4.96	6,383.0	5.44	7,238.0	6.39			
5. Other Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
6. Less: Reserves for Impaired Loans/ NPLs	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
7. Net Loans	78,533.3	73,892.0	55.14	71,094.0	56.24	67,753.0	57.79	64,390.0	56.87			
8. Gross Loans	78,533.3	73,892.0	55.14	71,094.0	56.24	67,753.0	57.79	64,390.0	56.87			
9. Memo: Impaired Loans included above	1,262.6	1,188.0	0.89	1,124.0	0.89	917.0	0.78	739.0	0.65			
10. Memo: Loans at Fair Value included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
B. Other Earning Assets												
1. Loans and Advances to Banks	18,562.0	17,465.0	13.03	19,524.0	15.44	22,363.0	19.08	16,314.0	14.41			
2. Reverse Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
3. Trading Securities and at FV through Income	14,981.4	14,096.0	10.52	12,404.0	9.81	8,948.0	7.63	7,213.0	6.37			
4. Derivatives	11,383.8	10,711.0	7.99	8,408.0	6.65	5,873.0	5.01	7,624.0	6.73			
5. Available for Sale Securities	7,246.3	6,818.0	5.09	8,888.0	7.03	9,782.0	8.34	3,520.0	3.11			
6. Held to Maturity Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
7. At-equity Investments in Associates	221.1	208.0	0.16	151.0	0.12	129.0	0.11	121.0	0.11			
8. Other Securities	165.8	156.0	0.12	149.0	0.12	162.0	0.14	n.a.	-			
9. Total Securities	33,998.3	31,989.0	23.87	30,000.0	23.73	24,894.0	21.23	18,478.0	16.32			
10. Memo: Government Securities included Above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
11. Memo: Total Securities Pledged	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
12. Investments in Property	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
13. Insurance Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
14. Other Earning Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
15. Total Earning Assets	131,093.6	123,346.0	92.05	120,618.0	95.42	115,010.0	98.10	99,182.0	87.59			
C. Non-Earning Assets												
1. Cash and Due From Banks	9,361.2	8,808.0	6.57	4,066.0	3.22	703.0	0.60	12,421.0	10.97			
2. Memo: Mandatory Reserves included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
3. Foreclosed Real Estate	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
4. Fixed Assets	716.3	674.0	0.50	668.0	0.53	664.0	0.57	684.0	0.60			
5. Goodwill	0.0	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-			
6. Other Intangibles	13.8	13.0	0.01	13.0	0.01	2.0	0.00	5.0	0.00			
7. Current Tax Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
8. Deferred Tax Assets	0.0	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-			
9. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
10. Other Assets	1,231.8	1,159.0	0.86	1,045.0	0.83	857.0	0.73	939.0	0.83			
11. Total Assets	142,416.8	134,000.0	100.00	126,410.0	100.00	117,236.0	100.00	113,231.0	100.00			
Liabilities and Equity												
D. Interest-Bearing Liabilities												
1. Customer Deposits - Current	22,457.2	21,130.0	15.77	20,258.0	16.03	23,299.0	19.87	14,788.0	13.06			
2. Customer Deposits - Savings	44,373.5	41,751.0	31.16	38,425.0	30.40	36,149.0	30.83	30,709.0	27.12			
3. Customer Deposits - Term	7,449.3	7,009.0	5.23	4,298.0	3.40	3,492.0	2.98	14,800.0	13.07			
4. Total Customer Deposits	74,279.9	69,890.0	52.16	62,981.0	49.82	62,940.0	53.69	60,297.0	53.25			
5. Deposits from Banks	27,683.1	26,047.0	19.44	27,999.0	22.15	23,241.0	19.82	18,614.0	16.44			
6. Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
7. Other Deposits and Short-term Borrowings	2,027.8	1,908.0	1.42	2,635.0	2.08	2,096.0	1.79	2,056.0	1.82			
8. Total Deposits, Money Market and Short-term Funding	103,990.9	97,845.0	73.02	93,615.0	74.06	88,277.0	75.30	80,967.0	71.51			
9. Senior Debt Maturing after 1 Year	10,164.7	9,564.0	7.14	8,326.0	6.59	8,047.0	6.86	9,657.0	8.53			
10. Subordinated Borrowing	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00			
11. Other Funding	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
12. Total Long Term Funding	10,164.7	9,564.0	7.14	8,326.0	6.59	8,047.0	6.86	9,657.0	8.53			
13. Derivatives	17,570.4	16,532.0	12.34	14,657.0	11.59	11,505.0	9.81	11,921.0	10.53			
14. Trading Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
15. Total Funding	131,726.0	123,941.0	92.49	116,598.0	92.24	107,829.0	91.98	102,545.0	90.56			
E. Non-Interest Bearing Liabilities												
1. Fair Value Portion of Debt	0.0	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-			
2. Credit impairment reserves	610.1	574.0	0.43	672.0	0.53	660.0	0.56	528.0	0.47			
3. Reserves for Pensions and Other	60.6	57.0	0.04	33.0	0.03	30.0	0.03	25.0	0.02			
4. Current Tax Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
5. Deferred Tax Liabilities	0.0	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-			
6. Other Deferred Liabilities	393.2	370.0	0.28	349.0	0.28	353.0	0.30	491.0	0.43			
7. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
8. Insurance Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
9. Other Liabilities	520.8	490.0	0.37	578.0	0.46	530.0	0.45	2,206.0	1.95			
10. Total Liabilities	133,310.7	125,432.0	93.61	118,230.0	93.53	109,402.0	93.32	105,795.0	93.43			
F. Hybrid Capital												
1. Pref. Shares and Hybrid Capital accounted for as Debt	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00			
2. Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
G. Equity												
1. Common Equity	9,106.2	8,568.0	6.39	8,180.0	6.47	7,834.0	6.68	7,436.0	6.57			
2. Non-controlling Interest	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
3. Securities Revaluation Reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
4. Foreign Exchange Revaluation Reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
5. Fixed Asset Revaluations and Other Accumulated OCI	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
6. Total Equity	9,106.2	8,568.0	6.39	8,180.0	6.47	7,834.0	6.68	7,436.0	6.57			
7. Total Liabilities and Equity	142,416.8	134,000.0	100.00	126,410.0	100.00	117,236.0	100.00	113,231.0	100.00			
8. Memo: Fitch Core Capital	9,092.4	8,555.0	6.38	8,167.0	6.46	7,832.0	6.68	n.a.	-			
9. Memo: Fitch Eligible Capital	9,092.4	8,555.0	6.38	8,167.0	6.46	7,832.0	6.68	n.a.	-			

Exchange rate

USD1 = CHF0.94090

USD1 = CHF0.93960

USD1 = CHF1.03050

USD1 = CHF1.06370

Zuercher Kantonalbank
Summary Analytics

	31 Dec 2011	31 Dec 2010	31 Dec 2009	31 Dec 2008
	Year End	Year End	Year End	Year End
A. Interest Ratios				
1. Interest Income on Loans/ Average Gross Loans	2.31	2.31	2.69	4.57
2. Interest Expense on Customer Deposits/ Average Customer Deposits	n.a.	n.a.	n.a.	n.a.
3. Interest Income/ Average Earning Assets	1.53	1.53	1.81	3.00
4. Interest Expense/ Average Interest-bearing Liabilities	0.57	0.62	0.78	1.74
5. Net Interest Income/ Average Earning Assets	0.98	0.94	1.06	1.36
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	1.00	0.90	0.90	1.23
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	0.98	0.94	1.06	1.36
B. Other Operating Profitability Ratios				
1. Non-Interest Income/ Gross Revenues	43.53	45.88	49.46	29.74
2. Non-Interest Expense/ Gross Revenues	65.03	62.30	59.09	68.61
3. Non-Interest Expense/ Average Assets	1.05	1.01	1.12	1.21
4. Pre-impairment Op. Profit/ Average Equity	8.89	9.68	12.06	8.15
5. Pre-impairment Op. Profit/ Average Total Assets	0.57	0.62	0.78	0.56
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	-3.79	6.63	18.69	21.40
7. Operating Profit/ Average Equity	9.23	9.04	9.80	6.41
8. Operating Profit/ Average Total Assets	0.59	0.57	0.63	0.44
9. Taxes/ Pre-tax Profit	0.00	-0.28	0.13	0.20
10. Pre-Impairment Operating Profit / Risk Weighted Assets	1.23	1.41	n.a.	n.a.
11. Operating Profit / Risk Weighted Assets	1.28	1.32	n.a.	n.a.
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	9.26	9.18	9.88	6.86
2. Net Income/ Average Total Assets	0.59	0.58	0.64	0.47
3. Fitch Comprehensive Income/ Average Total Equity	9.26	9.18	9.88	6.86
4. Fitch Comprehensive Income/ Average Total Assets	0.59	0.58	0.64	0.47
5. Net Income/ Av. Total Assets plus Av. Managed Securitized Assets	0.59	0.58	0.64	0.47
6. Net Income/ Risk Weighted Assets	1.28	1.34	n.a.	n.a.
7. Fitch Comprehensive Income/ Risk Weighted Assets	1.28	1.34	n.a.	n.a.
D. Capitalization				
1. Fitch Core Capital/Weighted Risks	14.29	14.96	n.a.	n.a.
2. Fitch Eligible Capital/ Weighted Risks	14.29	14.96	14.82	n.a.
3. Tangible Common Equity/ Tangible Assets	6.38	6.46	6.68	6.56
4. Tier 1 Regulatory Capital Ratio	13.40	14.10	14.10	13.00
5. Total Regulatory Capital Ratio	13.40	14.10	14.00	12.90
6. Core Tier 1 Regulatory Capital Ratio	n.a.	n.a.	n.a.	n.a.
7. Equity/ Total Assets	6.39	6.47	6.68	6.57
8. Cash Dividends Paid & Declared/ Net Income	49.02	51.99	50.80	69.98
9. Cash Dividend Paid & Declared/ Fitch Comprehensive Income	49.02	51.99	50.80	69.98
10. Cash Dividends & Share Repurchase/Net Income	n.a.	n.a.	n.a.	n.a.
11. Net Income - Cash Dividends/ Total Equity	4.58	4.28	4.71	2.03
E. Loan Quality				
1. Growth of Total Assets	6.00	7.83	3.54	9.75
2. Growth of Gross Loans	3.94	4.93	5.22	6.03
3. Impaired Loans(NPLs)/ Gross Loans	1.61	1.58	1.35	1.15
4. Reserves for Impaired Loans/ Gross loans	n.a.	n.a.	n.a.	n.a.
5. Reserves for Impaired Loans/ Impaired Loans	n.a.	n.a.	n.a.	n.a.
6. Impaired Loans less Reserves for Imp Loans/ Equity	n.a.	n.a.	n.a.	n.a.
7. Loan Impairment Charges/ Average Gross Loans	-0.04	0.07	0.26	0.20
8. Net Charge-offs/ Average Gross Loans	n.a.	n.a.	n.a.	n.a.
9. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	1.61	1.58	1.35	1.15
F. Funding				
1. Loans/ Customer Deposits	105.73	112.88	107.65	106.79
2. Interbank Assets/ Interbank Liabilities	67.05	69.73	96.22	87.64
3. Customer Deposits/ Total Funding excl Derivatives	65.07	61.78	65.34	66.54

Zuercher Kantonalbank
Reference Data

	31 Dec 2011		As % of Assets	31 Dec 2010		As % of Assets	31 Dec 2009		As % of Assets	31 Dec 2008	
	Year End USDm	Year End CHFm		Year End CHFm	Year End CHFm		Year End CHFm	Year End CHFm		Year End CHFm	Year End CHFm
A. Off-Balance Sheet Items											
1. Managed Securitised Assets Reported Off-Balance Sheet	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00	0.0	0.00
2. Other off-balance sheet exposure to securitizations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Guarantees	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Acceptances and documentary credits reported off-balance sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Committed Credit Lines	7,876.5	7,411.0	5.53	6,237.0	4.93	4,915.0	4.19	3,948.0	3.49	3,948.0	3.49
6. Other Contingent Liabilities	4,831.5	4,546.0	3.39	3,899.0	3.08	3,276.0	2.79	3,086.0	2.73	3,086.0	2.73
7. Total Business Volume	155,124.9	145,957.0	108.92	136,546.0	108.02	125,427.0	106.99	120,265.0	106.21	120,265.0	106.21
8. Memo: Total Weighted Risks	63,622.6	59,862.5	44.67	54,587.5	43.18	52,858.2	45.09	53,945.7	47.64	53,945.7	47.64
9. Fitch Adjustments to Weighted Risks.	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Fitch Adjusted Weighted Risks	63,622.6	59,862.5	44.67	54,587.5	43.18	52,858.2	45.09	53,945.7	47.64	53,945.7	47.64
B. Average Balance Sheet											
Average Loans	77,362.4	72,790.3	54.32	69,470.7	54.96	66,177.7	56.45	62,447.0	55.15	62,447.0	55.15
Average Earning Assets	128,157.1	120,583.0	89.99	116,527.0	92.18	106,802.3	91.10	97,224.0	85.86	97,224.0	85.86
Average Assets	138,332.4	130,157.0	97.13	124,948.7	98.84	117,719.7	100.41	106,908.7	94.42	106,908.7	94.42
Average Managed Securitised Assets (OBS)	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
Average Interest-Bearing Liabilities	122,705.6	115,453.7	86.16	110,347.7	87.29	103,174.0	88.01	91,664.7	80.95	91,664.7	80.95
Average Common equity	8,822.7	8,301.3	6.20	7,944.3	6.28	7,589.0	6.47	7,335.0	6.48	7,335.0	6.48
Average Equity	8,822.7	8,301.3	6.20	7,944.3	6.28	7,589.0	6.47	7,335.0	6.48	7,335.0	6.48
Average Customer Deposits	69,753.7	65,631.3	48.98	64,094.0	50.70	61,830.3	52.74	52,613.0	46.47	52,613.0	46.47
C. Maturities											
Asset Maturities:											
Loans & Advances < 3 months	16,833.9	15,839.0	11.82	16,688.0	13.20	16,021.0	13.67	20,434.0	18.05	20,434.0	18.05
Loans & Advances 3 - 12 Months	9,855.5	9,273.0	6.92	9,478.0	7.50	7,504.0	6.40	7,904.0	6.98	7,904.0	6.98
Loans and Advances 1 - 5 Years	39,553.6	37,216.0	27.77	35,494.0	28.08	34,631.0	29.54	27,950.0	24.68	27,950.0	24.68
Loans & Advances > 5 years	12,321.2	11,593.0	8.65	9,424.0	7.46	9,596.0	8.19	8,102.0	7.16	8,102.0	7.16
Debt Securities < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank < 3 Months	15,422.5	14,511.0	10.83	16,057.0	12.70	18,892.0	16.11	22,223.0	19.63	22,223.0	19.63
Interbank 3 - 12 Months	2,172.4	2,044.0	1.53	2,738.0	2.17	1,958.0	1.67	2,751.0	2.43	2,751.0	2.43
Interbank 1 - 5 Years	771.6	726.0	0.54	650.0	0.51	1,481.0	1.26	1,892.0	1.67	1,892.0	1.67
Interbank > 5 Years	195.6	184.0	0.14	78.0	0.06	32.0	0.03	29.0	0.03	29.0	0.03
Liability Maturities:											
Retail Deposits < 3 months	72,396.6	68,118.0	50.83	60,383.0	47.77	60,686.0	51.76	54,790.0	48.39	54,790.0	48.39
Retail Deposits 3 - 12 Months	220.0	207.0	0.15	204.0	0.16	395.0	0.34	2,292.0	2.02	2,292.0	2.02
Retail Deposits 1 - 5 Years	531.4	500.0	0.37	1,198.0	0.95	1,334.0	1.14	1,908.0	1.69	1,908.0	1.69
Retail Deposits > 5 Years	1,131.9	1,065.0	0.79	1,195.0	0.95	525.0	0.45	1,307.0	1.15	1,307.0	1.15
Other Deposits < 3 Months	104.2	98.0	0.07	124.0	0.10	224.0	0.19	1,534.0	1.35	1,534.0	1.35
Other Deposits 3 - 12 Months	188.1	177.0	0.13	480.0	0.38	1,028.0	0.88	522.0	0.46	522.0	0.46
Other Deposits 1 - 5 Years	588.8	554.0	0.41	684.0	0.54	1,128.0	0.96	2,133.0	1.88	2,133.0	1.88
Other Deposits > 5 Years	80.8	76.0	0.06	74.0	0.06	87.0	0.07	81.0	0.07	81.0	0.07
Interbank < 3 Months	22,513.6	21,183.0	15.81	21,233.0	16.80	14,560.0	12.42	9,910.0	8.75	9,910.0	8.75
Interbank 3 - 12 Months	945.9	890.0	0.66	1,626.0	1.29	1,969.0	1.68	1,909.0	1.69	1,909.0	1.69
Interbank 1 - 5 Years	1,816.3	1,709.0	1.28	1,813.0	1.43	3,381.0	2.88	3,570.0	3.15	3,570.0	3.15
Interbank > 5 Years	2,407.3	2,265.0	1.69	3,327.0	2.63	3,330.0	2.84	3,225.0	2.85	3,225.0	2.85
Senior Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing 1- 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Total Senior Debt on Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Fair Value Portion of Senior Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Covered Bonds	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing 1- 5 Year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Total Subordinated Debt on Balance Sheet	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00	0.0	0.00
Fair Value Portion of Subordinated Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
D. Equity Reconciliation											
1. Equity	9,106.2	8,568.0	6.39	8,180.0	6.47	7,834.0	6.68	7,436.0	6.57	7,436.0	6.57
2. Add: Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Add: Other Adjustments	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Published Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
E. Fitch Eligible Capital Reconciliation											
1. Total Equity as reported (including non-controlling interests)	9,106.2	8,568.0	6.39	8,180.0	6.47	7,834.0	6.68	7,436.0	6.57	7,436.0	6.57
2. Fair value effect incl in own debt/borrowings at fv on the B/S- CC only	0.0	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
3. Non-loss-absorbing non-controlling interests	0.0	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
4. Goodwill	0.0	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
5. Other intangibles	13.8	13.0	0.01	13.0	0.01	2.0	0.00	5.0	0.00	5.0	0.00
6. Deferred tax assets deduction	0.0	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
7. Net asset value of insurance subsidiaries	0.0	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
8. First loss tranches of off-balance sheet securitizations	0.0	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
9. Fitch Core Capital	9,092.4	8,555.0	6.38	8,167.0	6.46	7,832.0	6.68	n.a.	-	n.a.	-
10. Eligible weighted Hybrid capital	0.0	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
11. Government held Hybrid Capital	0.0	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
12. Fitch Eligible Capital	9,092.4	8,555.0	6.38	8,167.0	6.46	7,832.0	6.68	n.a.	-	n.a.	-

Exchange Rate

USD1 = CHF0.94090

USD1 = CHF0.93960

USD1 = CHF1.03050

USD1 = CHF1.06370

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