Zürcher Kantonalbank

Quantitative and qualitative disclosure of capital adequacy, liquidity and climate related financial risks

Disclosure as at 30 June 2023

Publication date: 31 August 2023

Contents

1 Key abbreviations in disclosure

AT1	Additional Tier 1 capital
CAO	Capital Adequacy Ordinance
CaR	Capital at risk
CCB	Countercyclical buffer
CCF	Credit conversion factors
CCP	Central counterparty
CCR	Counterparty credit risk
CET1	Common Equity Tier 1 capital
CRM	Credit risk mitigation
CVA	Credit valuation adjustment
D-SIB	Domestic systemically important bank
EAD	Exposure at default
eCCB	Extended countercyclical capital buffer
EL	Expected loss
ΔEVE	Change in the economic value of equity
G-SIB	Global systemically important bank
HQLA	High-quality liquid assets
IRB	Internal ratings-based approach
IRRBB	Interest rate risk in the banking book
LCR	Liquidity coverage ratio
LGD	Loss given default
LRD	Leverage ratio denominator
ΔNII	Change in net interest income
PD	Probability of default
PONV	Point of non-viability
QCCP	Qualifying central counterparty
RWA	Risk-weighted assets
RWA density	RWA divided by total assets and off-balance-sheet exposures (post-CCF and post-CRM)
SA-BIS	International standardised approach for credit risk
SA-CCR	Standardised approach for measuring counterparty credit risk exposures
SFT	Securities financing transactions
Stressed VaR	Value at risk under a stress scenario
T2	Tier 2 capital
TCFD	Task Force on Climate Related Financial Disclosure
TLAC	Total loss absorbing capacity
UNEP-FI	United Nations Environment Programme Finance Initiative
UN PRI	United Nations Principles for Responsible Investment
VaR	Value at risk
VA and P for EL	Value adjustments (VA) and provisions (P) for expected losses (EL)

About the figures

The amounts stated in this report have been rounded off. The total may therefore vary from the sum of the individual values.

The following rules apply to the tables:

0	(0 or 0.0) Figure that is smaller than half the unit of account used
–	No data available, not meaningful or not applicable

2 Introduction and material changes

Zürcher Kantonalbank is providing this information as at 30 June 2023 in accordance with its disclosure obligations. The relevant provisions form part of the Capital Adequacy Ordinance (CAO) and the disclosure requirements set out in FINMA Circular 2016/1 "Disclosure - banks" of 28 October 2015, last revised on 8 December 2021.

About the company

Zürcher Kantonalbank is an independent public-law institution of the Canton of Zurich. The endowment capital provided by the Canton of Zurich forms part of Zürcher Kantonalbank's own funds. The canton also provides a state guarantee for all the bank's non-subordinate liabilities should the bank's resources prove inadequate.

The group includes as parent company (Zürcher Kantonalbank) the most important cantonal bank in Switzerland and one of the largest Swiss banks. The broadly diversified consolidated group also includes Swisscanto Holding Ltd. with its subsidiaries and sub-subsidiaries (Swisscanto Fondsleitung AG, Swisscanto Vorsorge AG, Swisscanto Private Equity CH I AG, Swisscanto Private Equity CH II AG and Swisscanto Asset Management International SA), which are mainly engaged in asset management business. Zürcher Kantonalbank Finance (Guernsey) Ltd., which focuses on issuing structured investment products, ZKB Securities (UK) Ltd., which engages in equity brokerage and research, and Zürcher Kantonalbank Österreich AG, which operates in international private banking. The group also includes the representative office Zürcher Kantonalbank Representações Ltda. and ZüriBahn AG (in liquidation) as well as the insignificant majority stake in Philanthropy Services Ltd.

Calculation approaches for risk-based capital requirements

A selection of different approaches is available to banks for the calculation of risk-based capital requirements for credit, market and operational risks.

The capital requirement for credit risks is mainly calculated using the internal ratings-based approach (foundation IRB or F-IRB). For exposures where the IRB approach cannot be used, the capital requirement for credit risks is calculated using the international standardised approach (SA-BIS). The standardised approach for measuring counterparty credit risk exposures (SA-CCR) is used to determine the credit equivalent of derivatives. The capital requirement for the risk of credit value adjustments (CVA risk) due to the counterparty credit risk of derivatives is calculated in accordance with the standardised approach.

The capital requirement for market risk is calculated based on the internal market risk model approach (the value-at-risk model) approved by FINMA. Capital requirements are based on the market risks in the trading book and the exchange rate, precious metals and commodity risks in the banking book. Besides the daily value-at-risk (VaR) figures, daily stressed VaR figures are also included in the calculation of capital requirements. The total risk is also calculated using the model approach, although the value changes in risk factors are based on data that were observed in a period with significant market stress for Zürcher Kantonalbank. The capital requirement for the specific risks of interest rate instruments is calculated using the standardised approach.

Zürcher Kantonalbank uses the basic indicator approach to determine the capital requirement for operational risks.

Risk-based capital requirements for systemically important banks

The risk-based capital adequacy requirements for systemically important banks basically consist of capital adequacy requirements for the bank to continue its activities (going concern) and requirements for additional loss-absorbing capital (gone concern). In addition to these, since July 2012, there has been a countercyclical buffer requirement in Switzerland, which is activated, adjusted or suspended by the Federal Council at the request of the Swiss National Bank (SNB).

The risk-based total going concern requirement consists of a base requirement and additional requirements, calculated on the basis of market share and total exposure. Under Article 129, para. 2 CAO, the base requirement for

Zürcher Kantonalbank is 12.86 percent of risk-weighted assets (RWA). There are currently no additional requirements for Zürcher Kantonalbank as a result of market share or total exposure. On top of this comes the countercyclical buffer (CCB) under Art. 44 CAO. This requires banks to hold an additional 2.5 percent of capital for residential mortgages, corresponding to a requirement of 0.92 percent (parent company: 0.91 percent) of RWA as at the reporting date. The requirement for the extended countercyclical buffer (eCCB) under Art. 44a CAO, which is currently 0.03 percent of RWA, also applies. This results in a risk-based total requirement (going concern) of 13.81 percent for the Group as at 30 June 2023 (parent company: 13.80 percent).

Under Article 132, para. 2 CAO, the risk-based gone concern requirement is measured based on the total going concern requirement (without CCB, without eCCB) and varies for systemically important banks with and without international operations. For systemically important banks without international operations, such as Zürcher Kantonalbank, the requirements came into effect on 1 January 2019. Based on the transitional provisions in Article 148j CAO, the gross gone concern requirement in 2023 is 3.20 percent of RWA. This will increase in stages until 2026, when the gross gone concern requirement will be equal to 40 percent of the total going concern requirement for Zürcher Kantonalbank (without CCB, without eCCB). In a letter dated 3 September 2019, FINMA set the risk-based gone concern requirement for contingency planning at Zürcher Kantonalbank at 7.86 percent gross from 2026, including the total stipulated in the CAO based on size and market share. Under the transitional provisions in Art. 148j CAO, this is equivalent to an additional risk-based requirement of 1.69 percent gross as at 30 June 2023. This results in a total risk-based gone concern requirement of 4.89 percent gross as at 30 June 2023. The total risk-based gone concern requirement is being increased gradually to 7.86 percent by 2026, as already mentioned.

Calculation approaches for unweighted capital adequacy requirements (leverage ratio)

When calculating the derivative exposure for the purposes of unweighted capital adequacy requirements (leverage ratio), margin no. 51.1 of FINMA Circular 2015/3 "Leverage Ratio - Banks" allows banks the option of using the standardised approach (SA-CCR). Zürcher Kantonalbank has used this since 31 December 2018 both as required for risk-based capital adequacy requirements and voluntarily for the leverage ratio.

Unweighted capital adequacy requirements (leverage ratio) for systemically important banks

The unweighted capital adequacy requirements for systemically important banks also consist of capital adequacy requirements for the bank to continue its activities (going concern) and additional loss-absorbing capital (gone concern). Any countercyclical buffer (CCB) and extended countercyclical capital buffer (eCCB) requirement is not applicable to the leverage ratio.

The unweighted total going concern requirement consists of a base requirement and additional requirements, calculated on the basis of market share and total exposure. Under Article 129, para. 2 CAO, the base requirement for Zürcher Kantonalbank is 4.5 percent of total exposure. There are currently no additional requirements for Zürcher Kantonalbank as a result of market share or total exposure. The result as at 30 June 2023 for both the group and parent company is a total going concern requirement of 4.5 percent.

Under Article 132, para. 2 CAO, the unweighted gone concern requirement is measured based on the total going concern requirement and varies for systemically important banks with and without international operations. For systemically important banks without international operations, such as Zürcher Kantonalbank, the requirements came into effect on 1 January 2019. Based on the transitional provisions in Article 148j CAO, the gross gone concern requirement in 2023 is 1.05 percent of total exposure. This will increase in stages until 2026, when the gross gone concern requirement will be equal to 40 percent of the total going concern requirement for Zürcher Kantonalbank. In a letter dated 3 September 2019, FINMA increased the unweighted gone concern requirement for contingency planning at Zürcher Kantonalbank from 2026 in the same ratio as for the risk-based gone concern requirements. Under the transitional provisions in Art. 148j CAO, this is equivalent to an additional unweighted requirement of 0.55 percent gross as at 30 June 2023. This results in a total unweighted gone concern requirement of 1.60 percent gross as at 30 June 2023. The total unweighted gone concern requirement is being increased gradually to 2.75 percent gross by 2026.

Material changes in the selection of approaches to calculating the capital ratios
There were no material changes in the selection of approaches to calculating the capital ratios in the quarter under review.

Changes in group regulatory capital and liquidity in comparison with the previous quarter
As at 30 June 2023, the capital base of Zürcher Kantonalbank comfortably exceeded the regulatory requirements on both a risk-based and unweighted basis. The liquidity situation of Zürcher Kantonalbank also remains comfortable.

For explanations of the main reasons that led to the changes compared with the previous quarter, we refer to our comments on table KM1 starting on page 10.

Group risk-weighted assets (RWA) as at 30 June 2023 amounted to CHF 77,801 million (31 March 2023: CHF 77,407 million). They were therefore CHF 394 million higher than in the previous quarter.

Risk-based capital adequacy requirements on a going concern basis as a systemically important bank stood at CHF 10,744 million on 30 June 2023 (31 March 2023: CHF 10,656 million), compared to eligible capital on a going concern basis in the group of CHF 14,014 million (31 March 2023: CHF 13,779 million). This is equivalent to surplus cover of CHF 3,270 million (31 March 2023: CHF 3,123 million). The surplus cover therefore increased by CHF 147 million in the second quarter of 2023.

The core capital ratio (going concern) on a group basis as at 30 June 2023 was 18.0 percent (31 March 2023: 17.8 percent). It was thus 4.2 percentage points (31 March 2023: 4.0 percentage points) above the 13.8 percent going concern requirement (31 March 2023: 13.8 percent).

At CHF 4,564 million (5.9 percent of RWA), the eligible additional loss-absorbing capital exceeded the gone concern requirement by CHF 760 million as at 30 June 2023 (as at 31 March 2023 the gone concern requirement was met exactly).

The total leverage ratio exposure decreased by CHF 9,254 million from 31 March 2023 to CHF 226,321 million.

The unweighted total going concern requirement remains unchanged at 4.5 percent. Eligible capital on a going concern basis for the leverage ratio is the same as for the risk-based requirements. This results in surplus cover in the leverage ratio on a going concern basis of 1.7 percentage points as at 30 June 2023 (31 March 2023: 1.4 percentage points), equivalent to CHF 3,830 million (31 March 2023: CHF 3,178 million).

Eligible capital on a gone concern basis for the leverage ratio is also the same as for the risk-based requirements. At CHF 4,564 million (2.0 percent of total exposure), the eligible additional loss-absorbing capital exceeds the gone concern requirement of CHF 3,631 million as at 30 June 2023.

With the current composition of eligible capital and eligible additional loss-absorbing capital, Zürcher Kantonalbank would meet the final rules from 2026 as follows: There is surplus cover of CHF 2,969 million above the risk-based going concern requirement and CHF 110 million above the risk-based gone concern requirement. On an unweighted basis, the surplus cover amounts to CHF 3,529 million above the going concern requirement and the gone concern requirement would be met exactly.

As a systemically important bank, Zürcher Kantonalbank is subject to stricter liquidity requirements. With a minimum ratio of 135 percent, it has to meet a liquidity coverage ratio (LCR) that is 35 percent higher than it is for non-systemically important banks. Zürcher Kantonalbank's ongoing comfortable liquidity situation is reflected in the LCR. On a group basis, the LCR increased lightly from the previous quarter and stood at an average of 147 percent in the second quarter of 2023 (first quarter of 2023: 144 percent).

The Liquidity Ordinance on the net stable funding ratio (NSFR) state that the NSFR of Zürcher Kantonalbank must be at least 100 percent. On a group basis, the NSFR amounts to 121 percent as at 30 June 2023 (31 March 2023: 126 percent), which means this liquidity requirement is met comfortably.

3 Publication frequency of the details on capital and liquidity

The following table gives an overview of the publication frequency of capital and liquidity details which have to be disclosed under current regulations (FINMA Circular 2016/1 "Disclosure - banks"). Tables marked n/a are not applicable for Zürcher Kantonalbank and so are not produced. All other tables are published at the prescribed frequency for domestic systemically important banks reporting financial information semi-annually.

		QUAL or	Disclosure frequency		
Reference	**Table name**	**QC [1]**	**Quarterly**	**Semiannual**	**Annual**
KM1	Key metrics	QC	■		
KM2	Key metrics - TLAC requirements (at resolution group level)	QC	n/a	n/a	n/a
OVA	Bank risk management approach	QUAL			■
OV1	Overview of RWA	QC		■	
LI1	Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories	QC			■
LI2	Main sources of differences between regulatory exposure amounts and carrying values in consolidated financial statements	QC			■
LIA	Explanations of differences between accounting and regulatory exposure amounts	QUAL			■
PV1	Prudent valuation adjustments (PVA)	QC			■
CC1	Composition of regulatory capital	QC		■	
CC2	Reconciliation of regulatory capital to balance sheet	QC		■	
CCA	Main features of regulatory capital instruments and of other TLAC-eligible instruments	QUAL / QC		■	
TLAC1	TLAC composition for G-SIBs (at resolution group level)	QC	n/a	n/a	n/a
TLAC2	Material subgroup entity - creditor ranking at legal entity level	QC	n/a	n/a	n/a
TLAC3	Resolution entity - creditor ranking at legal entity level	QC	n/a	n/a	n/a
GSIB1	Disclosure of G-SIB indicators	QC	n/a	n/a	n/a
CCyB1	Geographical distribution of credit exposures used in the countercyclical buffer	QC		■	
LR1	Leverage ratio: summary comparison of accounting assets vs leverage ratio exposure measure	QC		■	
LR2	Leverage ratio: leverage ratio common disclosure template	QC		■	
LIQA	Liquidity: liquidity risk management	QUAL / QC			■
LIQ1	Liquidity: Liquidity coverage ratio (LCR)	QC		■	
LIQ2	Liquidity: Net stable funding ratio (NSFR)	QC		■	
CRA	Credit risk: general qualitative information about credit risk	QUAL			■
CR1	Credit risk: credit quality of assets	QC		■	
CR2	Credit risk: changes in stock of defaulted loans and debt securities	QC		■	
CRB	Credit risk: additional disclosure related to the credit quality of assets	QUAL / QC			■
CRC	Credit risk: qualitative disclosure requirements related to credit risk mitigation techniques	QUAL			■
CR3	Credit risk: credit risk mitigation techniques - overview	QC		■	
CRD	Credit risk: qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk	QUAL			■
CR4	Credit risk: standardised approach - credit risk exposure and credit risk mitigation (CRM) effects	QC		■	
CR5	Credit risk: standardised approach - exposures by asset classes and risk weights	QC		■	
CRE	IRB: qualitative disclosures related to IRB models	QUAL			■
CR6	IRB: credit risk exposures by portfolio and probability of default (PD) range	QC		■	
CR7	IRB: effect on RWA of credit derivatives used as CRM techniques	QC		■	
CR8	IRB: RWA flow statements of credit risk exposures under IRB	QC		■	
CR9	IRB: back-testing of PD per portfolio	QC			■
CR10	IRB: specialised lending and equities under the simple risk weight method	QC		■	

[1] Qualitative (QUAL) or quantitative with comments (QC)

Reference	Table name	QUAL or QC [1]	Disclosure frequency Quarterly	Semiannual	Annual
CCRA	Counterparty credit risk: qualitative disclosure related to counterparty credit risk	QUAL			■
CCR1	Counterparty credit risk: analysis of counterparty credit risk (CCR) exposure by approach	QC		■	
CCR2	Counterparty credit risk: credit valuation adjustment (CVA) capital charge	QC		■	
CCR3	Counterparty credit risk: standardised approach of CCR exposures by regulatory portfolio and risk weights	QC		■	
CCR4	IRB: CCR exposures by portfolio and PD scale	QC		■	
CCR5	Counterparty credit risk: composition of collateral for CCR exposure	QC		■	
CCR6	Counterparty credit risk: credit derivatives exposures	QC		■	
CCR7	Counterparty credit risk: RWA flow statements of CCR exposures under the Internal Model Method (IMM)	QC		■	
CCR8	Counterparty credit risk: exposures to central counterparties	QC		■	
SECA	Securitisations: qualitative disclosure requirements related to securitisation exposures	QUAL			■
SEC1	Securitisations: exposures in the banking book	QC		■	
SEC2	Securitisations: exposures in the trading book	QC		■	
SEC3	Securitisations: exposures in the banking book and associated regulatory capital requirements – bank acting as originator or as sponsor	QC		■	
SEC4	Securitisations: exposures in the banking book and associated capital requirements – bank acting as investor	QC		■	
MRA	Market risk: general qualitative disclosure requirements related to market risk	QUAL			■
MR1	Market risk: market risk under SA	QC		■	
MRB	Market risk: qualitative disclosures for banks using the Internal Model Approach (IMA)	QUAL			■
MR2	Market risk: RWA flow statements of market risk exposures under IMA	QC		■	
MR3	Market risk: IMA values for trading portfolios	QC		■	
MR4	Market risk: comparison of VaR estimates with gains/losses	QC		■	
IRRBBA	Interest rate risk: interest rate risk in the banking book (IRRBB) risk management objective and policies	QUAL / QC			■
IRRBBA1	Interest rate risk: quantitative information on exposure structure and repricing	QC			■
IRRBB1	Interest rate risk: quantitative information on IRRBB	QC			■
REMA	Remuneration: policy	QUAL	n/a	n/a	n/a
REMA1	Remuneration: remuneration awarded during the financial year	QC	n/a	n/a	n/a
REMA2	Remuneration: special payments	QC	n/a	n/a	n/a
REMA3	Remuneration: deferred remuneration	QC	n/a	n/a	n/a
ORA	Qualitative disclosure requirements related to operational risks	QUAL			■
Annex 3	Disclosure requirements for systemically important banks: risk-based capital requirements based on capital ratios	QC	■		
Annex 3	Disclosure requirements for systemically important banks: unweighted capital requirements based on the leverage ratio	QC	■		
Annex 4	Corporate Governance	QUAL	■		
Annex 5	Climate-related financial risks	QUAL / QC			■

[1] Qualitative (QUAL) or quantitative with comments (QC)

4 Overview total risk

4.1 KM1: Key metrics (group)

Group in CHF million (unless stated otherwise)		a 30.06.2023	b 31.03.2023	c 31.12.2022	d 30.09.2022	e 30.06.2022
	Eligible capital					
1	Common equity Tier 1 (CET1)	**12,949**	12,798	12,789	12,211	12,204
1a	Fully loaded ECL (expected credit loss) accounting model CET1 [1]	–	–	–	–	–
2	Tier 1 capital (T1)	**14,014**	13,863	13,854	13,276	13,269
2a	Fully loaded ECL (expected credit loss) accounting model T1 [1]	–	–	–	–	–
3	Total capital	**15,494**	14,629	14,624	14,036	14,061
3a	Fully loaded ECL (expected credit loss) accounting model total capital [1]	–	–	–	–	–
	Risk-weighted assets (RWA)					
4	RWA	**77,801**	77,407	76,144	77,343	75,282
	Minimum required capital					
4a	Minimum required capital	**6,224**	6,193	6,091	6,187	6,023
	Risk-based capital ratios (in % of RWA) [2]					
5	CET1 ratio	**16.6%**	16.5%	16.8%	15.8%	16.2%
5a	Fully loaded ECL (expected credit loss) accounting model CET1 ratio [1]	–	–	–	–	–
6	Tier 1 capital ratio	**18.0%**	17.9%	18.2%	17.2%	17.6%
6a	Fully loaded ECL (expected credit loss) accounting model Tier 1 ratio [1]	–	–	–	–	–
7	Total capital ratio	**19.9%**	18.9%	19.2%	18.1%	18.7%
7a	Fully loaded ECL (expected credit loss) accounting model total capital ratio [1]	–	–	–	–	–
	CET1 buffer requirements (in % of RWA)					
8	Capital conservation buffer as per the Basel minimum standards (2.5% from 2019)	**2.5%**	2.5%	2.5%	2.5%	2.5%
9	Countercyclical buffer (Art. 44a CAO) in accordance with the Basel minimum standards	**0.0%**	0.0%	0.0%	0.0%	0.0%
10	Additional capital buffer due to international or national system relevance	–	–	–	–	–
11	Total of bank CET1 specific buffer requirements	**2.5%**	2.5%	2.5%	2.5%	2.5%
12	CET1 available after meeting the bank's minimum capital requirements	**11.9%**	10.9%	11.2%	10.1%	10.7%
	Capital target ratios as per Annex 8 to the CAO (in % of RWA) [3]					
12a	Capital conservation buffer in accordance with Annex 8 to the CAO	–	–	–	–	–
12b	Countercyclical buffers (Art. 44 and Art. 44a CAO)	–	–	–	–	–
	Countercyclical buffer (Art. 44 CAO)	**0.9%**	0.9%	0.9%	0.9%	–
12c	CET1 target ratio in accordance with Annex 8 to the CAO plus the countercyclical buffers in accordance with Art. 44 and 44a CAO	–	–	–	–	–
12d	T1 target ratio in accordance with Annex 8 to the CAO plus countercyclical buffers in accordance with Art. 44 and 44a CAO	–	–	–	–	–
12e	Total capital target ratio in accordance with Annex 8 to the CAO plus countercyclical buffers in accordance with Art. 44 and 44a CAO	–	–	–	–	–
	Basel III leverage ratio					
13	Total Basel III leverage ratio exposure measure	**226,321**	235,575	223,071	222,442	220,173
14	Basel III leverage ratio (Tier 1 capital in % of leverage ratio exposure measure)	**6.2%**	5.9%	6.2%	6.0%	6.0%
14a	Basel III leverage ratio under the fully loaded ECL (expected credit loss) accounting model (Tier 1 capital in % of leverage ratio exposure measure) [1]	–	–	–	–	–
	Liquidity coverage ratio (LCR) [4]					
15	LCR numerator: total high-quality liquid assets (HQLA)	**53,824**	55,219	58,545	54,484	52,383
16	LCR denominator: total net outflows of funds	**36,721**	38,475	40,035	36,874	35,159
17	Liquidity coverage ratio (LCR)	**147%**	144%	146%	148%	149%
	Net stable funding ratio (NSFR)					
18	Available stable refinancing	**117,469**	120,042	114,570	112,525	110,553
19	Required stable refinancing	**97,184**	95,571	92,609	92,636	92,955
20	Net stable funding ratio, (NSFR)	**121%**	126%	124%	121%	119%

[1] Zürcher Kantonalbank adopted the rules on value adjustments and provisions for expected losses on 01.01.2021. The initial allocation to value adjustments and provisions for expected losses was made as a lump sum, rather than being built up on a linear basis. Zürcher Kantonalbank is not making use of the transitional rules, which is why these rows are not applicable.

[2] The figures are calculated in accordance with the provisions of the CAO for non-systemically important banks.

[3] Systemically important banks can forego the information in rows 12a to 12e, as Annex 8 to the CAO does not apply to them. In this instance, they must nevertheless provide information on the countercyclical buffer in accordance with Art. 44 CAO.

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

Common Equity Tier 1 (CET1) and Tier 1 capital (T1) increased as at 30 June 2023, mainly due to the creation of reserves for general banking risks in the amount of CHF 150 million. The further rise in total capital was due to the bail-in bonds placed in the second quarter of 2023 (nominal CHF 425 million and EUR 500 million). Under the provisions for non-systemically important banks, these are eligible for inclusion in total capital as Tier 2 capital (T2). For further information on the changes in Tier 2 capital (T2), please see Table CC1 starting from page 14.

Total RWA rose to CHF 77,801 million, up CHF 394 million compared with 31 March 2023. The main factor behind this were higher loans/mortgages and commitments as at 30 June 2023. The combination of higher capital and slightly higher RWA as at 30 June 2023 resulted in a rise in all three risk-based capital ratios compared with 31 March 2023 (CET1 ratio and Tier 1 capital ratio were both up 0.1 percentage point; the total capital ratio was up 1.0 percentage point).

The requirement from the extended countercyclical buffer (eCCB) under Art. 44a CAO as at 30 June 2023 is 0.03 percent of RWA (31 March 2023: 0.02 percent). Hence the eCCB has no material impact on the CET1 buffer requirements under the Basel minimum standards. The available CET1 ratio after meeting the Basel minimum standard rose by 1.0 percentage point.

The requirement from the countercyclical buffer (CCB) under Art. 44 CAO has not changed significantly since its reactivation as of 30 September 2022.

Total exposure for the leverage ratio sank CHF 9,254 million to CHF 226,321 million during the last quarter. On-balance-sheet exposures (CHF - 5,225 million), securities financing transaction exposures (CHF - 4,226 million) and derivative exposures (CHF - 416 million) decreased. Only off-balance-sheet exposures increased by CHF 613 million. In combination with the increase in Tier 1 capital, this resulted in a leverage ratio 0.3 percentage points higher at 6.2 percent as at 30 June 2023 (31 March 2023: 5.9 percent).

The LCR on a group basis slightly increased compared with the previous quarter and averaged 147 percent in the second quarter of 2023 (first quarter of 2023: 144 percent). As a systemically important bank, Zürcher Kantonalbank is subject to stricter liquidity requirements; it satisfies these comfortably.

The NSFR on a group basis decreased slightly compared with the end of the previous quarter, amounting to 121 percent as at 30 June 2023.

4.2 KM1: Key metrics (parent company)

The group's regulatory ratios are largely driven by the figures at the parent company. Hence the comments and explanations for the parent company are essentially identical to those for the group (see above) and will not be repeated for the following table.

	Parent company in CHF million (unless stated otherwise)	a 30.06.2023	b 31.03.2023	c 31.12.2022	d 30.09.2022	e 30.06.2022
	Eligible capital					
1	Common equity Tier 1 (CET1)	**13,091**	12,940	12,940	12,383	12,382
1a	Fully loaded ECL (expected credit loss) accounting model CET1 [1]	–	–	–	–	–
2	Tier 1 capital (T1)	**14,156**	14,005	14,005	13,448	13,447
2a	Fully loaded ECL (expected credit loss) accounting model T1 [1]	–	–	–	–	–
3	Total capital	**15,636**	14,771	14,774	14,205	14,237
3a	Fully loaded ECL (expected credit loss) accounting model total capital [1]	–	–	–	–	–
	Risk-weighted assets (RWA)					
4	RWA	**78,336**	77,919	76,710	77,920	75,891
	Minimum required capital					
4a	Minimum required capital	**6,267**	6,234	6,137	6,234	6,071
	Risk-based capital ratios (in % of RWA) [2]					
5	CET1 ratio	**16.7%**	16.6%	16.9%	15.9%	16.3%
5a	Fully loaded ECL (expected credit loss) accounting model CET1 ratio [1]	–	–	–	–	–
6	Tier 1 capital ratio	**18.1%**	18.0%	18.3%	17.3%	17.7%
6a	Fully loaded ECL (expected credit loss) accounting model Tier 1 ratio [1]	–	–	–	–	–
7	Total capital ratio	**20.0%**	19.0%	19.3%	18.2%	18.8%
7a	Fully loaded ECL (expected credit loss) accounting model total capital ratio [1]	–	–	–	–	–
	CET1 buffer requirements (in % of RWA)					
8	Capital conservation buffer as per the Basel minimum standards (2.5% from 2019)	**2.5%**	2.5%	2.5%	2.5%	2.5%
9	Countercyclical buffer (Art. 44a CAO) in accordance with the Basel minimum standards	**0.0%**	0.0%	0.0%	0.0%	0.0%
10	Additional capital buffer due to international or national system relevance	–	–	–	–	–
11	Total of bank CET1 specific buffer requirements	**2.5%**	2.5%	2.5%	2.5%	2.5%
12	CET1 available after meeting the bank's minimum capital requirements	**12.0%**	11.0%	11.3%	10.2%	10.8%
	Capital target ratios as per Annex 8 to the CAO (in % of RWA) [3]					
12a	Capital conservation buffer in accordance with Annex 8 to the CAO	–	–	–	–	–
12b	Countercyclical buffers (Art. 44 and Art. 44a CAO)	–	–	–	–	–
	Countercyclical buffer (Art. 44 CAO)	**0.9%**	0.9%	0.9%	0.9%	–
12c	CET1 target ratio in accordance with Annex 8 to the CAO plus the countercyclical buffers in accordance with Art. 44 and 44a CAO	–	–	–	–	–
12d	T1 target ratio in accordance with Annex 8 to the CAO plus countercyclical buffers in accordance with Art. 44 and 44a CAO	–	–	–	–	–
12e	Total capital target ratio in accordance with Annex 8 to the CAO plus countercyclical buffers in accordance with Art. 44 and 44a CAO	–	–	–	–	–
	Basel III leverage ratio					
13	Total Basel III leverage ratio exposure measure	**226,350**	235,644	223,181	222,585	220,305
14	Basel III leverage ratio (Tier 1 capital in % of leverage ratio exposure measure)	**6.3%**	5.9%	6.3%	6.0%	6.1%
14a	Basel III leverage ratio under the fully loaded ECL (expected credit loss) accounting model (Tier 1 capital in % of leverage ratio exposure measure) [1]	–	–	–	–	–
	Liquidity coverage ratio (LCR) [4]					
15	LCR numerator: total high-quality liquid assets (HQLA)	**53,788**	55,207	58,539	54,467	52,374
16	LCR denominator: total net outflows of funds	**36,786**	38,643	40,200	36,983	35,294
17	Liquidity coverage ratio (LCR)	**146%**	143%	146%	147%	148%
	Net stable funding ratio (NSFR)					
18	Available stable refinancing	**116,723**	119,373	113,712	112,045	110,048
19	Required stable refinancing	**96,967**	95,400	92,508	92,646	93,041
20	Net stable funding ratio, (NSFR)	**120%**	125%	123%	121%	118%

[1] Zürcher Kantonalbank adopted the rules on value adjustments and provisions for expected losses on 01.01.2021. The initial allocation to value adjustments and provisions for expected losses was made as a lump sum, rather than being built up on a linear basis. Zürcher Kantonalbank is not making use of the transitional rules, which is why these rows are not applicable.

[2] The figures are calculated in accordance with the provisions of the CAO for non-systemically important banks.

[3] Systemically important banks can forego the information in rows 12a to 12e, as Annex 8 to the CAO does not apply to them. In this instance, they must nevertheless provide information on the countercyclical buffer in accordance with Art. 44 CAO.

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

4.3 OV1: Overview of RWA

in CHF million		a RWA 30.06.2023	b RWA 31.12.2022	c Minimum capital requirements 30.06.2023
1	Credit risk (excluding CCR – counterparty credit risk) [1]	56,622	54,155	4,530
2	of which standardised approach (SA) [1]	8,675	7,527	694
3	of which foundation internal ratings-based (F-IRB) approach	29,965	28,476	2,397
4	of which supervisory slotting approach	–	–	–
5	of which advanced internal ratings-based (A-IRB) approach [2]	17,982	18,152	1,439
6	Counterparty credit risk (CCR)	8,576	8,945	686
7	of which standardised approach for counterparty credit risk (SA-CCR)	3,124	3,387	250
7a	of which simplified standard approach (SSA-CCR)	–	–	–
7b	of which current exposure method	–	–	–
8	of which internal model method (IMM)	–	–	–
9	of which other CCR [3]	5,452	5,558	436
10	Credit valuation adjustment (CVA)	1,547	1,859	124
11	Equity positions under the simple risk weight approach	587	717	47
12	Investments in funds – look-through approach	–	–	–
13	Investments in funds – mandate-based approach	–	–	–
14	Investments in funds – fall-back approach	863	934	69
14a	Investments in funds – simplified approach	–	–	–
15	Settlement risk	2	2	0
16	Securitisation exposures in banking book	–	–	–
17	of which securitisation internal ratings-based approach (SEC-IRBA)	–	–	–
18	of which securitisation external ratings-based approach (SEC-ERBA), including internal assessment approach (IAA)	–	–	–
19	of which securitisation standardised approach (SEC-SA)	–	–	–
20	Market risk	3,394	3,549	272
21	of which standardised approach (SA)	2,020	1,881	162
22	of which internal model approaches (IMA)	1,374	1,668	110
23	Capital charge for switch between trading book and banking book	–	–	–
24	Operational risk	5,158	4,932	413
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	1,051	1,051	84
26	Floor adjustment	–	–	–
27	**Total**	**77,801**	**76,144**	**6,224**

[1] According to FINMA Circ. 16/1, non-counterparty-related risks are also to be taken into account in this row.

[2] Zürcher Kantonalbank essentially uses the foundation IRB approach (F-IRB approach). For the IRB segment Retail, however, only the advanced IRB approach (A-IRB approach) exists, so the RWA and minimum capital requirements for the IRB segment Retail are disclosed in this row.

[3] Zürcher Kantonalbank uses the comprehensive approach for credit risk mitigation and the calculation of the credit equivalent for securities financing transactions (SFT).

RWA rose by CHF 1,657 million to CHF 77,801 million overall compared with 31 December 2022. The main rise was in RWA for credit risk (CHF + 2,467 million). The RWA for operational risk were also slightly higher (CHF + 226 million), but the RWA for the other risk categories declined slightly compared with 31 December 2022. For further information on the reasons for the changes please see the relevant detailed tables.

5 Composition of regulatory capital

5.1 CC1: Presentation of regulatory capital

		30.06.2023	31.12.2022	
		a	a	b
in CHF million		**Amounts**	**Amounts**	**References**
Common equity (CET1)				
1	Issued and paid-in capital, fully eligible	2,425	2,425	J
2	Retained earnings reserves, including reserves for general banking risks / profit (loss) carry forwards and profit (loss) for the period	11,222	10,887	
	of which voluntary retained earnings reserve	10,241	9,674	
	of which reserves for general banking risks	304	154	
	of which profit (loss) for the current period [1]	677	1,059	
	of which planned dividend	–	491	
	of which planned retained profit	–	568	
3	Capital reserves and foreign currency translation reserve (+/-) and other reserves	-13	-13	
4	Issued and paid in capital, subject to phase-out	–	–	
5	Minority interests, eligible as CET1 capital	–	–	L
6	Common Equity Tier 1 capital before regulatory adjustments	12,957	12,808	
	CET1: regulatory adjustments			
7	Prudential valuation adjustments	–	–	
8	Goodwill (net of related tax liability)	–	-8	A, F
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	-4	-5	B, G
10	Deferred tax assets that rely on future profitability	-4	-5	D
11	Cash flow hedge reserve (-/+)	–	–	
12	IRB shortfall of provisions to expected losses	–	–	
13	Securitisation gain on sale	–	–	
14	Gains or losses due to changes in own credit risk	–	–	
15	Defined-benefit pension fund net assets (net of related tax liability)	–	–	
16	Net long position in own CET1 instruments	–	–	
17	Reciprocal cross-holdings in common equity (CET1 instruments)	–	–	
17a	Qualified participations where a controlling influence is exercised together with other owners (CET1 instruments)	–	–	
17b	Immaterial participations (CET1 instruments)	–	–	
18	Non-qualified participations (max. 10%) in the financial sector (amount above Threshold 1) (CET1 instruments)	–	–	
19	Other qualified participations in the financial sector (amount above Threshold 2) (CET1 instruments)	–	–	
20	Mortgage servicing rights (amount above Threshold 2)	–	–	C, H
21	Other deferred tax assets arising from temporary differences (amount above Threshold 2)	–	–	E
22	Amount exceeding Threshold 3 (15%)	–	–	
23	of which other qualified participations	–	–	
24	of which mortgage servicing rights	–	–	
25	of which other deferred tax assets arising from temporary differences	–	–	
26	Expected losses on equity investments treated under the PD / LGD approach	–	–	
26a	Other adjustments in the case of financial statements prepared in accordance with internationally recognised accounting standards	–	–	
26b	Other deductions	–	–	
27	Amount by which the AT1 deductions exceed the AT1 capital	–	–	
28	Total regulatory adjustments to CET1	-8	-19	
29	**Common Equity Tier 1 capital (net CET1)**	**12,949**	**12,789**	
Additional Tier 1 capital (AT1)				
30	Issued and paid in instruments, fully eligible	1,065	1,065	
31	of which classified as equity under applicable accounting standards	–	–	K
32	of which classified as liabilities under applicable accounting standards	1,065	1,065	
33	Issued and paid in instruments, subject to phase out	–	–	
34	Minority interests eligible as AT1	–	–	M
35	of which subject to phase out	–	–	
36	Additional Tier 1 capital before regulatory adjustments	1,065	1,065	

[1] As at 30.06., profit for the current period is not a component of eligible capital.

in CHF million		30.06.2023 a Amounts	31.12.2022 a Amounts	b References
	Additional Tier 1 capital: regulatory adjustments			
37	Net long position in own AT1 instruments	–	–	
38	Reciprocal qualified cross-holdings in AT1 instruments	–	–	
38a	Qualified participations where a controlling influence is exercised together with other owners (AT1 instruments)	–	–	
38b	Immaterial participations (AT1 instruments)	–	–	
39	Non-qualified participations (max. 10%) in the financial sector (amount above Threshold 1) (AT1 instruments)	–	–	
40	Other qualified participations in the financial sector (AT1 instruments)	–	–	
41	Other deductions	–	–	
42	Amount by which the T2 deductions exceed the T2 capital	–	–	
42a	AT1 deductions covered by CET1 capital	–	–	
43	Total regulatory adjustments to AT1	–	–	
44	Additional Tier 1 capital (net AT1)	1,065	1,065	
45	**Tier 1 capital (net Tier 1 = net CET1 + net AT1)**	**14,014**	**13,854**	
Tier 2 capital (T2)				
46	Issued and paid in instruments, fully eligible [2]	1,219	494	
47	Issued and paid in instruments, subject to phase-out	–	–	
48	Minority interests eligible as T2	–	–	
49	of which subject to phase out	–	–	
50	Valuation adjustments; provisions and depreciation for prudential reasons; compulsory reserves on financial investments	269	276	
51	Tier 2 capital before regulatory adjustments	1,488	770	
	Tier 2 capital: regulatory adjustments			
52	Net long position in own T2 instruments and other TLAC instruments	-8	–	
53	Reciprocal cross-holdings in T2 instruments and other TLAC instruments	–	–	
53a	Qualified participations where a controlling influence is exercised together with other owners (T2 instruments and other TLAC instruments)	–	–	
53b	Immaterial participations (T2 instruments and other TLAC instruments)	–	–	
54	Non-qualified participations (max. 10%) in the financial sector (amount above Threshold 1) (T2 instruments and other TLAC instruments)	–	–	
55	Other qualified participations in the financial sector (T2 instruments and other TLAC instruments)	–	–	
56	Other deductions	–	–	
56a	T2 deductions covered by AT1 capital	–	–	
57	Total regulatory adjustments to T2	-8	–	
58	**Tier 2 capital (net T2)**	**1,480**	**770**	
59	**Regulatory capital (net T1 + net T2)**	**15,494**	**14,624**	
60	**Total risk-weighted assets**	**77,801**	**76,144**	
Capital ratios [3]				
61	CET1 ratio (item 29, as a percentage of risk-weighted assets)	16.6%	16.8%	
62	T1 ratio (item 45, as a percentage of risk-weighted assets)	18.0%	18.2%	
63	Regulatory capital ratio (item 59, as a percentage of risk-weighted assets)	19.9%	19.2%	
64	Institute specific CET1 buffer requirements in accordance with the Basel minimum standards (capital buffer + countercyclical buffer according to Art. 44a CAO + capital buffer for systemically important banks) (as a percentage of risk-weighted assets)	2.5%	2.5%	
65	of which capital buffer in accordance with Basel minimum standards (as a percentage of risk-weighted assets)	2.5%	2.5%	
66	of which countercyclical buffer in accordance with the Basel minimum standards (Art. 44a CAO, as a percentage of risk-weighted assets)	0.0%	0.0%	
67	of which capital buffer for systemically important institutions in accordance with the Basel minimum standards (as a percent-age of risk-weighted assets)	–	–	
68	CET1 available after meeting the bank's minimum capital requirements (in %)	11.9%	11.2%	
68a	CET1 total requirement target in accordance with Annex 8 of the CAO plus the countercyclical buffers according to Art. 44 and Art. 44a CAO (as a percentage of risk-weighted assets)	–	–	
68b	of which countercyclical buffers according to Art. 44 and Art. 44a CAO (as a percentage of risk-weighted assets)	–	–	
68c	CET1 available (as a percentage of risk-weighted assets)	–	–	
68d	T1 total requirement in accordance with Annex 8 CAO plus the countercyclical buffers according to Art. 44 and Art. 44a CAO (as a percentage of risk-weighted assets)	–	–	
68e	T1 available (as a percentage of risk-weighted assets)	–	–	
68f	Total requirement for regulatory capital as per Annex 8 CAO plus the countercyclical buffers according to Art. 44 and Art. 44a CAO (as a percentage of risk-weighted assets)	–	–	
68g	Regulatory capital available (as a percentage of risk-weighted assets)	–	–	

[2] After deduction of value reduction (amortisation) (Art. 30 para. 2 CAO).
[3] Systemically important banks can disregard Rows 68a – 68g as Annex 8 of the CAO does not apply to them.

in CHF million	30.06.2023 a Amounts	31.12.2022 a Amounts	b References
Amounts below the thresholds for deduction (before risk-weighting)			
72 Non-qualified participations in the financial sector	708	621	
73 Other qualified participations in the financial sector (CET1)	423	428	
74 Mortgage servicing rights	–	–	
75 Other deferred tax assets	–	–	
Applicable caps on the inclusion of items in T2			
76 Valuation adjustments eligible in T2 in the context of the SA-BIS approach	–	–	
77 Cap on inclusion of valuation adjustments in T2 in the context of the SA-BIS approach	–	–	
78 Valuation adjustments eligible in T2 in the context of the IRB approach	–	–	
79 Cap on inclusion of valuation adjustments in T2 in the context of the IRB approach	–	–	
Capital instruments with phase out (1.1.2018 – 1.1.2022) according to Art. 141 CAO			
80 Cap on CET1 instruments with phase out	–	–	
81 Amount not included in CET1 (above cap)	–	–	
82 Cap on AT1 instruments with phase out	–	–	
83 Amount not included in AT1 (above cap)	–	–	
84 Cap on T2 instruments with phase out	–	–	
85 Amount not included in T2 (above cap)	–	–	

In terms of regulatory capital, Common Equity Tier 1 (CET1) reflected the creation of reserves for general banking risks in the amount of CHF 150 million, compared with 31 December 2022. There were no changes in Additional Tier 1 capital (AT1) in the first half of 2023. Tier 2 capital (T2) before regulatory adjustments increased by CHF 718 million over the last six months. The rise was largely due to the bail-in bonds placed in the second quarter of 2023 (nominal CHF 425 million and EUR 500 million). Under the provisions for non-systemically important banks these are eligible as Tier 2 capital (T2). However, under the Capital Adequacy Ordinance, the recognition of Tier 2 (T2) instruments decreases by 20 percent annually in the last five years before final maturity ("value reduction (amortisation)") in accordance with Art. 30 para. 2 CAO). They are not recognised at all in the final year. Under the provisions of FINMA Circular 2016/1 "Disclosure - banks", item 46 in Table CC1 above has to be shown after deduction of this value reduction pursuant to Art. 30 para. 2 CAO. As the residual maturities of the EUR Tier 2 bond and the CHF bail-in bond were below five years for the first time as at 30 June 2023, recognition of these two instruments in item 46 was reduced by CHF 182 million. For the main features of the individual regulatory capital instruments, please refer to Table CCA starting on page 19.

Combined with higher RWA (see Table OV1 on page 13 for details), this resulted in a decrease in capital ratios of 0.2 percentage points (CET1 ratio and T1 ratio) and a rise of 0.7 percentage points for the regulatory capital ratio.

5.2 CC2: Reconciliation of regulatory capital to balance sheet

Balance sheet as in financial statements / under regulatory scope of consolidation [1] in CHF million	30.06.2023 a and b Amounts	31.12.2022 a and b Amounts	c References
Assets			
Liquid assets	35,947	40,302	
Amounts due from banks	3,177	2,937	
Amounts due from securities financing transactions	30,123	27,804	
Amounts due from customers	11,847	10,567	
Mortgage loans	98,863	96,838	
Trading portfolio assets	13,441	11,071	
Positive replacement values of derivative financial instruments	841	1,190	
Other financial instruments at fair value	–	–	
Financial investments	5,906	7,490	
Accrued income and prepaid expenses	441	457	
Non-consolidated participations	155	155	
Tangible fixed assets	547	565	
Intangible assets	4	14	
of which goodwill	–	8	A
of which other intangibles, other than mortgage servicing rights	4	5	B
of which mortgage servicing rights	–	–	C
Ohter assets	1,571	400	
of which deferred tax assets that rely on future profitability	4	5	D
of which deferred tax assets arising from temporary differences	–	–	E
Capital not paid in	–	–	
Total assets	**202,862**	**199,791**	
Liabilities			
Amounts due to banks	35,812	39,051	
Liabilities from securities financing transactions	13,254	10,636	
Amounts due in respect of customer deposits	104,441	103,351	
Trading portfolio liabilities	3,291	3,636	
Negative replacement values of derivative financial instruments	1,343	2,066	
Liabilities from other financial instruments at fair value	4,306	3,953	
Cash bonds	243	196	
Certificate of Deposits	130	104	
Bond issues	10,122	9,400	
Central mortgage institution loans	11,981	11,924	
Accrued expenses and deferred income	856	1,063	
Other liabilities	3,242	897	
Provisions	207	214	
of which deferred tax liabilities related to goodwill	–	–	F
of which deferred tax liabilities related to other intangible assets, other than mortgage servicing rights	–	–	G
of which deferred tax liabilities related to mortgage servicing rights	–	–	H
of which liabilities in connection with occupational pension plans	–	–	I
Total liabilities	**189,228**	**186,492**	
of which subordinated liabilities eligible as Tier 2 capital (T2)	1,480	770	
of which subordinated liabilities eligible as Additional Tier 1 capital (AT1)	1,065	1,065	

[1] One completed column is sufficient at the level of the single-entity financial statement and consolidated financial statement provided that the scope of consolidation for accounting purposes is identical to that for regulatory purposes. This is applicable to Zürcher Kantonalbank.

Balance sheet as in financial statements / under regulatory scope of consolidation [1] in CHF million	30.06.2023 a and b Amounts	31.12.2022 a and b Amounts	c References
Equity			
Reserves for general banking risks	304	154	
Bank's capital	2,425	2,425	
of which eligible as CET1	2,425	2,425	J
of which eligible as AT1	–	–	K
Statutory reserves / voluntary reserves / profits (losses) carried forward / profit (loss) for the period	10,906	10,720	
of which voluntary retained earnings reserve	10,241	9,674	
of which foreign currency translation reserve	-13	-13	
of which profit (loss) for the current period [2]	677	1,059	
of which planned dividend	–	491	
of which planned retained profit	–	568	
(Own shares)	–	–	
Minority interests	–	–	
of which eligible as CET1	–	–	L
of which eligible as AT1	–	–	M
Total equity	**13,634**	**13,299**	

[1] One completed column is sufficient at the level of the single-entity financial statement and consolidated financial statement provided that the scope of consolidation for accounting purposes is identical to that for regulatory purposes. This is applicable to Zürcher Kantonalbank.

[2] As at 30.06., profit for the current period is not a component of eligible capital.

Scope of consolidation group

The scope of consolidation used to calculate capital requirements is equal to the one used to draw up the consolidated financial statements. In addition to the parent company Zürcher Kantonalbank, the group's scope of consolidation includes all material directly and indirectly held subsidiaries: Zürcher Kantonalbank Finance (Guernsey) Ltd., Zürcher Kantonalbank Österreich AG, ZKB Securities (UK) Ltd. and the Swisscanto group, consisting of Swisscanto Holding AG with its subsidiaries and their subsidiaries (Swisscanto Fund Management Company Ltd., Swisscanto Pensions Ltd., Swisscanto Private Equity CH I Ltd, Swisscanto Private Equity CH II Ltd and Swisscanto Asset Management International SA). Non-material (from an accounting perspective) majority participations in Zürcher Kantonalbank Representações Ltda., ZüriBahn AG as well as the insignificant majority stake in Philanthropy Services Ltd. are not fully consolidated.

Equity instruments of companies in the financial sector are treated as described in Articles 33 - 40 CAO. The portion above a threshold is deducted directly from equity; the portion below the threshold is risk-weighted. Book values in the accounting and regulatory scopes of consolidation are the same.

Material changes in the scope of consolidation of the group compared with the previous period

There were no changes to the scope of consolidation of the group compared with the previous period.

Scope of consolidation parent company

The parent company's capital has been calculated on a solo consolidated basis since 31 December 2012. Under Art. 10 para. 3 CAO, FINMA can allow a bank to consolidate group companies operating in the financial sector at individual institution level (solo consolidation) on account of their particularly close relationship to the bank. FINMA has ruled that Zürcher Kantonalbank may consolidate the subsidiary Zürcher Kantonalbank Finance (Guernsey) Ltd. on a solo basis under the individual institution provisions since 2012. There are no other differences between the regulatory and accounting scopes of consolidation.

Material changes in the scope of consolidation of the parent company compared with the previous period

There were no significant changes to the scope of consolidation of the parent company compared with the previous period.

5.3 CCA: Main features of regulatory capital instruments and of other TLAC-eligible instruments

30.06.2023		Endowment capital	Tier 1 bond
1	Issuer	Zürcher Kantonalbank	Zürcher Kantonalbank
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg ID for private placement)	n/a	CH0361532945
3	Governing law of the instrument	Swiss law	Swiss law
3a	Manner in which the enforceability criterion under section 13 of the TLAC Term Sheet is met (for other eligible TLAC instruments under foreign law)	n/a	n/a
	Regulatory treatment		
4	During the Basel III transitional phase	Common equity Tier 1 (CET1)	Additional Tier 1 (AT1)
5	Under Basel III rules not taking into account transitional treatment	Common equity Tier 1 (CET1)	Additional Tier 1 (AT1)
6	Eligible at single-entity, group / single-entity and group levels	Solo and group level	Solo and group level
7	Instrument type	Other instruments	Other instruments
8	Amount recognised in regulatory capital (in CHF million)	CHF 2,425 million	CHF 750 million
9	Par value of instrument	CHF 2,425 million	CHF 750 million
10	Accounting classification	Bank's capital	Liability - notional
11	Original date of issuance	15.02.1870	30.06.2017
12	Perpetual or dated	Perpetual	Perpetual
13	Original maturity date	n/a	n/a
14	Issuer call option (subject to prior supervisory authority approval)	No	Yes
15	Optional call date / contingent call dates (tax and / or regulatory event) / redemption amount	n/a	First possible termination date 30.10.2023. Redemption amount: entire outstanding issue, no partial termination
16	Subsequent call dates, if applicable	n/a	Thereafter annually on interest date of 30 Oct
	Dividend / coupon		
17	Fixed or floating dividend / coupon	Floating	Fixed to floating
18	Coupon rate and related index, if applicable	n/a	Fixed at 2.125% until 30.10.2023; thereafter reset every 5 years based on 5-year mid-swap (minimum 0.00%) plus 2.125% risk premium
19	Existence of a dividend stopper (non-payment of dividend on the instrument prohibits the payment of dividends on common shares)	n/a	Yes
20	Coupon / Dividend payment fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	No	No
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative
23	Convertible / non-convertible	Non-convertible	Non-convertible
24	If convertible: conversion trigger	n/a	n/a
25	If convertible: fully or partially	n/a	n/a
26	If convertible: conversion rate	n/a	n/a
27	If convertible: mandatory or optional conversion	n/a	n/a
28	If convertible: specify instrument type convertible into	n/a	n/a
29	If convertible: specify issuer of instrument it converts into	n/a	n/a
30	Write-down feature	No	Yes
31	If write-down feature: write-down trigger(s)	n/a	Common equity Tier 1 (CET1) capital ratio falls below 7% and / or FINMA declares PONV (point-of-non-viability). Write-down triggered by FINMA on a contractual basis.
32	If write-down feature: fully or partially	n/a	Always partially where a trigger event occurs (CET1 ratio below 7%) that persists until the subsequent trigger test date; always fully where a trigger event occurs (CET1 ratio below 7%) that persists until the subsequent trigger test date, if in the opinion of FINMA a partial write-down would be inadequate or if a point of non-viability (PONV) has been reached.
33	If write-down feature: permanent or temporary	n/a	Permanent
34	If temporary write-down: description of write-up mechanism	n/a	n/a
34a	Type of subordination	Contractual	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Tier 1 bonds	Tier 2 bond
36	Features that prevent full recognition under Basel III	No	No
37	If yes: description of non-compliant features	n/a	n/a

30.06.2023		Tier 1 bond	EUR Tier 2 bond
1	Issuer	Zürcher Kantonalbank	Zürcher Kantonalbank
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg ID for private placement)	CH0536893321	CH1170565753
3	Governing law of the instrument	Swiss law	Swiss law
3a	Manner in which the enforceability criterion under section 13 of the TLAC Term Sheet is met (for other eligible TLAC instruments under foreign law)	n/a	n/a
	Regulatory treatment		
4	During the Basel III transitional phase	Additional Tier 1 (AT1)	Tier 2 (T2)
5	Under Basel III rules not taking into account transitional treatment	Additional Tier 1 (AT1)	Tier 2 (T2)
6	Eligible at single-entity, group / single-entity and group levels	Solo and group level	Solo and group level
7	Instrument type	Other instruments	Other instruments
8	Amount recognised in regulatory capital (in CHF million)	CHF 315 million	CHF 387 million
9	Par value of instrument	CHF 315 million	EUR 500 million
10	Accounting classification	Liability - notional	Liability - notional
11	Original date of issuance	16.10.2020	13.04.2022
12	Perpetual or dated	Perpetual	Dated
13	Original maturity date	n/a	13.04.2028
14	Issuer call option (subject to prior supervisory authority approval)	Yes	Yes
15	Optional call date / contingent call dates (tax and / or regulatory event) / redemption amount	First possible termination date 16.04.2027. Redemption amount: entire outstanding issue, no partial termination	One-time possible termination date 13.04.2027. Redemption amount: entire outstanding issue, no partial termination
16	Subsequent call dates, if applicable	Thereafter every five years on 16 April	n/a
	Dividend / coupon		
17	Fixed or floating dividend / coupon	Fixed to floating	Fixed to floating
18	Coupon rate and related index, if applicable	Fixed at 1.75% until 16.04.2027; thereafter reset every five years based on 5-year SARON-mid-swap (minimum 0%) plus 1.75% risk premium	Fixed at 2.02% until 13.04.2027; thereafter reset based on 3-month Euribor plus 0.90% risk premium (minimum 0%)
19	Existence of a dividend stopper (non-payment of dividend on the instrument prohibits the payment of dividends on common shares)	Yes	No
20	Coupon / Dividend payment fully discretionary, partially discretionary or mandatory	Fully discretionary	Mandatory
21	Existence of step up or other incentive to redeem	No	No
22	Non-cumulative or cumulative	Non-cumulative	n/a
23	Convertible / non-convertible	Non-convertible	Non-convertible
24	If convertible: conversion trigger	n/a	n/a
25	If convertible: fully or partially	n/a	n/a
26	If convertible: conversion rate	n/a	n/a
27	If convertible: mandatory or optional conversion	n/a	n/a
28	If convertible: specify instrument type convertible into	n/a	n/a
29	If convertible: specify issuer of instrument it converts into	n/a	n/a
30	Write-down feature	Yes	Yes
31	If write-down feature: write-down trigger(s)	Common equity Tier 1 (CET1) capital ratio falls below 7% and / or FINMA declares PONV (point-of-non-viability). Write-down triggered by FINMA on a contractual basis.	FINMA declares PONV (point-of-non-viability). Write-down triggered by FINMA on a contractual basis.
32	If write-down feature: fully or partially	Always partially where a trigger event occurs (CET1 ratio below 7%) that persists until the subsequent trigger test date; always fully where a trigger event occurs (CET1 ratio below 7%) that persists until the subsequent trigger test date, if in the opinion of FINMA a partial write-down would be inadequate or if a point of non-viability (PONV) has been reached.	Always fully if a point of non-viability (PONV) has been reached.
33	If write-down feature: permanent or temporary	Permanent	Permanent
34	If temporary write-down: description of write-up mechanism	n/a	n/a
34a	Type of subordination	Contractual	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Tier 2 bond	Bail-in bonds
36	Features that prevent full recognition under Basel III	No	No
37	If yes: description of non-compliant features	n/a	n/a

30.06.2023		CHF Bail-in bond	EUR Bail-in bond
1	Issuer	Zürcher Kantonalbank	Zürcher Kantonalbank
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg ID for private placement)	CH1239464709	CH1266847149
3	Governing law of the instrument	Swiss law	Swiss law
3a	Manner in which the enforceability criterion under section 13 of the TLAC Term Sheet is met (for other eligible TLAC instruments under foreign law)	n/a	n/a
	Regulatory treatment		
4	During the Basel III transitional phase	Tier 2 (T2)	Tier 2 (T2)
5	Under Basel III rules not taking into account transitional treatment	Tier 2 (T2)	Tier 2 (T2)
6	Eligible at single-entity, group / single-entity and group levels	Solo and group level	Solo and group level
7	Instrument type	Other instruments	Other instruments
8	Amount recognised in regulatory capital (in CHF million)	CHF 340 million	CHF 485 million
9	Par value of instrument	CHF 425 million	CHF 500 million
10	Accounting classification	Liability - notional	Liability - notional
11	Original date of issuance	19.04.2023	08.06.2023
12	Perpetual or dated	Dated	Dated
13	Original maturity date	19.04.2028	08.06.2029
14	Issuer call option (subject to prior supervisory authority approval)	Yes	Yes
15	Optional call date / contingent call dates (tax and / or regulatory event) / redemption amount	One-time possible termination date 19.04.2027. Redemption amount: entire outstanding issue, no partial termination	One-time possible termination date 08.06.2028. Redemption amount: entire outstanding issue, no partial termination
16	Subsequent call dates, if applicable	n/a	n/a
	Dividend / coupon		
17	Fixed or floating dividend / coupon	Fixed	Fixed to floating
18	Coupon rate and related index, if applicable	2.75%	Fixed at 4.156% until 08.06.2028; thereafter reset based on relevant market rate according to the prospectus plus margin 1.15% (minimum 0%)
19	Existence of a dividend stopper (non-payment of dividend on the instrument prohibits the payment of dividends on common shares)	No	No
20	Coupon / Dividend payment fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative
23	Convertible / non-convertible	Non-convertible [1]	Non-convertible [1]
24	If convertible: conversion trigger	n/a	n/a
25	If convertible: fully or partially	n/a	n/a
26	If convertible: conversion rate	n/a	n/a
27	If convertible: mandatory or optional conversion	n/a	n/a
28	If convertible: specify instrument type convertible into	n/a	n/a
29	If convertible: specify issuer of instrument it converts into	n/a	n/a
30	Write-down feature	Yes	Yes
31	If write-down feature: write-down trigger(s)	Write-down triggered by FINMA on a contractual basis [1]	Write-down triggered by FINMA on a contractual basis [1]
32	If write-down feature: fully or partially	may be written down partially	may be written down partially
33	If write-down feature: permanent or temporary	Permanent	Permanent
34	If temporary write-down: description of write-up mechanism	n/a	n/a
34a	Type of subordination	Contractual	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Non-subordinated liabilities	Non-subordinated liabilities
36	Features that prevent full recognition under Basel III	No	No
37	If yes: description of non-compliant features	n/a	n/a

[1] In the event that FINMA, in a restructuring proceeding concerning the Issuer pursuant to the Banking Act and, if applicable, other National Regulations, orders the partial or complete reduction of the bondholders' claims or the Issuer's obligations under the Bonds in the restructuring plan, the bondholders shall be entitled to the granting of a Recovery Certificate without par value for each Bond affected after the restructuring plan has been approved by FINMA.

31.12.2022		Endowment capital	Tier 1 bond
1	Issuer	Zürcher Kantonalbank	Zürcher Kantonalbank
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg ID for private placement)	n/a	CH0361532945
3	Governing law of the instrument	Swiss law	Swiss law
3a	Manner in which the enforceability criterion under section 13 of the TLAC Term Sheet is met (for other eligible TLAC instruments under foreign law)	n/a	n/a
	Regulatory treatment		
4	During the Basel III transitional phase	Common equity Tier 1 (CET1)	Additional Tier 1 (AT1)
5	Under Basel III rules not taking into account transitional treatment	Common equity Tier 1 (CET1)	Additional Tier 1 (AT1)
6	Eligible at single-entity, group / single-entity and group levels	Solo and group level	Solo and group level
7	Instrument type	Other instruments	Hybrid instrument
8	Amount recognised in regulatory capital (in CHF million)	CHF 2,425 million	CHF 750 million
9	Par value of instrument	CHF 2,425 million	CHF 750 million
10	Accounting classification	Bank's capital	Liability - notional
11	Original date of issuance	15.02.1870	30.06.2017
12	Perpetual or dated	Perpetual	Perpetual
13	Original maturity date	n/a	n/a
14	Issuer call option (subject to prior supervisory authority approval)	No	Yes
15	Optional call date / contingent call dates (tax and / or regulatory event) / redemption amount	n/a	First possible termination date 30.10.2023. Redemption amount: entire outstanding issue, no partial termination
16	Subsequent call dates, if applicable	n/a	Thereafter annually on interest date of 30 Oct
	Dividend / coupon		
17	Fixed or floating dividend / coupon	Floating	Fixed
18	Coupon rate and related index, if applicable	n/a	Fixed at 2.125% until 30.10.2023; thereafter reset every 5 years based on 5-year mid-swap (minimum 0.00%) plus 2.125% risk premium
19	Existence of a dividend stopper (non-payment of dividend on the instrument prohibits the payment of dividends on common shares)	n/a	Yes
20	Coupon / Dividend payment fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	No	No
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative
23	Convertible / non-convertible	Non-convertible	Non-convertible
24	If convertible: conversion trigger	n/a	n/a
25	If convertible: fully or partially	n/a	n/a
26	If convertible: conversion rate	n/a	n/a
27	If convertible: mandatory or optional conversion	n/a	n/a
28	If convertible: specify instrument type convertible into	n/a	n/a
29	If convertible: specify issuer of instrument it converts into	n/a	n/a
30	Write-down feature	No	Yes
31	If write-down feature: write-down trigger(s)	n/a	Common equity Tier 1 (CET1) capital ratio falls below 7% and / or FINMA declares PONV (point-of-non-viability). Write-down triggered by FINMA on a contractual basis.
32	If write-down feature: fully or partially	n/a	Always partially where a trigger event occurs (CET1 ratio below 7%) that persists until the subsequent trigger test date; always fully where a trigger event occurs (CET1 ratio below 7%) that persists until the subsequent trigger test date, if in the opinion of FINMA a partial write-down would be inadequate or if a point of non-viability (PONV) has been reached.
33	If write-down feature: permanent or temporary	n/a	Permanent
34	If temporary write-down: description of write-up mechanism	n/a	n/a
34a	Type of subordination	Contractual	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Tier 1 bonds	Tier 2 bond
36	Features that prevent full recognition under Basel III	No	No
37	If yes: description of non-compliant features	n/a	n/a

31.12.2022		Tier 1 bond	EUR Tier 2 bond
1	Issuer	Zürcher Kantonalbank	Zürcher Kantonalbank
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg ID for private placement)	CH0536893321	CH1170565753
3	Governing law of the instrument	Swiss law	Swiss law
3a	Manner in which the enforceability criterion under section 13 of the TLAC Term Sheet is met (for other eligible TLAC instruments under foreign law)	n/a	n/a
	Regulatory treatment		
4	During the Basel III transitional phase	Additional Tier 1 (AT1)	Tier 2 (T2)
5	Under Basel III rules not taking into account transitional treatment	Additional Tier 1 (AT1)	Tier 2 (T2)
6	Eligible at single-entity, group / single-entity and group levels	Solo and group level	Solo and group level
7	Instrument type	Hybrid instrument	Hybrid instrument
8	Amount recognised in regulatory capital (in CHF million)	CHF 315 million	CHF 494 million
9	Par value of instrument	CHF 315 million	EUR 500 million
10	Accounting classification	Liability - notional	Liability - notional
11	Original date of issuance	16.10.2020	13.04.2022
12	Perpetual or dated	Perpetual	Dated
13	Original maturity date	n/a	13.04.2028
14	Issuer call option (subject to prior supervisory authority approval)	Yes	Yes
15	Optional call date / contingent call dates (tax and / or regulatory event) / redemption amount	First possible termination date 16.04.2027. Redemption amount: entire outstanding issue, no partial termination	First possible termination date 13.04.2027. Redemption amount: entire outstanding issue, no partial termination
16	Subsequent call dates, if applicable	Thereafter every five years on 16 April	n/a
	Dividend / coupon		
17	Fixed or floating dividend / coupon	Fixed	Fixed to floating
18	Coupon rate and related index, if applicable	Fixed at 1.75% until 16.04.2027; thereafter reset every five years based on 5-year SARON-mid-swap (minimum 0%) plus 1.75% risk premium	Fixed at 2.02% until 13.04.2027; thereafter reset based on 3-month Euribor plus 0.90% risk premium (minimum 0%)
19	Existence of a dividend stopper (non-payment of dividend on the instrument prohibits the payment of dividends on common shares)	Yes	No
20	Coupon / Dividend payment fully discretionary, partially discretionary or mandatory	Fully discretionary	Mandatory
21	Existence of step up or other incentive to redeem	No	No
22	Non-cumulative or cumulative	Non-cumulative	n/a
23	Convertible / non-convertible	Non-convertible	Non-convertible
24	If convertible: conversion trigger	n/a	n/a
25	If convertible: fully or partially	n/a	n/a
26	If convertible: conversion rate	n/a	n/a
27	If convertible: mandatory or optional conversion	n/a	n/a
28	If convertible: specify instrument type convertible into	n/a	n/a
29	If convertible: specify issuer of instrument it converts into	n/a	n/a
30	Write-down feature	Yes	Yes
31	If write-down feature: write-down trigger(s)	Common equity Tier 1 (CET1) capital ratio falls below 7% and / or FINMA declares PONV (point-of-non-viability). Write-down triggered by FINMA on a contractual basis.	FINMA declares PONV (point-of-non-viability). Write-down triggered by FINMA on a contractual basis.
32	If write-down feature: fully or partially	Always partially where a trigger event occurs (CET1 ratio below 7%) that persists until the subsequent trigger test date; always fully where a trigger event occurs (CET1 ratio below 7%) that persists until the subsequent trigger test date, if in the opinion of FINMA a partial write-down would be inadequate or if a point of non-viability (PONV) has been reached.	Always fully if a point of non-viability (PONV) has been reached.
33	If write-down feature: permanent or temporary	Permanent	Permanent
34	If temporary write-down: description of write-up mechanism	n/a	n/a
34a	Type of subordination	Contractual	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Tier 2 bond	Non-subordinated liabilities
36	Features that prevent full recognition under Basel III	No	No
37	If yes: description of non-compliant features	n/a	n/a

6 Macroprudential supervisory measures

6.1 CCyB1: Geographical distribution of credit exposures used in the countercyclical capital buffer

30.06.2023 in CHF million (unless stated otherwise) Country	a Countercyclical capital buffer rate (in %)	c Risk-weighted assets (RWA) in the computation of the extended counter-cyclical	d Bank-specific countercyclical capital buffer rate (in %)	e Countercyclical buffer amount
Australia	1.00%	17		
France	0.50%	287		
Germany	0.75%	544		
Hong Kong	1.00%	9		
Luxembourg	0.50%	1,625		
Netherlands	1.00%	205		
Sweden	2.00%	17		
United Kingdom	1.00%	141		
Subtotal	**–**	**2,844**		
Other countries		57,534		
Total RWA of credit exposures used in the countercyclical capital buffer [1]		**60,378**		
Total RWA [2]		**77,801**	**0.03%**	**23**

[1] The total equals the sum of RWA for Zürcher Kantonalbank's relevant private sector credit exposures, including countries without a countercyclical buffer rate and countries with a countercyclical buffer rate of 0.00%.

[2] For the calculation of the countercyclical buffer amount, the total RWA of Zürcher Kantonalbank are relevant.

31.12.2022 in CHF million (unless stated otherwise) Country	a Countercyclical capital buffer rate (in %)	c Risk-weighted assets (RWA) in the computation of the extended counter-cyclical	d Bank-specific countercyclical capital buffer rate (in %)	e Countercyclical buffer amount
Hong Kong	1.00%	7		
Luxembourg	0.50%	1,632		
Sweden	1.00%	16		
United Kingdom	1.00%	149		
Subtotal	**–**	**1,804**		
Other countries		57,684		
Total RWA of credit exposures used in the countercyclical capital buffer [1]		**59,489**		
Total RWA [2]		**76,144**	**0.02%**	**13**

[1] The total equals the sum of RWA for Zürcher Kantonalbank's relevant private sector credit exposures, including countries without a countercyclical buffer rate and countries with a countercyclical buffer rate of 0.00%.

[2] For the calculation of the countercyclical buffer amount, the total RWA of Zürcher Kantonalbank are relevant.

Since 31 December 2022 Australia, France, Germany, the Netherlands and Sweden have raised the countercyclical buffer rate for the relevant exposures. Apart from this, the extended countercyclical buffer (eCCB) under Art. 44a CAO saw no material change.

7 Leverage Ratio

7.1 LR1: Leverage ratio: summary comparison of accounting assets vs. leverage ratio exposure measure

in CHF million		30.06.2023 a	31.12.2022 a
1	Total assets as per published financial statements	202,862	199,791
1a	Differences between published financial statements and accounting principles used for the determination of the leverage ratio exposure [1]	–	–
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation (margin nos. 6 – 7 FINMA Circ. 15/3), as well as adjustment for assets deducted from Tier 1 capital (margin nos. 16 – 17 FINMA Circ. 15/3)	-8	-19
3	Adjustment for fiduciary assets recognised on the balance sheet for accounting purposes, but excluded from the leverage ratio exposure measure (margin no. 15 FINMA Circ. 15/3)	–	–
4	Adjustment for derivative financial instruments (margin nos. 21 – 51 FINMA Circ. 15/3)	7,719	8,067
5	Adjustment for securities financing transactions (SFTs) (margin nos. 52 – 73 FINMA Circ. 15/3)	2,867	2,916
6	Adjustment for off-balance-sheet items (i.e. conversion to credit equivalent amounts) (margin nos. 74 – 76 FINMA Circ. 15/3)	12,882	12,316
7	Other adjustments	–	–
8	**Leverage ratio exposure (sum of Rows 1 – 7)**	**226,321**	**223,071**

[1] Not applicable to Zürcher Kantonalbank, as it does not use an international accounting standard.

7.2 LR2: Leverage ratio: leverage ratio common disclosure template

in CHF million		a 30.06.2023	b 31.12.2022
On-balance-sheet exposures			
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral) (margin nos. 14 – 15 FINMA Circ. 15/3)	171,899	170,797
2	Assets that must be deducted in determining the eligible Tier 1 capital (margin nos. 7 and 16 – 17 FINMA Circ. 15/3)	-8	-19
3	**Total on-balance sheet exposures within the leverage ratio framework, excluding derivatives and SFTs (sum of rows 1 and 2)**	**171,890**	**170,778**
Derivatives			
4	Replacement values associated with all derivatives transactions, including those with CCPs, taking into account the margin payments received and netting agreements in accordance with margin nos. 22 – 23 and 34 – 35 FINMA Circ. 15/3	1,321	1,808
5	Add-on amounts for PFE associated with all derivatives transactions (margin nos. 22 and 25 FINMA Circ. 15/3)	6,603	6,984
6	Gross up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework (margin no. 27 FINMA Circ. 15/3)	3,013	3,750
7	Deduction of receivables assets for cash variation margin provided in derivatives transactions, in accordance with margin no. 36 FINMA Circ. 15/3	-1,637	-2,330
8	Deduction relating to exposures to QCCPs if there is no obligation to reimburse the client in the event of the QCCP defaulting (margin no. 39 FINMA Circ. 15/3	-839	-955
9	Adjusted effective notional amount of written credit derivatives, after deduction of negative replacement values (margin no. 43 FINMA Circ. 15/3)	143	57
10	Adjusted effective notional offsets of bought / written credit derivatives (margin nos. 44 – 50 FINMA Circ. 15/3) and add-on deductions for written credit derivatives (margin no. 51 FINMA Circ. 15/3)	-46	-57
11	**Total derivative exposures (sum of rows 4 – 10)**	**8,559**	**9,257**
Securities financing transaction exposures			
12	Gross SFT assets with no recognition of netting (except in the case of novation with a QCCP as per margin no. 57 FINMA Circ. 15/3) including sale accounting transactions (margin no. 69 FINMA Circ. 15/3), less the items specified in margin no. 58 FINMA Circ. 15/3)	30,123	27,804
13	Netted amounts of cash payables and cash receivables relating to SFT counterparties (margin nos. 59 – 62 FINMA Circ. 15/3)	–	–
14	CCR exposure for SFT assets (margin nos. 63 – 68 FINMA Circ. 15/3)	2,867	2,916
15	Agent transaction exposures (margin nos. 70 – 73 FINMA Circ. 15/3)	–	–
16	**Total securities financing transaction exposures (sum of rows 12 – 15)**	**32,990**	**30,720**
Other off-balance-sheet exposures			
17	Off-balance-sheet exposure at gross notional amounts before application of credit conversion factors	47,877	46,304
18	Adjustments for conversion to credit equivalent amounts (margin nos. 75 – 76 FINMA Circ. 15/3)	-34,995	-33,989
19	**Total off-balance-sheet items (sum of rows 17 and 18)**	**12,882**	**12,316**
Eligible capital and total exposures			
20	Tier 1 capital (margin no. 5 FINMA Circ. 15/3)	14,014	13,854
21	Total exposures (sum of rows 3, 11, 16 and 19)	226,321	223,071
Leverage ratio			
22	**Leverage ratio (margin nos. 3 – 4 FINMA Circ. 15/3) in %**	**6.2%**	**6.2%**

The balance sheet items in row 1 of Table LR2 are equal to total assets as reported less amounts due from securities transactions and the positive replacement value of derivative financial instruments.

Compared to 31 December 2022, total on-balance-sheet exposures (excluding derivatives and securities financing transactions) increased by CHF 1,112 million. Exposures from securities financing transactions (CHF + 2,270 million) as well as other off balance-sheet exposures (CHF + 566 million) are also higher. Derivatives exposures moved in the opposite direction (CHF - 698 million). The increase in Tier 1 capital compensated the effect of the higher total exposure (CHF + 3,250 million) in the calculation of the leverage ratio, resulting in an unchanged leverage ratio of 6.2 percent as at 30 June 2023.

8 Liquidity

8.1 LIQ1: Liquidity: Liquidity coverage ratio (LCR)

		Quarterly averages Q2 23 [1]		Quarterly averages Q1 23 [1]	
in CHF million		Unweighted values	Weighted values	Unweighted values	Weighted values
A. High-quality liquid assets (HQLA)					
1	**Total high quality liquid assets (HQLA)**		**53,824**		**55,219**
B. Cash outflows					
2	Retail deposits	64,926	6,616	65,099	6,609
3	of which stable deposits	6,986	349	7,600	380
4	of which less stable deposits	57,926	6,267	57,495	6,229
5	Unsecured wholesale funding	46,598	25,627	49,752	27,088
6	of which operational deposits (all counterparties) and deposits in networks of cooperative banks	4,519	1,130	4,885	1,221
7	of which non-operational deposits (all counterparties)	42,039	24,462	44,747	25,750
8	of which unsecured debt	35	35	117	117
9	Secured wholesale funding and collateral swaps		12,080		12,241
10	Other outflows	25,877	9,702	25,462	9,889
11	of which outflows related to derivative exposures and other transactions	12,981	7,374	13,511	7,758
12	of which outflows related to loss of funding on asset-backed securities, covered bonds and other structured financing instruments, asset-backed commercial papers, conduits, securities investment vehicles and other such financing facilities	94	94	65	65
13	of which, outflows related to committed credit and liquidity facilities	12,801	2,234	11,886	2,066
14	Other contractual funding obligations	3,733	3,701	3,181	3,146
15	Other contingent funding obligations	29,372	386	29,019	392
16	**Total cash outflows**		**58,111**		**59,366**
C. Cash inflows					
17	Secured financing operations (e.g. reverse repo transactions)	18,465	13,310	19,490	13,396
18	Inflows from fully performing exposures	1,381	1,024	1,315	976
19	Other cash inflows	7,057	7,057	6,520	6,520
20	**Total cash inflows**	**26,902**	**21,391**	**27,325**	**20,892**
Adjusted values					
21	**Total high-quality liquid assets (HQLA)**		**53,824**		**55,219**
22	**Total net cash outflows**		**36,721**		**38,475**
23	**Liquidity coverage ratio in %**		**147%**		**144%**

[1] The average is calculated based on the end of day values from the business days of the reported quarter: Q2 23: 60 days included, Q1 23: 64 days included.

As a systemically important bank, Zürcher Kantonalbank is subject to stricter liquidity requirements. With a minimum ratio of 135 percent, it has to meet a liquidity coverage ratio (LCR) that is 35 percent higher than it is for non-systemically important banks. Zürcher Kantonalbank's ongoing comfortable liquidity situation is reflected in the LCR. On a group basis, the LCR increased slightly from the previous quarter and stood at an average of 147 percent in the second quarter of 2023 (first quarter of 2023: 144 percent).

8.2 LIQ2: Liquidity: Net stable funding ratio (NSFR)

30.06.2023		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
in CHF million		No maturity	< 6 months	≥ 6 months to < 1 year	≥ 1 year	
	Available Stable Funding (ASF) item					
1	Capital	–	–	–	15,684	15,684
2	Regulatory capital	–	–	–	14,775	14,775
3	Other capital instruments	–	–	–	910	910
4	Retail deposits and deposits from small business customers	62,543	7,512	1,272	189	64,780
5	Stable deposits	6,723	830	407	43	7,605
6	Less stable deposits	55,820	6,682	865	146	57,176
7	Wholesale funding	22,433	39,734	746	1,355	17,319
8	Operational deposits	4,265	–	–	–	2,132
9	Other wholesale funding	18,169	39,734	746	1,355	15,187
10	Liabilities with matching interdependent assets	1,187	59	–	–	–
11	Other liabilities	19,670	9,191	1,605	19,401	19,686
12	NSFR derivative liabilities		–	–	614	
13	All other liabilities and equity not included in the above categories	19,670	9,191	1,605	18,787	19,686
14	**Total Available Stable Funding (ASF)**					**117,469**
	Required Stable Funding (RSF) item					
15	Total NSFR high-quality liquid assets (HQLA)					1,183
16	Deposits held at other financial institutions for operational purposes	614	–	–	–	307
17	Performing loans and securities	35,649	35,690	6,447	70,840	90,330
18	Performing loans to financial institutions secured by level 1 and 2a	957	7,372	–	–	965
19	Performing loans to financial institutions secured by non-level 1 and 2a HQLA and unsecured performing loans to financial	9,603	11,299	794	1,456	9,388
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and public sector entities, of which	5,412	10,979	836	9,974	17,819
21	with a risk weight of less than or equal to 35% under SA-BIS	199	–	–	435	413
22	Performing residential mortgages, of which	17,625	5,312	4,340	56,104	56,998
23	with a risk weight of less than or equal to 35% under SA-BIS	17,324	5,261	4,318	55,587	56,274
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	2,052	728	476	3,306	5,159
25	Assets with matching interdependent liabilities	1,247	–	–	–	–
26	Other assets	4,017	595	1	1,663	4,489
27	Physical traded commodities, including gold	958				814
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		145	–	755	765
29	NSFR derivative assets		–	–	–	–
30	NSFR derivative liabilities before deduction of variation margin posted		–	–	869	869
31	All other assets not included in the above categories	3,059	450	1	39	2,041
32	Off-balance sheet items		36,350	2,011	9,773	874
33	**Total Required Stable Funding (RSF)**					**97,184**
34	**Net Stable Funding Ratio (NSFR) (%)**					**121%**

31.03.2023		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
in CHF million		No maturity	< 6 months	≥ 6 months to < 1 year	≥ 1 year	
	Available Stable Funding (ASF) item					
1	Capital	–	–	–	14,639	14,639
2	Regulatory capital	–	–	–	14,639	14,639
3	Other capital instruments	–	–	–	–	–
4	Retail deposits and deposits from small business customers	64,792	4,505	820	199	63,704
5	Stable deposits	7,344	418	224	32	7,618
6	Less stable deposits	57,449	4,088	596	167	56,086
7	Wholesale funding	27,612	44,005	798	1,427	21,838
8	Operational deposits	4,961	–	–	–	2,480
9	Other wholesale funding	22,651	44,005	798	1,427	19,358
10	Liabilities with matching interdependent assets	1,321	–	–	–	–
11	Other liabilities	20,632	9,460	1,683	19,223	19,861
12	NSFR derivative liabilities		–	–	699	
13	All other liabilities and equity not included in the above categories	20,632	9,460	1,683	18,524	19,861
14	**Total Available Stable Funding (ASF)**					**120,042**
	Required Stable Funding (RSF) item					
15	Total NSFR high-quality liquid assets (HQLA)					1,643
16	Deposits held at other financial institutions for operational purposes	562	–	–	–	281
17	Performing loans and securities	33,849	40,305	6,524	70,609	88,420
18	Performing loans to financial institutions secured by level 1 and 2a	869	5,673	–	–	694
19	Performing loans to financial institutions secured by non-level 1 and 2a HQLA and unsecured performing loans to financial	9,932	11,600	642	1,364	9,176
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and public sector entities, of which	4,873	16,558	991	9,904	17,238
21	with a risk weight of less than or equal to 35% under SA-BIS	175	–	–	478	426
22	Performing residential mortgages, of which	15,994	5,792	4,319	56,715	56,599
23	with a risk weight of less than or equal to 35% under SA-BIS	15,733	5,677	4,288	56,159	55,849
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	2,181	682	571	2,627	4,713
25	Assets with matching interdependent liabilities	1,321	–	–	–	–
26	Other assets	5,639	251	1	1,721	4,418
27	Physical traded commodities, including gold	983				835
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		220	–	768	840
29	NSFR derivative assets		–	–	–	–
30	NSFR derivative liabilities before deduction of variation margin posted		–	–	940	940
31	All other assets not included in the above categories	4,656	31	1	12	1,802
32	Off-balance sheet items		35,923	1,897	8,657	809
33	**Total Required Stable Funding (RSF)**					**95,571**
34	**Net Stable Funding Ratio (NSFR) (%)**					**126%**

Zürcher Kantonalbank fulfils the provisions on the net stable funding ratio (NSFR) of 100 percent with a significant buffer. There were no significant changes during the reporting period. The quarter-end NSFR values ranged from 121 percent to 126 percent in the first half of 2023.

9 Credit risk

9.1 CR1: Credit risk: credit quality of assets

30.06.2023 in CHF million		a Gross carrying values of defaulted exposures	b Gross carrying values of non-defaulted exposures	c Value adjustments / impairments [1]	d Net values (a + b - c)
1	Loans (excluding debt securities) [2]	507	113,013	623	112,897
2	Debt securities [2]	–	5,601	1	5,600
3	Off-balance-sheet exposures	64	18,612	–	18,676
4	**Total**	**570**	**137,226**	**624**	**137,172**

[1] Zürcher Kantonalbank adopted the rules on value adjustments and provisions for expected losses (VA and P for EL) on 01.01.2021. VA and P for EL are recognised in non-defaulted exposures. Consequently, VA for EL are included in column c of this table, so column d shows the net figures according to the accounting rules. This also means that value adjustments / impairments as at 30.06.2023 are higher than the gross carrying values of defaulted exposures.

[2] According to FINMA Circ. 16/1, on-balance-sheet items include loans and debt securities. Hence, liquid assets, trading portfolio assets, equities, accrued income and prepaid expenses and non-counterparty-related risks in the amount of CHF 38,790 million are not included in this table.

31.12.2022 in CHF million		a Gross carrying values of defaulted exposures	b Gross carrying values of non-defaulted exposures	c Value adjustments / impairments [1]	d Net values (a + b - c)
1	Loans (excluding debt securities) [2]	500	109,445	636	109,308
2	Debt securities [2]	–	7,183	1	7,182
3	Off-balance-sheet exposures	125	17,291	–	17,416
4	**Total**	**625**	**133,919**	**638**	**133,907**

[1] Zürcher Kantonalbank adopted the rules on value adjustments and provisions for expected losses (VA and P for EL) on 01.01.2021. VA and P for EL are recognised in non-defaulted exposures. Consequently, VA for EL are included in column c of this table, so column d shows the net figures according to the accounting rules. This also means that value adjustments / impairments as at 31.12.2022 are higher than the gross carrying values of defaulted exposures.

[2] According to FINMA Circ. 16/1, on-balance-sheet items include loans and debt securities. Hence, liquid assets, trading portfolio assets, equities, accrued income and prepaid expenses and non-counterparty-related risks in the amount of CHF 42,011 million are not included in this table.

Disclosure and explanation of internal definition of default

Defaulted loans/receivables

This is a regulatory definition. Under the standardised approach, defaulted loans include both impaired loans and non-performing loans, e. g. those more than 90 days in arrears. Under IRB, a model approach has been selected that uses the rating assigned to define “defaulted”. If a counterparty is assigned the default rating (C19) under such definition, all receivables from that counterparty are deemed to be in default, regardless of whether they are covered by collateral or not.

Impaired loans/receivables

Accounting definition: For accounting purposes, loans are impaired when the borrower is unlikely to be able to meet future obligations and they are not covered by collateral. The assessment as to whether a loan is impaired is made on an individual basis.

Non-performing loans/receivables

For both accounting and supervisory purposes, loans are classified as non-performing when interest, commission or amortisation payments or the repayment of the principal have not been received in full 90 days after becoming due. This also includes claims against borrowers in liquidation, and loans with special conditions arising from the borrower’s financial standing. Non-performing loans are also often a component of impaired loans.

9.2 CR2: Credit risk: changes in stock of defaulted loans and debt securities

30.06.2023 in CHF million		a
1	**Defaulted loans and debt securities [1] at end of the previous reporting period (31.12.2022)**	**500**
2	Loans and debt securities that have defaulted since the last reporting period	97
3	Returned to non-defaulted status	66
4	Amounts written off	9
5	Other changes (+/-) [2]	-16
6	**Defaulted loans and debt securities at end of the reporting period (1 + 2 - 3 - 4 + 5)**	**507**

[1] All exposures are presented gross of value adjustments for default risks.

[2] Mainly volume changes of loans and debt securities, which had the status "defaulted" at the end of both reporting periods.

During the reporting period, there were no material changes to the portfolios of defaulted loans and debt securities. The total for defaulted loans and debt securities as at 30 June 2023 increased by CHF 7 million compared to the figure recorded on 31 December 2022.

9.3 CR3: Credit risk: credit risk mitigation techniques - overview

In order to ensure a consistent point of view without anticipating the IRB segmentation, the standardised approach was used to present the overview of credit risk mitigation techniques. We refer to the IRB tables in this report on page 33 onwards for IRB disclosures.

		a	b1	b	d	f
30.06.2023 **in CHF million**		**Unsecured exposures / carrying amount**	**Secured exposures / carrying amount [1]**	**of which secured by collateral [2]**	**of which secured by financial guarantees [2]**	**of which secured by credit derivatives [2]**
1	Loans (excluding debt securities)	11,670	101,227	99,848	1,145	–
2	Debt securities	5,412	188	–	188	–
3	**Total**	**17,082**	**101,415**	**99,848**	**1,333**	**–**
4	of which defaulted	138	185	128	54	–

[1] Fully or partially secured by collateral (incl. secured by financial guarantees and credit derivatives)

[2] Secured amount. Where the amount the collateral / financial guarantee / credit derivate can be settled for exceeds the value of the exposure, the exposure amount is reported.

		a	b1	b	d	f
31.12.2022 **in CHF million**		**Unsecured exposures / carrying amount**	**Secured exposures / carrying amount [1]**	**of which secured by collateral [2]**	**of which secured by financial guarantees [2]**	**of which secured by credit derivatives [2]**
1	Loans (excluding debt securities)	10,135	99,173	97,943	1,074	–
2	Debt securities	6,987	195	–	195	–
3	**Total**	**17,122**	**99,369**	**97,943**	**1,269**	**–**
4	of which defaulted	127	180	121	54	–

[1] Fully or partially secured by collateral (incl. secured by financial guarantees and credit derivatives)

[2] Secured amount. Where the amount the collateral / financial guarantee / credit derivate can be settled for exceeds the value of the exposure, the exposure amount is reported.

Unsecured exposures (excluding debt securities) increased by CHF 1,535 million compared to 31 December 2022. The proportion of fully or partially secured exposures (excluding debt securities) as at 30 June 2023 is at 90 percent (31 December 2022: 91 percent). During the reporting period, there were no material changes in the extent to which credit risk mitigation techniques were used.

9.4 CR4: Credit risk: standardised approach - credit risk exposure and credit risk mitigation (CRM) effects

30.06.2023		a	b	c	d	e	f
in CHF million (unless stated otherwise)		Exposures before CCF and CRM		Exposures post-CCF and CRM			
	Exposure class	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWA	RWA density
1	Central governments and central banks	1,059	–	1,963	171	20	0.9%
2	Banks and securities firms	416	179	414	82	107	21.6%
3	Other public sector entities and multilateral development banks	1,427	4,123	1,413	867	674	29.6%
4	Corporates	3,382	6,903	3,302	1,674	3,376	67.8%
5	Retail	4,122	2,727	3,242	307	2,867	80.8%
6	Equity	–	–	–	–	–	–
7	Other exposures [1]	37,400	973	37,372	249	1,631	4.3%
8	**Total**	**47,805**	**14,905**	**47,705**	**3,351**	**8,675**	**17.0%**

[1] According to FINMA Circ. 16/1, non-counterparty-related exposures are included in other exposures.

31.12.2022		a	b	c	d	e	f
in CHF million (unless stated otherwise)		Exposures before CCF and CRM		Exposures post-CCF and CRM			
	Exposure class	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWA	RWA density
1	Central governments and central banks	2,724	–	3,661	17	1	0.0%
2	Banks and securities firms	176	187	176	85	58	22.2%
3	Other public sector entities and multilateral development banks	1,471	4,073	1,429	802	627	28.1%
4	Corporates	2,305	7,071	2,228	1,812	2,567	63.5%
5	Retail	4,133	2,568	3,155	317	2,858	82.3%
6	Equity	–	–	–	–	–	–
7	Other exposures [1]	41,587	848	41,560	195	1,416	3.4%
8	**Total**	**52,396**	**14,746**	**52,209**	**3,229**	**7,527**	**13.6%**

[1] According to FINMA Circ. 16/1, non-counterparty-related exposures are included in other exposures.

Compared with 31 December 2022, total on-balance-sheet exposures before CCF and CRM subject to credit risk using the standardised approach were down by CHF 4,591 million. Other exposures in particular were down, falling CHF 4,187 million (mainly liquid assets). Volume shifts occurred within the other exposure categories. On-balance-sheet exposures to central governments and central banks were lower (CHF - 1,665 million), but they increased for corporates (CHF + 1,077 million). There was no material change in off-balance-sheet exposures in the first half of 2023 (a rise of CHF 159 million). Because of the volume shifts from segments with low risk weights (central governments and central banks and other exposures) to segments with higher risk weights (especially corporates), the total risk weight (RWA density in percent) rose over the half year from 13.6 percent to 17.0 percent. As a result, the total RWA was CHF 1,148 million higher than at 31 December 2022, despite the net fall in on-balance-sheet and off-balance-sheet items.

9.5 CR5: Credit risk: standardised approach - exposures by asset classes and risk weights

30.06.2023 in CHF million Exposure class / risk weight		a 0%	b 10%	c 20%	d 35%	e 50%	f 75%	g 100%	h 150%	i Other	j Total credit exposures amount (post-CCF/post-CRM)
1	Central governments and central banks	2,114	–	–	–	–	–	20	–	–	2,134
2	Banks and securities firms	–	–	482	–	9	–	0	4	–	496
3	Other public sector entities and multilateral development banks	264	–	1,191	18	754	–	53	0	–	2,280
4	Corporates	–	–	1,063	108	1,357	6	2,441	1	–	4,976
5	Retail	–	–	–	956	–	269	2,311	13	–	3,549
6	Equity	–	–	–	–	–	–	–	–	–	–
7	Other exposures [1]	35,949	–	–	64	–	–	1,606	2	–	37,621
8	**Total**	**38,327**	**–**	**2,737**	**1,147**	**2,120**	**275**	**6,431**	**20**	**–**	**51,056**
9	of which, covered by mortgages	–	–	–	1,147	–	13	1,251	–	–	2,410
10	of which, past-due loans	–	–	–	–	–	–	17	18	–	35

[1] According to FINMA Circ. 16/1, non-counterparty-related exposures are included in other exposures.

31.12.2022 in CHF million Exposure class / risk weight		a 0%	b 10%	c 20%	d 35%	e 50%	f 75%	g 100%	h 150%	i Other	j Total credit exposures amount (post-CCF/post-CRM)
1	Central governments and central banks	3,676	–	2	–	–	–	0	–	–	3,678
2	Banks and securities firms	–	–	248	–	10	–	2	1	–	261
3	Other public sector entities and multilateral development banks	336	–	1,131	14	709	–	41	0	–	2,231
4	Corporates	–	–	1,039	117	1,130	6	1,748	0	–	4,040
5	Retail	–	–	–	855	–	261	2,344	13	–	3,473
6	Equity	–	–	–	–	–	–	–	–	–	–
7	Other exposures [1]	40,302	–	–	59	–	–	1,392	3	–	41,755
8	**Total**	**44,314**	**–**	**2,419**	**1,045**	**1,848**	**267**	**5,527**	**17**	**–**	**55,438**
9	of which, covered by mortgages	–	–	–	1,045	–	13	1,261	–	–	2,320
10	of which, past-due loans	–	–	–	–	–	–	14	16	–	31

[1] According to FINMA Circ. 16/1, non-counterparty-related exposures are included in other exposures.

The changes as at 30 June 2023 depicted in Table CR4 are also displayed in Table CR5 after CCF and CRM. Exposures with a risk weight of zero percent decreased by CHF 5,987 million, while those with a risk weight of 100 percent increased by CHF 904 million. Otherwise, there were no significant changes in table CR5.

9.6 CR6: IRB: credit risk exposures by portfolio and probability of default (PD) range

30.06.2023 in million CHF (unless stated otherwise)	a Original on-balance-sheet gross exposure	b Off-balance-sheet exposures pre CCF	c Average CCF in %	d EAD post-CRM and post-CCF	e Average PD in %	f Number of obligors	g Average LGD in %	h Average maturity in years	i RWA	j RWA density in %	k EL	l Provisions
1 Central governments and central banks (F-IRB) by PD range												
0.00 to <0.15	–	–	–	–	–	–	–	–	–	–	–	
0.15 to <0.25	–	–	–	–	–	–	–	–	–	–	–	
0.25 to <0.50	–	–	–	–	–	–	–	–	–	–	–	
0.50 to <0.75	–	–	–	–	–	–	–		–	–	–	
0.75 to <2.50	–	–	–	–	–	–	–	–	–	–	–	
2.50 to <10.00	–	–	–	–	–	–	–	–	–	–	–	
10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	
Sub-total	–	–	–	–	–	–	–	–	–	–	–	–
2 Central governments and central banks (A-IRB) by PD range												
0.00 to <0.15	–	–	–	–	–	–	–	–	–	–	–	
0.15 to <0.25	–	–	–	–	–	–	–	–	–	–	–	
0.25 to <0.50	–	–	–	–	–	–	–	–	–	–	–	
0.50 to <0.75	–	–	–	–	–	–	–	–	–	–	–	
0.75 to <2.50	–	–	–	–	–	–	–	–	–	–	–	
2.50 to <10.00	–	–	–	–	–	–	–	–	–	–	–	
10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	
Sub-total	–	–	–	–	–	–	–	–	–	–	–	–
3 Banks and securities firms (F-IRB) by PD range												
0.00 to <0.15	1,248	723	60.1%	1,893	0.1%	100	45.0%	1.4	462	24.4%	1	
0.15 to <0.25	674	448	28.1%	743	0.2%	73	45.0%	1.0	231	31.2%	1	
0.25 to <0.50	230	238	30.2%	163	0.3%	58	45.0%	1.7	90	55.2%	0	
0.50 to <0.75	182	63	35.1%	200	0.7%	37	45.0%	1.0	144	72.0%	1	
0.75 to <2.50	860	108	30.4%	628	1.4%	54	45.0%	1.0	653	103.9%	4	
2.50 to <10.00	191	45	27.0%	121	4.5%	37	45.0%	1.0	161	133.0%	2	
10.00 to <100.00	92	60	25.6%	54	15.0%	34	45.0%	1.0	117	216.6%	4	
100.00 (Default)	1	–	–	–	–	1	–	–	–	–	–	
Sub-total	3,477	1,685	46.8%	3,801	0.7%	394	45.0%	1.2	1,858	48.9%	12	1

30.06.2023 in million CHF (unless stated otherwise)	a Original on-balance-sheet gross exposure	b Off-balance-sheet exposures pre CCF	c Average CCF in %	d EAD post-CRM and post-CCF	e Average PD in %	f Number of obligors	g Average LGD in %	h Average maturity in years	i RWA	j RWA density in %	k EL	l Provisions
4 Banks and securities firms (A-IRB) by PD range												
0.00 to <0.15	–	–	–	–	–	–	–	–	–	–	–	
0.15 to <0.25	–	–	–	–	–	–	–	–	–	–	–	
0.25 to <0.50	–	–	–	–	–	–	–	–	–	–	–	
0.50 to <0.75	–	–	–	–	–	–	–	–	–	–	–	
0.75 to <2.50	–	–	–	–	–	–	–	–	–	–	–	
2.50 to <10.00	–	–	–	–	–	–	–	–	–	–	–	
10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	
Sub-total	–	–	–	–	–	–	–	–	–	–	–	–
5 Other public sector entities, multilateral development banks (F-IRB) by PD range												
0.00 to <0.15	–	–	–	–	–	–	–	–	–	–	–	
0.15 to <0.25	–	–	–	–	–	–	–	–	–	–	–	
0.25 to <0.50	–	–	–	–	–	–	–	–	–	–	–	
0.50 to <0.75	–	–	–	–	–	–	–	–	–	–	–	
0.75 to <2.50	–	–	–	–	–	–	–	–	–	–	–	
2.50 to <10.00	–	–	–	–	–	–	–	–	–	–	–	
10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	
Sub-total	–	–	–	–	–	–	–	–	–	–	–	–
6 Other public sector entities, multilateral development banks (A-IRB) by PD range												
0.00 to <0.15	–	–	–	–	–	–	–	–	–	–	–	
0.15 to <0.25	–	–	–	–	–	–	–	–	–	–	–	
0.25 to <0.50	–	–	–	–	–	–	–	–	–	–	–	
0.50 to <0.75	–	–	–	–	–	–	–	–	–	–	–	
0.75 to <2.50	–	–	–	–	–	–	–	–	–	–	–	
2.50 to <10.00	–	–	–	–	–	–	–	–	–	–	–	
10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	
Sub-total	–	–	–	–	–	–	–	–	–	–	–	–
7 Corporates: specialised lending (F-IRB) by PD range												
0.00 to <0.15	1,224	2,477	75.0%	3,082	0.1%	29	39.6%	1.3	596	19.3%	1	
0.15 to <0.25	3,589	2,459	75.0%	5,433	0.2%	93	40.6%	2.0	1,775	32.7%	4	
0.25 to <0.50	12,674	5,399	74.8%	16,712	0.3%	745	38.4%	2.3	8,086	48.4%	21	
0.50 to <0.75	2,887	781	75.0%	3,473	0.7%	433	39.0%	2.4	2,459	70.8%	9	
0.75 to <2.50	2,273	671	75.0%	2,775	1.2%	586	39.8%	2.3	2,448	88.2%	13	
2.50 to <10.00	187	36	74.7%	214	3.4%	104	41.5%	2.4	273	127.7%	3	
10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
100.00 (Default)	28	9	75.0%	29	–	8	–	–	30	106.0%	–	
Sub-total	22,862	11,832	74.9%	31,718	0.4%	1,998	39.0%	2.2	15,667	49.4%	50	6

30.06.2023 in million CHF (unless stated otherwise)	a Original on-balance-sheet gross exposure	b Off-balance-sheet exposures pre CCF	c Average CCF in %	d EAD post-CRM and post-CCF	e Average PD in %	f Number of obligors	g Average LGD in %	h Average maturity in years	i RWA	j RWA density in %	k EL	l Provisions
8 Corporates: specialised lending (A-IRB) by PD range												
0.00 to <0.15	–	–	–	–	–	–	–	–	–	–	–	
0.15 to <0.25	–	–	–	–	–	–	–	–	–	–	–	
0.25 to <0.50	–	–	–	–	–	–	–	–	–	–	–	
0.50 to <0.75	–	–	–	–	–	–	–	–	–	–	–	
0.75 to <2.50	–	–	–	–	–	–	–	–	–	–	–	
2.50 to <10.00	–	–	–	–	–	–	–	–	–	–	–	
10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	
Sub-total	–	–	–	–	–	–	–	–	–	–	–	–
9 Corporates: other lending (F-IRB) by PD range												
0.00 to <0.15	1,175	3,896	74.1%	4,063	0.1%	103	44.3%	1.7	865	21.3%	2	
0.15 to <0.25	826	1,049	73.6%	1,597	0.2%	73	41.2%	2.1	568	35.6%	1	
0.25 to <0.50	3,382	4,359	72.5%	6,155	0.4%	1,006	39.7%	1.8	2,899	47.1%	9	
0.50 to <0.75	1,992	2,497	73.7%	3,820	0.7%	920	41.3%	1.9	2,740	71.7%	12	
0.75 to <2.50	3,479	1,726	72.3%	4,676	1.4%	1,890	38.8%	1.9	3,901	83.4%	26	
2.50 to <10.00	955	373	71.6%	1,170	3.9%	1,189	39.8%	1.8	1,266	108.2%	18	
10.00 to <100.00	24	5	62.6%	22	16.2%	68	39.6%	1.8	38	173.1%	1	
100.00 (Default)	207	105	64.7%	153	–	186	–	–	163	106.0%	–	
Sub-total	12,041	14,011	73.2%	21,658	0.8%	5,435	40.5%	1.8	12,440	57.4%	70	94
10 Corporates: other lending (A-IRB) by PD range												
0.00 to <0.15	–	–	–	–	–	–	–	–	–	–	–	
0.15 to <0.25	–	–	–	–	–	–	–	–	–	–	–	
0.25 to <0.50	–	–	–	–	–	–	–	–	–	–	–	
0.50 to <0.75	–	–	–	–	–	–	–	–	–	–	–	
0.75 to <2.50	–	–	–	–	–	–	–	–	–	–	–	
2.50 to <10.00	–	–	–	–	–	–	–	–	–	–	–	
10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	
Sub-total	–	–	–	–	–	–	–	–	–	–	–	–
11 Retail: covered by mortgages by PD range												
0.00 to <0.15	20,357	1,700	75.0%	21,632	0.1%	36,231	18.9%	2.8	1,219	5.6%	3	
0.15 to <0.25	9,669	658	75.0%	10,162	0.2%	12,168	21.7%	2.9	1,226	12.1%	4	
0.25 to <0.50	21,232	1,413	75.0%	22,292	0.3%	22,639	24.5%	3.0	5,211	23.4%	19	
0.50 to <0.75	8,082	540	75.0%	8,487	0.7%	7,915	26.3%	2.9	3,376	39.8%	15	
0.75 to <2.50	7,550	618	75.0%	8,014	1.2%	7,057	27.3%	2.9	5,066	63.2%	27	
2.50 to <10.00	1,361	154	75.0%	1,476	3.2%	1,371	28.3%	2.7	1,712	116.0%	13	
10.00 to <100.00	15	3	75.0%	17	12.1%	14	25.5%	2.2	34	193.4%	0	
100.00 (Default)	137	3	75.0%	130	–	137	–	–	138	106.0%	–	
Sub-total	68,404	5,089	75.0%	72,210	0.4%	87,532	23.0%	2.9	17,982	24.9%	81	9

30.06.2023 in million CHF (unless stated otherwise)	a Original on-balance-sheet gross exposure	b Off-balance-sheet exposures pre CCF	c Average CCF in %	d EAD post-CRM and post-CCF	e Average PD in %	f Number of obligors	g Average LGD in %	h Average maturity in years	i RWA	j RWA density in %	k EL	l Provisions
12 Retail: qualifying revolving exposures (QRRE) by PD range												
0.00 to <0.15	–	–	–	–	–	–	–	–	–	–	–	
0.15 to <0.25	–	–	–	–	–	–	–	–	–	–	–	
0.25 to <0.50	–	–	–	–	–	–	–	–	–	–	–	
0.50 to <0.75	–	–	–	–	–	–	–	–	–	–	–	
0.75 to <2.50	–	–	–	–	–	–	–	–	–	–	–	
2.50 to <10.00	–	–	–	–	–	–	–	–	–	–	–	
10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	
Sub-total	–	–	–	–	–	–	–	–	–	–	–	–
13 Other retail exposures by PD range												
0.00 to <0.15	–	–	–	–	–	–	–	–	–	–	–	
0.15 to <0.25	–	–	–	–	–	–	–	–	–	–	–	
0.25 to <0.50	–	–	–	–	–	–	–	–	–	–	–	
0.50 to <0.75	–	–	–	–	–	–	–	–	–	–	–	
0.75 to <2.50	–	–	–	–	–	–	–	–	–	–	–	
2.50 to <10.00	–	–	–	–	–	–	–	–	–	–	–	
10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	
Sub-total	–	–	–	–	–	–	–	–	–	–	–	–
14 Equity (PD / LGD approach) by PD range												
0.00 to <0.15	–	–	–	–	–	–	–	–	–	–	–	
0.15 to <0.25	–	–	–	–	–	–	–	–	–	–	–	
0.25 to <0.50	–	–	–	–	–	–	–	–	–	–	–	
0.50 to <0.75	–	–	–	–	–	–	–	–	–	–	–	
0.75 to <2.50	–	–	–	–	–	–	–	–	–	–	–	
2.50 to <10.00	–	–	–	–	–	–	–	–	–	–	–	
10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	
Sub-total	–	–	–	–	–	–	–	–	–	–	–	–
Total (all portfolios)	**106,785**	**32,617**	**72.7%**	**129,387**	**0.5%**	**95,359**	**24.4%**	**2.5**	**47,947**	**37.1%**	**213**	**109**

31.12.2022 in million CHF (unless stated otherwise)	a Original on-balance-sheet gross exposure	b Off-balance-sheet exposures pre CCF	c Average CCF in %	d EAD post-CRM and post-CCF	e Average PD in %	f Number of obligors	g Average LGD in %	h Average maturity in years	i RWA	j RWA density in %	k EL	l Provisions
1 Central governments and central banks (F-IRB) by PD range												
0.00 to <0.15	–	–	–	–	–	–	–	–	–	–	–	
0.15 to <0.25	–	–	–	–	–	–	–	–	–	–	–	
0.25 to <0.50	–	–	–	–	–	–	–	–	–	–	–	
0.50 to <0.75	–	–	–	–	–	–	–		–	–	–	
0.75 to <2.50	–	–	–	–	–	–	–	–	–	–	–	
2.50 to <10.00	–	–	–	–	–	–	–	–	–	–	–	
10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	
Sub-total	–	–	–	–	–	–	–	–	–	–	–	–
2 Central governments and central banks (A-IRB) by PD range												
0.00 to <0.15	–	–	–	–	–	–	–	–	–	–	–	
0.15 to <0.25	–	–	–	–	–	–	–	–	–	–	–	
0.25 to <0.50	–	–	–	–	–	–	–	–	–	–	–	
0.50 to <0.75	–	–	–	–	–	–	–	–	–	–	–	
0.75 to <2.50	–	–	–	–	–	–	–	–	–	–	–	
2.50 to <10.00	–	–	–	–	–	–	–	–	–	–	–	
10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	
Sub-total	–	–	–	–	–	–	–	–	–	–	–	–
3 Banks and securities firms (F-IRB) by PD range												
0.00 to <0.15	1,053	822	64.9%	1,789	0.1%	95	45.0%	1.5	467	26.1%	1	
0.15 to <0.25	329	507	35.6%	422	0.2%	52	45.0%	1.0	144	34.1%	0	
0.25 to <0.50	77	84	39.9%	104	0.3%	55	45.0%	1.5	52	50.1%	0	
0.50 to <0.75	213	65	35.7%	255	0.7%	27	45.0%	1.1	191	74.8%	1	
0.75 to <2.50	872	218	26.5%	720	1.4%	46	45.0%	1.0	739	102.6%	5	
2.50 to <10.00	210	89	25.8%	123	5.2%	41	45.0%	1.1	175	142.3%	3	
10.00 to <100.00	111	105	26.2%	87	12.2%	48	45.0%	0.9	175	202.0%	5	
100.00 (Default)	3	–	–	2	–	2	–	–	2	106.0%	–	
Sub-total	2,867	1,889	49.7%	3,502	0.9%	366	45.0%	1.3	1,946	55.6%	14	1

31.12.2022 in million CHF (unless stated otherwise)	a Original on-balance-sheet gross exposure	b Off-balance-sheet exposures pre CCF	c Average CCF in %	d EAD post-CRM and post-CCF	e Average PD in %	f Number of obligors	g Average LGD in %	h Average maturity in years	i RWA	j RWA density in %	k EL	l Provisions
4 Banks and securities firms (A-IRB) by PD range												
0.00 to <0.15	–	–	–	–	–	–	–	–	–	–	–	
0.15 to <0.25	–	–	–	–	–	–	–	–	–	–	–	
0.25 to <0.50	–	–	–	–	–	–	–	–	–	–	–	
0.50 to <0.75	–	–	–	–	–	–	–	–	–	–	–	
0.75 to <2.50	–	–	–	–	–	–	–	–	–	–	–	
2.50 to <10.00	–	–	–	–	–	–	–	–	–	–	–	
10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	
Sub-total	–	–	–	–	–	–	–	–	–	–	–	–
5 Other public sector entities, multilateral development banks (F-IRB) by PD range												
0.00 to <0.15	–	–	–	–	–	–	–	–	–	–	–	
0.15 to <0.25	–	–	–	–	–	–	–	–	–	–	–	
0.25 to <0.50	–	–	–	–	–	–	–	–	–	–	–	
0.50 to <0.75	–	–	–	–	–	–	–	–	–	–	–	
0.75 to <2.50	–	–	–	–	–	–	–	–	–	–	–	
2.50 to <10.00	–	–	–	–	–	–	–	–	–	–	–	
10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	
Sub-total	–	–	–	–	–	–	–	–	–	–	–	–
6 Other public sector entities, multilateral development banks (A-IRB) by PD range												
0.00 to <0.15	–	–	–	–	–	–	–	–	–	–	–	
0.15 to <0.25	–	–	–	–	–	–	–	–	–	–	–	
0.25 to <0.50	–	–	–	–	–	–	–	–	–	–	–	
0.50 to <0.75	–	–	–	–	–	–	–	–	–	–	–	
0.75 to <2.50	–	–	–	–	–	–	–	–	–	–	–	
2.50 to <10.00	–	–	–	–	–	–	–	–	–	–	–	
10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	
Sub-total	–	–	–	–	–	–	–	–	–	–	–	–
7 Corporates: specialised lending (F-IRB) by PD range												
0.00 to <0.15	1,350	1,467	75.0%	2,450	0.1%	20	41.6%	1.4	498	20.3%	1	
0.15 to <0.25	3,724	2,809	75.0%	5,830	0.2%	98	41.8%	2.0	1,929	33.1%	4	
0.25 to <0.50	12,064	5,103	74.8%	15,881	0.3%	747	39.0%	2.3	7,721	48.6%	20	
0.50 to <0.75	2,528	773	75.0%	3,108	0.6%	411	39.8%	2.4	2,223	71.5%	8	
0.75 to <2.50	2,298	399	75.0%	2,598	1.2%	560	40.5%	2.5	2,395	92.2%	12	
2.50 to <10.00	182	25	74.6%	201	3.2%	98	41.8%	2.5	259	129.0%	3	
10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
100.00 (Default)	26	4	75.0%	21	–	7	–	–	22	106.0%	–	
Sub-total	22,172	10,579	74.9%	30,088	0.4%	1,941	39.9%	2.2	15,046	50.0%	47	8

31.12.2022 in million CHF (unless stated otherwise)	a Original on-balance-sheet gross exposure	b Off-balance-sheet exposures pre CCF	c Average CCF in %	d EAD post-CRM and post-CCF	e Average PD in %	f Number of obligors	g Average LGD in %	h Average maturity in years	i RWA	j RWA density in %	k EL	l Provisions
8 Corporates: specialised lending (A-IRB) by PD range												
0.00 to <0.15	–	–	–	–	–	–	–	–	–	–	–	
0.15 to <0.25	–	–	–	–	–	–	–	–	–	–	–	
0.25 to <0.50	–	–	–	–	–	–	–	–	–	–	–	
0.50 to <0.75	–	–	–	–	–	–	–	–	–	–	–	
0.75 to <2.50	–	–	–	–	–	–	–	–	–	–	–	
2.50 to <10.00	–	–	–	–	–	–	–	–	–	–	–	
10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	
Sub-total	–	–	–	–	–	–	–	–	–	–	–	–
9 Corporates: other lending (F-IRB) by PD range												
0.00 to <0.15	1,143	3,470	74.0%	3,711	0.1%	97	44.5%	1.6	763	20.6%	1	
0.15 to <0.25	659	1,075	73.6%	1,450	0.2%	69	42.2%	1.8	494	34.1%	1	
0.25 to <0.50	2,939	4,453	72.0%	5,824	0.4%	957	40.7%	1.9	2,857	49.1%	9	
0.50 to <0.75	1,885	1,684	73.4%	3,111	0.7%	901	41.6%	1.8	2,144	68.9%	10	
0.75 to <2.50	3,175	1,747	72.8%	4,393	1.5%	1,850	39.9%	1.9	3,771	85.8%	26	
2.50 to <10.00	848	387	71.3%	1,070	3.9%	1,161	40.5%	2.0	1,186	110.9%	17	
10.00 to <100.00	24	5	67.8%	21	14.3%	81	39.1%	1.9	36	169.4%	1	
100.00 (Default)	234	182	65.3%	219	–	185	–	–	232	106.0%	–	
Sub-total	10,908	13,003	72.9%	19,798	0.8%	5,301	41.0%	1.8	11,484	58.0%	65	98
10 Corporates: other lending (A-IRB) by PD range												
0.00 to <0.15	–	–	–	–	–	–	–	–	–	–	–	
0.15 to <0.25	–	–	–	–	–	–	–	–	–	–	–	
0.25 to <0.50	–	–	–	–	–	–	–	–	–	–	–	
0.50 to <0.75	–	–	–	–	–	–	–	–	–	–	–	
0.75 to <2.50	–	–	–	–	–	–	–	–	–	–	–	
2.50 to <10.00	–	–	–	–	–	–	–	–	–	–	–	
10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	
Sub-total	–	–	–	–	–	–	–	–	–	–	–	–
11 Retail: covered by mortgages by PD range												
0.00 to <0.15	22,711	1,862	75.0%	24,107	0.1%	37,167	20.2%	2.8	1,575	6.5%	4	
0.15 to <0.25	9,876	622	75.0%	10,342	0.2%	12,373	22.9%	3.0	1,472	14.2%	4	
0.25 to <0.50	18,219	1,152	75.0%	19,084	0.4%	21,550	25.2%	3.1	4,747	24.9%	17	
0.50 to <0.75	7,771	593	75.0%	8,216	0.6%	7,883	27.0%	3.1	3,341	40.7%	14	
0.75 to <2.50	7,714	644	75.0%	8,197	1.3%	7,208	28.1%	3.0	5,443	66.4%	29	
2.50 to <10.00	1,077	92	75.0%	1,146	3.6%	1,251	28.4%	2.9	1,421	124.0%	12	
10.00 to <100.00	19	2	75.0%	20	12.7%	16	24.8%	1.9	38	187.4%	1	
100.00 (Default)	118	1	75.0%	108	–	135	–	–	115	106.0%	–	
Sub-total	67,506	4,969	75.0%	71,220	0.4%	87,583	23.7%	3.0	18,152	25.5%	81	10

31.12.2022 in million CHF (unless stated otherwise)	a Original on-balance-sheet gross exposure	b Off-balance-sheet exposures pre CCF	c Average CCF in %	d EAD post-CRM and post-CCF	e Average PD in %	f Number of obligors	g Average LGD in %	h Average maturity in years	i RWA	j RWA density in %	k EL	l Provisions
12 Retail: qualifying revolving exposures (QRRE) by PD range												
0.00 to <0.15	–	–	–	–	–	–	–	–	–	–	–	
0.15 to <0.25	–	–	–	–	–	–	–	–	–	–	–	
0.25 to <0.50	–	–	–	–	–	–	–	–	–	–	–	
0.50 to <0.75	–	–	–	–	–	–	–	–	–	–	–	
0.75 to <2.50	–	–	–	–	–	–	–	–	–	–	–	
2.50 to <10.00	–	–	–	–	–	–	–	–	–	–	–	
10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	
Sub-total	–	–	–	–	–	–	–	–	–	–	–	–
13 Other retail exposures by PD range												
0.00 to <0.15	–	–	–	–	–	–	–	–	–	–	–	
0.15 to <0.25	–	–	–	–	–	–	–	–	–	–	–	
0.25 to <0.50	–	–	–	–	–	–	–	–	–	–	–	
0.50 to <0.75	–	–	–	–	–	–	–	–	–	–	–	
0.75 to <2.50	–	–	–	–	–	–	–	–	–	–	–	
2.50 to <10.00	–	–	–	–	–	–	–	–	–	–	–	
10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	
Sub-total	–	–	–	–	–	–	–	–	–	–	–	–
14 Equity (PD / LGD approach) by PD range												
0.00 to <0.15	–	–	–	–	–	–	–	–	–	–	–	
0.15 to <0.25	–	–	–	–	–	–	–	–	–	–	–	
0.25 to <0.50	–	–	–	–	–	–	–	–	–	–	–	
0.50 to <0.75	–	–	–	–	–	–	–	–	–	–	–	
0.75 to <2.50	–	–	–	–	–	–	–	–	–	–	–	
2.50 to <10.00	–	–	–	–	–	–	–	–	–	–	–	
10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	
Sub-total	–	–	–	–	–	–	–	–	–	–	–	–
Total (all portfolios)	**103,453**	**30,441**	**72.5%**	**124,609**	**0.5%**	**95,191**	**25.1%**	**2.6**	**46,628**	**37.4%**	**208**	**116**

Zürcher Kantonalbank was not using any credit derivatives for hedging purposes on the reporting date under the credit risk rules. Therefore, there was no impact on RWA.

9.7 CR7: IRB: effect on RWA of credit derivatives used as CRM techniques

Zürcher Kantonalbank was not using any credit derivatives for hedging purposes on the reporting date under the credit risk rules. Therefore, there was no impact on RWA.

9.8 CR8: IRB: RWA flow statements of credit risk exposures under IRB

30.06.2023		a
in CHF million		**RWA amounts**
1	**RWA as at end of previous reporting period (31.12.2022)**	**46,628**
2	Asset size changes	2,408
3	Asset quality changes	-119
4	Model updates	248
5	Methodology and policy changes	-1,144
6	Acquisions and disposals (of entities)	–
7	Foreign exchange movements	-75
8	Other	–
9	**RWA as at end of current reporting period**	**47,947**

The strong increase in lending volume from 31 December 2022 pushed the RWA up by CHF 2,408 million. By contrast, the RWA fell by CHF1,144 million due to a technical improvement in the recognition of collateral for lending commitments. The other changes in the first half of 2023 were minor. Overall, this resulted in net RWA growth of CHF 1,319 million as at 30 June 2023.

9.9 CR10: IRB: specialised lending and equities under the simple risk weight method

Zürcher Kantonalbank does not use the supervisory slotting approach for special financing. Hence, only equity securities under the simplified risk weight method have to be disclosed in table CR10.

Equities under the simple risk weight approach

30.06.2023 in CHF million (unless stated otherwise)	On-balance-sheet amount	Off-balance-sheet amount	Risk weight in %	Exposure amount	RWA
Exchange-traded equity exposures	7	–	300%	7	22
Private equity exposures	132	–	400%	132	559
Other equity exposures	1	0	400%	1	6
Total	**140**	**0**		**140**	**587**

Equities under the simple risk weight approach

31.12.2022 in CHF million (unless stated otherwise)	On-balance-sheet amount	Off-balance-sheet amount	Risk weight in %	Exposure amount	RWA
Exchange-traded equity exposures	7	–	300%	7	22
Private equity exposures	162	–	400%	162	688
Other equity exposures	1	0	400%	1	6
Total	**171**	**0**		**171**	**717**

The net on-balance-sheet amount of private equity exposures declined CHF 30 million compared with 31 December 2022. The RWA also dropped accordingly (CHF - 129 million). Otherwise, there were no material changes in equities under the simple risk weight method compared with the previous reporting date.

10 Counterparty credit risk

10.1 CCR1: Counterparty credit risk: analysis of counterparty credit risk (CCR) exposure by approach

30.06.2023 in CHF million (unless stated otherwise)		a Replacement cost	b Potential future exposure	c EEPE (effective expected positive exposure)	d Alpha used for computing regulatory EAD	e EAD post-CRM	f RWA
1	SA-CCR (for derivatives)	991	3,438		1.4	6,201	3,064
2	IMM (for derivatives and SFTs)			–	–	–	–
3	Simple approach for risk mitigation (for SFTs)					–	–
4	Comprehensive approach for risk mitigation (for SFTs)					9,039	5,426
5	VaR for SFTs					–	–
6	**Total**						**8,490**

31.12.2022 in CHF million (unless stated otherwise)		a Replacement cost	b Potential future exposure	c EEPE (effective expected positive exposure)	d Alpha used for computing regulatory EAD	e EAD post-CRM	f RWA
1	SA-CCR (for derivatives)	1,255	3,661		1.4	6,882	3,314
2	IMM (for derivatives and SFTs)			–	–	–	–
3	Simple approach for risk mitigation (for SFTs)					–	–
4	Comprehensive approach for risk mitigation (for SFTs)					9,025	5,534
5	VaR for SFTs					–	–
6	**Total**						**8,848**

Both replacement cost and potential future exposure for derivatives fell compared to 31 December 2022. As a result, EAD post-CRM for derivatives was CHF 681 million lower. With a slightly higher average risk weight of counterparties for derivative transactions of 49 percent as at 30 June 2023, this resulted in RWA of CHF 3,064 million (CHF - 250 million compared to 31 December 2022). EAD post-CRM for SFTs did not change significantly (CHF + 14 million). Together with the slightly lower average risk weight for SFTs (decrease from 61 percent to 60 percent), RWA as at 30 June 2023 decreased by CHF 108 million compared to the end of December 2022.

10.2 CCR2: Counterparty credit risk: credit valuation adjustment (CVA) capital charge

in CHF million		30.06.2023 a EAD post-CRM	30.06.2023 b RWA	31.12.2022 a EAD post-CRM	31.12.2022 b RWA
	Total portfolios subject to the Advanced CVA capital charge	–	–	–	–
1	VaR component (including the 3 × multiplier)		–		–
2	Stressed VaR component (including the 3 × multiplier)		–		–
3	All portfolios subject to the standardised CVA capital charge	6,201	1,547	6,882	1,859
4	**Total subject to the standardised CVA capital charge**	**6,201**	**1,547**	**6,882**	**1,859**

The changes shown in Table CCR1 are also displayed in Table CCR2. For the CVA, the CHF 681 million decrease in EAD post-CRM for derivatives resulted in a drop of CHF 312 million in RWA to CHF 1,547 million.

10.3 CCR3: Counterparty credit risk: standardised approach of CCR exposures by regulatory portfolio and risk weights

30.06.2023

in million CHF		a	b	c	d	e	f	g	h	i
	Exposure category / risk weight [1]	**0%**	**10%**	**20%**	**50%**	**75%**	**100%**	**150%**	**Other**	**Total credit exposure**
1	Central governments and central banks	97	–	–	–	–	966	–	–	1,062
2	Banks and securities firms	–	–	1,607	228	–	–	–	–	1,834
3	Other public sector entities and multilateral development banks	64	–	25	14	–	210	–	–	313
4	Corporates	–	–	400	650	–	4,238	–	–	5,288
5	Retail	–	–	–	–	–	277	–	–	277
6	Equity	–	–	–	–	–	–	–	–	–
7	Other exposures	–	–	–	–	–	417	–	–	417
8 [2]		–	–	–	–	–	–	–	–	–
9	**Total**	**160**	**–**	**2,032**	**892**	**–**	**6,106**	**–**	**–**	**9,190**

[1] According to FINMA-Circ. 16/1, the exposure category central counterparties (CCP) is not part of this table. We refer to table CCR8 for disclosures with respect to exposures to central counterparties.

[2] Currently, Zürcher Kantonalbank does not have credit exposures that would be disclosed in row 8 of this table.

31.12.2022

in million CHF		a	b	c	d	e	f	g	h	i
	Exposure category / risk weight [1]	**0%**	**10%**	**20%**	**50%**	**75%**	**100%**	**150%**	**Other**	**Total credit exposure**
1	Central governments and central banks	98	–	–	–	–	715	–	–	813
2	Banks and securities firms	–	–	1,332	234	–	–	–	–	1,567
3	Other public sector entities and multilateral development banks	249	–	19	12	–	242	–	–	522
4	Corporates	–	–	322	459	–	4,838	–	–	5,619
5	Retail	–	–	–	–	–	172	–	–	172
6	Equity	–	–	–	–	–	–	–	–	–
7	Other exposures	–	–	–	–	–	357	–	–	357
8 [2]		–	–	–	–	–	–	–	–	–
9	**Total**	**347**	**–**	**1,673**	**706**	**–**	**6,323**	**–**	**–**	**9,049**

[1] According to FINMA-Circ. 16/1, the exposure category central counterparties (CCP) is not part of this table. We refer to table CCR8 for disclosures with respect to exposures to central counterparties.

[2] Currently, Zürcher Kantonalbank does not have credit exposures that would be disclosed in row 8 of this table.

Counterparty credit risk positions under the standardised approach did not change materially compared with 31 December 2022, they increased by CHF 141 million.

10.4 CCR4: IRB: CCR exposures by portfolio and PD scale

30.06.2023	a	b	c	d	e	f	g
in CHF million (unless stated otherwise)	EAD post-CRM	Average PD in %	Number of obligors	Average LGD in %	Average maturity in years	RWA	RWA density in %
1 Central governments and central banks (F-IRB) by PD range							
0.00 to <0.15	–	–	–	–	–	–	–
0.15 to <0.25	–	–	–	–	–	–	–
0.25 to <0.50	–	–	–	–	–	–	–
0.50 to <0.75	–	–	–	–	–	–	–
0.75 to <2.50	–	–	–	–	–	–	–
2.50 to <10.00	–	–	–	–	–	–	–
10.00 to <100.00	–	–	–	–	–	–	–
100.00 (Default)	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
2 Central governments and central banks (A-IRB) by PD range							
0.00 to <0.15	–	–	–	–	–	–	–
0.15 to <0.25	–	–	–	–	–	–	–
0.25 to <0.50	–	–	–	–	–	–	–
0.50 to <0.75	–	–	–	–	–	–	–
0.75 to <2.50	–	–	–	–	–	–	–
2.50 to <10.00	–	–	–	–	–	–	–
10.00 to <100.00	–	–	–	–	–	–	–
100.00 (Default)	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
3 Banks and securities firms (F-IRB) by PD range							
0.00 to <0.15	4,267	0.1%	90	45.0%	0.9	780	18.3%
0.15 to <0.25	937	0.2%	56	45.0%	1.0	308	32.9%
0.25 to <0.50	178	0.3%	56	45.0%	0.9	81	45.3%
0.50 to <0.75	49	0.7%	30	45.0%	1.1	33	67.6%
0.75 to <2.50	17	1.2%	35	45.0%	1.2	17	99.1%
2.50 to <10.00	4	3.5%	13	45.0%	1.0	5	121.9%
10.00 to <100.00	7	14.1%	20	45.0%	1.0	16	221.4%
100.00 (Default)	–	–	–	–	–	–	–
Subtotal	5,460	0.1%	300	45.0%	0.9	1,240	22.7%
4 Banks and securities firms (A-IRB) by PD range							
0.00 to <0.15	–	–	–	–	–	–	–
0.15 to <0.25	–	–	–	–	–	–	–
0.25 to <0.50	–	–	–	–	–	–	–
0.50 to <0.75	–	–	–	–	–	–	–
0.75 to <2.50	–	–	–	–	–	–	–
2.50 to <10.00	–	–	–	–	–	–	–
10.00 to <100.00	–	–	–	–	–	–	–
100.00 (Default)	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
5 Other public sector entities, multilateral development banks (F-IRB) by PD range							
0.00 to <0.15	–	–	–	–	–	–	–
0.15 to <0.25	–	–	–	–	–	–	–
0.25 to <0.50	–	–	–	–	–	–	–
0.50 to <0.75	–	–	–	–	–	–	–
0.75 to <2.50	–	–	–	–	–	–	–
2.50 to <10.00	–	–	–	–	–	–	–
10.00 to <100.00	–	–	–	–	–	–	–
100.00 (Default)	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–

30.06.2023	a	b	c	d	e	f	g
in CHF million (unless stated otherwise)	EAD post-CRM	Average PD in %	Number of obligors	Average LGD in %	Average maturity in years	RWA	RWA density in %
6 Other public sector entities, multilateral development banks (A-IRB) by PD range							
0.00 to <0.15	–	–	–	–	–	–	–
0.15 to <0.25	–	–	–	–	–	–	–
0.25 to <0.50	–	–	–	–	–	–	–
0.50 to <0.75	–	–	–	–	–	–	–
0.75 to <2.50	–	–	–	–	–	–	–
2.50 to <10.00	–	–	–	–	–	–	–
10.00 to <100.00	–	–	–	–	–	–	–
100.00 (Default)	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
7 Corporates: specialised lending (F-IRB) by PD range							
0.00 to <0.15	0	0.0%	1	45.0%	5.0	0	31.8%
0.15 to <0.25	24	0.2%	4	45.0%	1.0	7	27.4%
0.25 to <0.50	60	0.3%	25	45.0%	4.9	48	81.0%
0.50 to <0.75	13	0.7%	8	45.0%	5.0	15	114.8%
0.75 to <2.50	3	1.0%	1	45.0%	5.0	4	132.9%
2.50 to <10.00	–	–	–	–	–	–	–
10.00 to <100.00	–	–	–	–	–	–	–
100.00 (Default)	–	–	–	–	–	–	–
Subtotal	100	0.3%	39	45.0%	4.0	74	74.0%
8 Corporates: specialised lending (A-IRB) by PD range							
0.00 to <0.15	–	–	–	–	–	–	–
0.15 to <0.25	–	–	–	–	–	–	–
0.25 to <0.50	–	–	–	–	–	–	–
0.50 to <0.75	–	–	–	–	–	–	–
0.75 to <2.50	–	–	–	–	–	–	–
2.50 to <10.00	–	–	–	–	–	–	–
10.00 to <100.00	–	–	–	–	–	–	–
100.00 (Default)	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
9 Corporates: other lending (F-IRB) by PD range							
0.00 to <0.15	246	0.1%	35	45.0%	2.7	71	29.0%
0.15 to <0.25	29	0.2%	21	45.0%	2.4	13	42.9%
0.25 to <0.50	110	0.4%	86	45.0%	1.3	54	48.6%
0.50 to <0.75	48	0.7%	41	45.0%	1.3	34	71.3%
0.75 to <2.50	38	1.8%	66	45.0%	1.1	37	96.7%
2.50 to <10.00	4	3.9%	17	45.0%	1.4	4	125.6%
10.00 to <100.00	0	11.8%	1	45.0%	1.0	0	152.2%
100.00 (Default)	0	–	3	–	–	0	106.0%
Subtotal	475	0.4%	270	45.0%	2.1	213	44.9%
10 Corporates: other lending (A-IRB) by PD range							
0.00 to <0.15	–	–	–	–	–	–	–
0.15 to <0.25	–	–	–	–	–	–	–
0.25 to <0.50	–	–	–	–	–	–	–
0.50 to <0.75	–	–	–	–	–	–	–
0.75 to <2.50	–	–	–	–	–	–	–
2.50 to <10.00	–	–	–	–	–	–	–
10.00 to <100.00	–	–	–	–	–	–	–
100.00 (Default)	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
11 Retail: covered by mortgages by PD range							
0.00 to <0.15	10	0.0%	45	54.3%	1.0	1	9.6%
0.15 to <0.25	2	0.2%	12	50.1%	2.6	1	28.4%
0.25 to <0.50	2	0.4%	20	56.3%	1.0	1	53.4%
0.50 to <0.75	0	0.7%	3	56.3%	1.0	0	85.9%
0.75 to <2.50	0	1.0%	3	56.3%	4.1	1	120.1%
2.50 to <10.00	0	2.6%	1	56.3%	1.0	1	218.4%
10.00 to <100.00	–	–	–	–	–	–	–
100.00 (Default)	–	–	–	–	–	–	–
Subtotal	15	0.2%	84	54.0%	1.4	4	26.9%

30.06.2023 in CHF million (unless stated otherwise)	a EAD post-CRM	b Average PD in %	c Number of obligors	d Average LGD in %	e Average maturity in years	f RWA	g RWA density in %
12 Retail: qualifying revolving exposures (QRRE) by PD range							
0.00 to <0.15	–	–	–	–	–	–	–
0.15 to <0.25	–	–	–	–	–	–	–
0.25 to <0.50	–	–	–	–	–	–	–
0.50 to <0.75	–	–	–	–	–	–	–
0.75 to <2.50	–	–	–	–	–	–	–
2.50 to <10.00	–	–	–	–	–	–	–
10.00 to <100.00	–	–	–	–	–	–	–
100.00 (Default)	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
13 Other retail exposures by PD range							
0.00 to <0.15	–	–	–	–	–	–	–
0.15 to <0.25	–	–	–	–	–	–	–
0.25 to <0.50	–	–	–	–	–	–	–
0.50 to <0.75	–	–	–	–	–	–	–
0.75 to <2.50	–	–	–	–	–	–	–
2.50 to <10.00	–	–	–	–	–	–	–
10.00 to <100.00	–	–	–	–	–	–	–
100.00 (Default)	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
14 Equity (PD/LGD approach) by PD range							
0.00 to <0.15	–	–	–	–	–	–	–
0.15 to <0.25	–	–	–	–	–	–	–
0.25 to <0.50	–	–	–	–	–	–	–
0.50 to <0.75	–	–	–	–	–	–	–
0.75 to <2.50	–	–	–	–	–	–	–
2.50 to <10.00	–	–	–	–	–	–	–
10.00 to <100.00	–	–	–	–	–	–	–
100.00 (Default)	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
Total all portfolios	**6,050**	**0.1%**	**693**	**46.1%**	**1.1**	**1,532**	**25.3%**

31.12.2022 in CHF million (unless stated otherwise)	a EAD post-CRM	b Average PD in %	c Number of obligors	d Average LGD in %	e Average maturity in years	f RWA	g RWA density in %
1 Central governments and central banks (F-IRB) by PD range							
0.00 to <0.15	–	–	–	–	–	–	–
0.15 to <0.25	–	–	–	–	–	–	–
0.25 to <0.50	–	–	–	–	–	–	–
0.50 to <0.75	–	–	–	–	–	–	–
0.75 to <2.50	–	–	–	–	–	–	–
2.50 to <10.00	–	–	–	–	–	–	–
10.00 to <100.00	–	–	–	–	–	–	–
100.00 (Default)	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
2 Central governments and central banks (A-IRB) by PD range							
0.00 to <0.15	–	–	–	–	–	–	–
0.15 to <0.25	–	–	–	–	–	–	–
0.25 to <0.50	–	–	–	–	–	–	–
0.50 to <0.75	–	–	–	–	–	–	–
0.75 to <2.50	–	–	–	–	–	–	–
2.50 to <10.00	–	–	–	–	–	–	–
10.00 to <100.00	–	–	–	–	–	–	–
100.00 (Default)	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–

31.12.2022 in CHF million (unless stated otherwise)	a EAD post-CRM	b Average PD in %	c Number of obligors	d Average LGD in %	e Average maturity in years	f RWA	g RWA density in %
3 Banks and securities firms (F-IRB) by PD range							
0.00 to <0.15	5,088	0.1%	96	45.0%	1.2	1,072	21.1%
0.15 to <0.25	912	0.2%	48	45.0%	1.1	312	34.2%
0.25 to <0.50	188	0.3%	58	45.0%	1.0	88	47.1%
0.50 to <0.75	58	0.7%	37	45.0%	1.2	41	70.5%
0.75 to <2.50	30	1.2%	32	45.0%	1.0	29	96.6%
2.50 to <10.00	4	4.1%	13	45.0%	1.0	5	128.8%
10.00 to <100.00	9	10.9%	28	45.0%	1.0	17	195.8%
100.00 (Default)	–	–	–	–	–	–	–
Subtotal	6,287	0.1%	312	45.0%	1.2	1,563	24.9%
4 Banks and securities firms (A-IRB) by PD range							
0.00 to <0.15	–	–	–	–	–	–	–
0.15 to <0.25	–	–	–	–	–	–	–
0.25 to <0.50	–	–	–	–	–	–	–
0.50 to <0.75	–	–	–	–	–	–	–
0.75 to <2.50	–	–	–	–	–	–	–
2.50 to <10.00	–	–	–	–	–	–	–
10.00 to <100.00	–	–	–	–	–	–	–
100.00 (Default)	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
5 Other public sector entities, multilateral development banks (F-IRB) by PD range							
0.00 to <0.15	–	–	–	–	–	–	–
0.15 to <0.25	–	–	–	–	–	–	–
0.25 to <0.50	–	–	–	–	–	–	–
0.50 to <0.75	–	–	–	–	–	–	–
0.75 to <2.50	–	–	–	–	–	–	–
2.50 to <10.00	–	–	–	–	–	–	–
10.00 to <100.00	–	–	–	–	–	–	–
100.00 (Default)	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
6 Other public sector entities, multilateral development banks (A-IRB) by PD range							
0.00 to <0.15	–	–	–	–	–	–	–
0.15 to <0.25	–	–	–	–	–	–	–
0.25 to <0.50	–	–	–	–	–	–	–
0.50 to <0.75	–	–	–	–	–	–	–
0.75 to <2.50	–	–	–	–	–	–	–
2.50 to <10.00	–	–	–	–	–	–	–
10.00 to <100.00	–	–	–	–	–	–	–
100.00 (Default)	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
7 Corporates: specialised lending (F-IRB) by PD range							
0.00 to <0.15	0	0.0%	1	45.0%	5.0	0	31.6%
0.15 to <0.25	26	0.2%	4	45.0%	1.4	8	30.7%
0.25 to <0.50	41	0.3%	26	45.0%	4.9	34	83.0%
0.50 to <0.75	13	0.6%	9	45.0%	5.0	14	114.0%
0.75 to <2.50	–	–	–	–	–	–	–
2.50 to <10.00	–	–	–	–	–	–	–
10.00 to <100.00	–	–	–	–	–	–	–
100.00 (Default)	–	–	–	–	–	–	–
Subtotal	79	0.3%	40	45.0%	3.7	56	70.7%
8 Corporates: specialised lending (A-IRB) by PD range							
0.00 to <0.15	–	–	–	–	–	–	–
0.15 to <0.25	–	–	–	–	–	–	–
0.25 to <0.50	–	–	–	–	–	–	–
0.50 to <0.75	–	–	–	–	–	–	–
0.75 to <2.50	–	–	–	–	–	–	–
2.50 to <10.00	–	–	–	–	–	–	–
10.00 to <100.00	–	–	–	–	–	–	–
100.00 (Default)	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–

31.12.2022 in CHF million (unless stated otherwise)	a EAD post-CRM	b Average PD in %	c Number of obligors	d Average LGD in %	e Average maturity in years	f RWA	g RWA density in %
9 Corporates: other lending (F-IRB) by PD range							
0.00 to <0.15	197	0.1%	34	45.0%	2.6	50	25.3%
0.15 to <0.25	31	0.2%	22	45.0%	2.1	12	40.2%
0.25 to <0.50	184	0.4%	78	45.0%	1.2	91	49.3%
0.50 to <0.75	26	0.7%	31	45.0%	1.4	19	72.6%
0.75 to <2.50	45	1.6%	50	45.0%	1.2	42	93.2%
2.50 to <10.00	1	7.0%	10	45.0%	1.1	1	140.7%
10.00 to <100.00	0	11.8%	1	45.0%	1.0	0	152.2%
100.00 (Default)	1	–	3	–	–	1	106.0%
Subtotal	485	0.4%	229	44.9%	1.8	216	44.5%
10 Corporates: other lending (A-IRB) by PD range							
0.00 to <0.15	–	–	–	–	–	–	–
0.15 to <0.25	–	–	–	–	–	–	–
0.25 to <0.50	–	–	–	–	–	–	–
0.50 to <0.75	–	–	–	–	–	–	–
0.75 to <2.50	–	–	–	–	–	–	–
2.50 to <10.00	–	–	–	–	–	–	–
10.00 to <100.00	–	–	–	–	–	–	–
100.00 (Default)	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
11 Retail: covered by mortgages by PD range							
0.00 to <0.15	4	0.1%	38	49.0%	1.6	1	14.5%
0.15 to <0.25	0	0.2%	7	56.2%	1.6	0	38.3%
0.25 to <0.50	2	0.4%	15	56.1%	1.0	1	56.5%
0.50 to <0.75	0	0.7%	2	56.3%	1.0	0	88.3%
0.75 to <2.50	0	1.1%	7	56.3%	3.6	0	118.9%
2.50 to <10.00	–	–	–	–	–	–	–
10.00 to <100.00	–	–	–	–	–	–	–
100.00 (Default)	–	–	–	–	–	–	–
Subtotal	7	0.2%	69	51.9%	1.5	2	34.7%
12 Retail: qualifying revolving exposures (QRRE) by PD range							
0.00 to <0.15	–	–	–	–	–	–	–
0.15 to <0.25	–	–	–	–	–	–	–
0.25 to <0.50	–	–	–	–	–	–	–
0.50 to <0.75	–	–	–	–	–	–	–
0.75 to <2.50	–	–	–	–	–	–	–
2.50 to <10.00	–	–	–	–	–	–	–
10.00 to <100.00	–	–	–	–	–	–	–
100.00 (Default)	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
13 Other retail exposures by PD range							
0.00 to <0.15	–	–	–	–	–	–	–
0.15 to <0.25	–	–	–	–	–	–	–
0.25 to <0.50	–	–	–	–	–	–	–
0.50 to <0.75	–	–	–	–	–	–	–
0.75 to <2.50	–	–	–	–	–	–	–
2.50 to <10.00	–	–	–	–	–	–	–
10.00 to <100.00	–	–	–	–	–	–	–
100.00 (Default)	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
14 Equity (PD/LGD approach) by PD range							
0.00 to <0.15	–	–	–	–	–	–	–
0.15 to <0.25	–	–	–	–	–	–	–
0.25 to <0.50	–	–	–	–	–	–	–
0.50 to <0.75	–	–	–	–	–	–	–
0.75 to <2.50	–	–	–	–	–	–	–
2.50 to <10.00	–	–	–	–	–	–	–
10.00 to <100.00	–	–	–	–	–	–	–
100.00 (Default)	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
Total all portfolios	**6,858**	**0.1%**	**650**	**45.7%**	**1.3**	**1,837**	**26.8%**

CCR exposures under the IRB approach fell CHF 808 million over the period. Exposures in the banks and securities firms segment in particular sank (CHF - 827 million). Together with the lower average risk weight as at 30 June 2023, the RWA also declined compared with 31 December 2022 (CHF - 305 million).

10.5 CCR5: Counterparty credit risk: composition of collateral for CCR exposure

	a	b	c	d	e	f
	Collateral used in derivative transactions				Collateral used in SFTs	
30.06.2023	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
in CHF million	Segregated	Unsegregated	Segregated	Unsegregated		
Cash – CHF	–	3,635	–	2,577	508	21,685
Cash – other currencies	–	1,433	–	1,399	12,768	8,459
Swiss Confederation sovereign debt	–	221	–	547	5,529	6,049
Other domestic public authority debt	–	156	–	5	454	141
Foreign sovereign and public authority debt	–	10	–	180	20,425	18,320
Corporate bonds	–	800	–	190	27,546	17,327
Equity securities	–	957	–	107	13,205	9,427
Other collateral	–	–	–	–	–	–
Total	**–**	**7,213**	**–**	**5,005**	**80,435**	**81,408**

	a	b	c	d	e	f
	Collateral used in derivative transactions				Collateral used in SFTs	
31.12.2022	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
in CHF million	Segregated	Unsegregated	Segregated	Unsegregated		
Cash – CHF	–	4,135	–	3,116	113	18,522
Cash – other currencies	–	1,908	–	1,653	10,564	9,331
Swiss Confederation sovereign debt	–	119	–	746	2,994	4,104
Other domestic public authority debt	–	151	–	5	971	255
Foreign sovereign and public authority debt	–	10	–	92	19,637	17,339
Corporate bonds	–	883	–	98	27,442	17,604
Equity securities	–	922	–	155	14,532	10,208
Other collateral	–	–	–	–	–	–
Total	**–**	**8,128**	**–**	**5,867**	**76,255**	**77,364**

During the reporting period, there were no significant changes to the composition of collateral for CCR exposure. The totals for collateral received and posted for derivative transactions were slightly lower; the totals for collateral received and posted for SFTs rose largely in parallel.

10.6 CCR6: Counterparty credit risk: credit derivatives exposures

	30.06.2023	30.06.2023	31.12.2022	31.12.2022
	a	b	a	b
in CHF million	Protection bought	Protection sold	Protection bought	Protection sold
Notionals				
Single-name CDSs	22	–	23	–
Index-CDSs	406	162	57	57
Total return swaps	10	–	10	–
Credit options	–	–	–	–
Other credit derivatives	–	–	–	–
Total notionals	**438**	**162**	**91**	**57**
Fair values				
Positive replacement value (asset)	0	3	0	0
Negative replacement value (liability)	6	–	1	0

The nominal amounts of protection bought and sold were considerably higher than as at 31 December 2022 (especially index CDSs). The positive and negative replacement values also rose.

10.7 CCR7: Counterparty credit risk: RWA flow statements of CCR exposures under the Internal Model Method (IMM)

Zürcher Kantonalbank does not use the IMM approach.

10.8 CCR8: Counterparty credit risk: exposures to central counterparties

in CHF million		30.06.2023 a EAD (post-CRM)	30.06.2023 b RWA	31.12.2022 a EAD (post-CRM)	31.12.2022 b RWA
1	**Exposures to QCCPs (total)**		**86**		**96**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions)	1,750	35	1,699	34
3	of which OTC derivatives	917	18	1,208	24
4	of which exchange-traded derivatives	394	8	324	6
5	of which SFTs	439	9	167	3
6	of which netting sets where cross-product netting has been approved	–	–	–	–
7	Segregated initial margin	–		–	
8	Non-segregated initial margin	1,680	34	2,124	42
9	Pre-funded default fund contributions	71	17	64	20
10	Unfunded default fund contributions	–	–	–	–
11	**Exposures to non-QCCPs (total)**		**–**		**–**
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions)	–	–	–	–
13	of which OTC derivatives	–	–	–	–
14	of which exchange-traded derivatives	–	–	–	–
15	of which SFTs	–	–	–	–
16	of which netting sets where cross-product netting has been approved	–	–	–	–
17	Segregated initial margin	–		–	
18	Non-segregated initial margin	–	–	–	–
19	Pre-funded default fund contributions	–	–	–	–
20	Unfunded default fund contributions	–	–	–	–

With the exception of the pre-funded default fund contributions, the risk weight for EAD (post-CRM) with CCPs remains unchanged at 2 percent. Therefore, the change in RWA is linear to the change in the exposures to QCCPs. There continues to be no exposure to non-QCCPs. EAD (post-CRM) for the pre-funded default fund contributions as at 30 June 2023 increased by CHF 7 million. As the average risk weights of the positions delivered to the default fund as at the reporting date are lower than as at 31 December 2022, RWA have decreased by CHF 3 million.

11 Securitisations

11.1 SEC1: Securitisations: exposures in the banking book

Currently, Zürcher Kantonalbank does not have any securitisation positions in the banking book.

11.2 SEC2: Securitisations: exposures in the trading book

	a	b	c	e	f	g	i	j	k
30.06.2023	Bank acts as originator			Bank acts as sponsor			Banks acts as investor		
in CHF million	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
1 Retail (total)	**–**	**–**	**–**	**–**	**–**	**–**	**9**	**–**	**9**
2 of which residential mortgage	–	–	–	–	–	–	–	–	–
3 of which credit card	–	–	–	–	–	–	2	–	2
4 of which other retail exposures	–	–	–	–	–	–	7	–	7
5 of which re-securitisation	–	–	–	–	–	–	–	–	–
6 Wholesale (total)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

	a	b	c	e	f	g	i	j	k
31.12.2022	Bank acts as originator			Bank acts as sponsor			Banks acts as investor		
in CHF million	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
1 Retail (total)	**–**	**–**	**–**	**–**	**–**	**–**	**1**	**–**	**1**
2 of which residential mortgage	–	–	–	–	–	–	–	–	–
3 of which credit card	–	–	–	–	–	–	1	–	1
4 of which other retail exposures	–	–	–	–	–	–	0	–	0
5 of which re-securitisation	–	–	–	–	–	–	–	–	–
6 Wholesale (total)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

During the reporting period, there were no material changes to the securitisation exposures in the trading book.

11.3 SEC3: Securitisations: exposures in the banking book and associated regulatory capital requirements - bank acting as originator or as sponsor

Currently, Zürcher Kantonalbank does not have any securitisation positions in the banking book.

11.4 SEC4: Securitisations: exposures in the banking book and associated capital requirements - bank acting as investor

Currently, Zürcher Kantonalbank does not have any securitisation positions in the banking book.

12 Market risk

12.1 MR1: Market risk: market risk under SA

	in CHF million	30.06.2023 a RWA	31.12.2022 a RWA
	Outright products		
1	Interest rate risk (general and specific)	2,018	1,881
2	Equity risk (general and specific)	–	–
3	Foreign exchange risk	–	–
4	Commodity risk	–	–
	Options		
5	Simplified approach	–	–
6	Delta-plus method	–	–
7	Scenario approach	–	–
8	Securitisation	2	0
9	**Total**	**2,020**	**1,881**

Interest rate trading saw a slightly higher volume compared with 31 December 2022, not least due to stronger demand for high-quality bonds. The total RWA for market risk under the standardised approach increased by CHF 139 million to CHF 2,020 million compared with the end of 2022.

12.2 MR2: Market risk: RWA flow statements of market risk exposures under IMA

	30.06.2023 in CHF million	a VaR	b Stressed VaR	c IRC	d CRM	e Other	f Total RWA
1	**RWA as at end of previous reporting period (31.12.2022)**	**570**	**1,098**	**–**	**–**	**–**	**1,668**
2	Movement in risk levels [1]	-78	-345	–	–	–	-423
3	Model updates / changes	51	79	–	–	–	129
4	Methodology and policy changes	–	–	–	–	–	–
5	Acquisitions and disposals (of entities)	–	–	–	–	–	–
6	Foreign exchange movements [1]	–	–	–	–	–	–
7	Other	–	–	–	–	–	–
8	**RWA as at end of current reporting period**	**543**	**831**	**–**	**–**	**–**	**1,374**

[1] The effect of foreign exchange movements is captured in movement in risk levels, since foreign exchange rate movements are part of the effects of market movements on risk levels.

The total RWA fell over the period by CHF 294 million to CHF 1,374 million. The decrease in the RWA was primarily caused by the lower RWA from stressed VaR and reflects the lower interest rate risk and equity risk in the trading business.

12.3 MR3: Market risk: IMA values for trading portfolios

in CHF million		30.06.2023 a	31.12.2022 a
VaR (10 day 99%)			
1	Maximum value	23	21
2	Average value	11	12
3	Minimum value	7	8
4	**Period end**	**10**	**13**
Stressed VaR (10 day 99%)			
5	Maximum value	32	36
6	Average value	21	27
7	Minimum value	12	19
8	**Period end**	**21**	**20**
Incremental risk charge (99.9%)			
9	Maximum value	–	–
10	Average value	–	–
11	Minimum value	–	–
12	**Period end**	**–**	**–**
Comprehensive risk capital charge (99.9%)			
13	Maximum value	–	–
14	Average value	–	–
15	Minimum value	–	–
16	**Period end**	**–**	**–**
17	Floor (standardised measurement method)	–	–

Lower risk in the trading book compared with the end of the previous year meant that the average VaR and stressed VaR were down slightly. In March 2023, turmoil on the financial markets and fear of a banking crisis pushed up interest rate volatility, causing VaR values to rise temporarily.

12.4 MR4: Market risk: comparison of VaR estimates with gains/losses

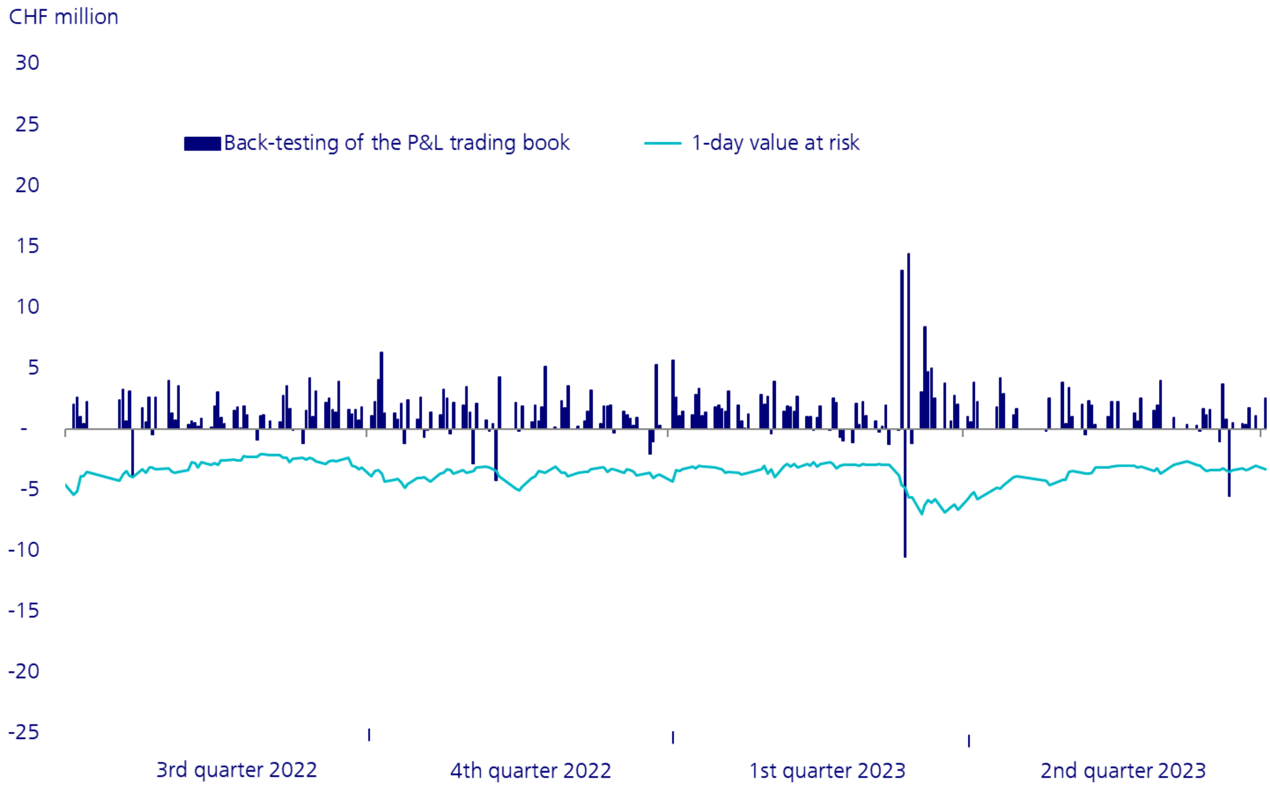
The quality of the value at risk approach used is assessed by comparing the value at risk for a holding period of one day with the daily back-testing result. The back-testing result is based on the result from trading activities, adjusted for commission income. Unlike a hypothetical P&L, the back-testing result includes intraday trading income. In the case of a one-day holding period and 99-percent quantile, the value at risk is expected to be exceeded two to three times each year.

Back-testing results for the second half of 2022 and the first half of 2023

A breach of back-testing limits in the Zürcher Kantonalbank market risk model approach occurred, when a daily loss in trading is higher than the model predicts. In the second half of 2022, there was one value at risk breach; two occurred in the first half of 2023. With a total of three breaches in the last 250 trading days, the back-testing results are line with statistical expectations.

The breach in the back-testing VaR on 10 November 2022 by CHF 0.8 million resulted from changed funding costs in USD in the currency swap market at the year-end. The two breaches in the first half of 2023 were caused by interest rate movements. The breach in the back-testing VaR on 14 March 2023 by CHF 5.7 million resulted from opposing movements in interest rates in USD and EUR. The breach in the back-testing VaR on 21 June 2023 by CHF 2.0 million resulted from falling short-term Swiss franc interest rates following the interest rate decision taken by the Swiss National Bank.

The situation in the last four quarters was as follows:



13 Disclosure requirements for systemically important banks

Special disclosure obligations for systemically important financial groups and banks

Zürcher Kantonalbank has been deemed a domestic systemically important bank since November 2013.

13.1 Annex 3: Risk-based capital requirements based on capital ratios (group and parent company)

30.06.2023				Group
in CHF million and in % RWA	**Current rules**		**Definitive rules from 2026**	
Basis of assessment	**CHF million**		**CHF million**	
Risk-weighted assets (RWA)	**77,801**		**77,801**	
Risk-based capital requirements (going concern) based on capital ratios	**CHF million**	**in % RWA**	**CHF million**	**in % RWA**
Total [1]	**10,744**	**13.8%**	**10,744**	**13.8%**
of which CET1: minimum capital	3,501	4.5%	3,501	4.5%
of which CET1: buffer capital	3,159	4.1%	3,159	4.1%
of which CET1: countercyclical buffer	738	0.9%	738	0.9%
of which Additional Tier 1: minimum capital	2,723	3.5%	2,723	3.5%
of which Additional Tier 1: buffer capital	622	0.8%	622	0.8%
Eligible capital (going concern)	**CHF million**	**in % RWA**	**CHF million**	**in % RWA**
Core capital	**14,014**	**18.0%**	**13,713**	**17.6%**
of which CET1	10,619	13.6%	10,319	13.3%
of which CET1 to cover additional Tier 1 requirements	2,330	3.0%	2,630	3.4%
of which additional Tier 1 high-trigger CoCos	1,065	1.4%	765	1.0%
of which additional Tier 1 low-trigger CoCos	–	–	–	–
Risk-based requirements for additional loss-absorbing capital (gone concern) based on capital ratios	**CHF million**	**in % RWA**	**CHF million**	**in % RWA**
Total according to size and market share incl. additional requirement FINMA [2, 3]	3,804	4.9%	6,115	7.9%
Reduction based on holdings in additional capital in the form of CET1 or contingent capital as per Art. 132 para. 4 CAO	–	–	-150	-0.2%
Total (net)	**3,804**	**4.9%**	**5,965**	**7.7%**
Eligible additional loss-absorbing capital (gone concern)	**CHF million**	**in % RWA**	**CHF million**	**in % RWA**
Total	**4,564**	**5.9%**	**6,075**	**7.8%**
of which CET1 used to meet gone concern requirements	–	–	–	–
of which additional Tier 1 used to meet gone concern requirements	–	–	300	0.4%
of which Tier 2 high-trigger CoCos	–	–	–	–
of which Tier 2 low-trigger CoCos	–	–	–	–
of which Tier 2 with PONV [4]	483	0.6%	483	0.6%
of which non-Basel III compliant Tier 1	–	–	–	–
of which non-Basel III compliant Tier 2	–	–	–	–
of which bail-in bonds	910	1.2%	910	1.2%
of which other eligible additional loss-absorbing capital [5]	1,000	1.3%	1,000	1.3%
of which surplus value adjustments under the IRB approach [6]	269	0.3%	269	0.3%
of which state guarantee or similar mechanism	1,902	2.4%	3,112	4.0%

[1] The risk-based capital requirements on a going concern basis are calculated as a percentage of risk-weighted assets (RWA). Under Article 129 CAO, the total risk-based requirement for Zürcher Kantonalbank is 12.86%. On top of this come the requirements for the countercyclical buffer (CCB) under Art. 44 CAO, currently 0.92%, and the extended countercyclical buffer (eCCB) under Art. 44a CAO, currently 0.03% of RWA. As at 30.06.2023 this results in a risk-based total requirement (going concern) of 13.81%.

[2] Under Article 132, para. 2 CAO, the risk-based requirements for additional loss-absorbing capital (gone concern) are calculated using the total going concern requirement under Article 129 CAO. Based on the transitional provisions in Article 148j CAO, the gross gone concern requirement in 2023 is 3.20% of RWA. This will increase in stages until 2026, when the gross gone concern requirement will be equal to 40 percent of the total going concern requirement for Zürcher Kantonalbank (excluding the CCB).

[3] In a letter dated 03.09.2019, FINMA set the risk-based requirements for additional loss-absorbing capital (gone concern) for contingency planning at Zürcher Kantonalbank at 7.86% gross from 2026, including the total according to size and market share. Under the transitional provisions in Art. 148j CAO, this is equivalent to an additional risk-based requirement of 1.69% gross in 2023. This results in a total risk-based gone concern requirement of 4.89% gross as at 30.06.2023. The total risk-based gone concern requirement is being increased gradually to 7.86% by 2026, as already mentioned.

[4] Any write-downs are triggered by FINMA when they declare a threat of insolvency (PONV = point of non-viability).

[5] By resolution of the cantonal parliament, the endowment capital reserve (CHF 1,000 million) was reserved in full for the Bank's contingency planning and accordingly qualifies as eligible additional loss-absorbing capital on a gone concern basis. As a result, the endowment capital reserve can now only be called on by order of FINMA or a FINMA-appointed restructuring official.

[6] Zürcher Kantonalbank adopted the rules on value adjustments (VA) and provisions (P) for expected losses (EL) on 01.01.2021. The portion of the VA and P for EL that exceeds expected losses calculated under the IRB approach qualifies as eligible additional loss-absorbing capital (gone concern).

31.03.2023				Group
in CHF million and in % RWA	**Current rules**		**Definitive rules from 2026**	
Basis of assessment	**CHF million**		**CHF million**	
Risk-weighted assets (RWA)	**77,407**		**77,407**	
Risk-based capital requirements (going concern) based on capital ratios	**CHF million**	**in % RWA**	**CHF million**	**in % RWA**
Total [1]	**10,656**	**13.8%**	**10,656**	**13.8%**
of which CET1: minimum capital	3,483	4.5%	3,483	4.5%
of which CET1: buffer capital	3,143	4.1%	3,143	4.1%
of which CET1: countercyclical buffer	702	0.9%	702	0.9%
of which Additional Tier 1: minimum capital	2,709	3.5%	2,709	3.5%
of which Additional Tier 1: buffer capital	619	0.8%	619	0.8%
Eligible capital (going concern)	**CHF million**	**in % RWA**	**CHF million**	**in % RWA**
Core capital	**13,779**	**17.8%**	**12,881**	**16.6%**
of which CET1	10,246	13.2%	9,347	12.1%
of which CET1 to cover additional Tier 1 requirements	2,553	3.3%	3,451	4.5%
of which additional Tier 1 high-trigger CoCos	981	1.3%	83	0.1%
of which additional Tier 1 low-trigger CoCos	–	–	–	–
Risk-based requirements for additional loss-absorbing capital (gone concern) based on capital ratios	**CHF million**	**in % RWA**	**CHF million**	**in % RWA**
Total according to size and market share incl. additional requirement FINMA [2, 3]	3,785	4.9%	6,084	7.9%
Reduction based on holdings in additional capital in the form of CET1 or contingent capital as per Art. 132 para. 4 CAO [4]	-42	-0.1%	-491	-0.6%
Total (net)	**3,743**	**4.8%**	**5,593**	**7.2%**
Eligible additional loss-absorbing capital (gone concern)	**CHF million**	**in % RWA**	**CHF million**	**in % RWA**
Total	**3,743**	**4.8%**	**5,988**	**7.7%**
of which CET1 used to meet gone concern requirements	–	–	–	–
of which additional Tier 1 used to meet gone concern requirements	84	0.1%	982	1.3%
of which Tier 2 high-trigger CoCos	–	–	–	–
of which Tier 2 low-trigger CoCos	–	–	–	–
of which Tier 2 with PONV [5]	491	0.6%	491	0.6%
of which non-Basel III compliant Tier 1	–	–	–	–
of which non-Basel III compliant Tier 2	–	–	–	–
of which bail-in bonds	–	–	–	–
of which other eligible additional loss-absorbing capital [6]	1,000	1.3%	1,000	1.3%
of which surplus value adjustments under the IRB approach [7]	275	0.4%	275	0.4%
of which state guarantee or similar mechanism	1,892	2.4%	3,240	4.2%

[1] The risk-based capital requirements on a going concern basis are calculated as a percentage of risk-weighted assets (RWA). Under Article 129 CAO, the total risk-based requirement for Zürcher Kantonalbank is 12.86%. On top of this come the requirements for the countercyclical buffer (CCB) under Art. 44 CAO, currently 0.88%, and the extended countercyclical buffer (eCCB) under Art. 44a CAO, currently 0.02% of RWA. As at 31.03.2023 this results in a risk-based total requirement (going concern) of 13.77% (rounded).

[2] Under Article 132, para. 2 CAO, the risk-based requirements for additional loss-absorbing capital (gone concern) are calculated using the total going concern requirement under Article 129 CAO. Based on the transitional provisions in Article 148j CAO, the gross gone concern requirement in 2023 is 3.20% of RWA. This will increase in stages until 2026, when the gross gone concern requirement will be equal to 40 percent of the total going concern requirement for Zürcher Kantonalbank (excluding the CCB).

[3] In a letter dated 03.09.2019, FINMA set the risk-based requirements for additional loss-absorbing capital (gone concern) for contingency planning at Zürcher Kantonalbank at 7.86% gross from 2026, including the total according to size and market share. Under the transitional provisions in Art. 148j CAO, this is equivalent to an additional risk-based requirement of 1.69% gross in 2023. This results in a total risk-based gone concern requirement of 4.89% gross as at 31.03.2023. The total risk-based gone concern requirement is being increased gradually to 7.86% by 2026, as already mentioned.

[4] Under Art. 132 para. 4 CAO, the gross total gone-concern requirement is reduced if a systemically important bank holds additional funds in the form of Tier 1 capital. This was the case at Zürcher Kantonalbank as at 31 March 2023. As a result, the total gone-concern requirement was reduced by 0.05% from 4.89% gross to 4.84% net.

[5] Any write-downs are triggered by FINMA when they declare a threat of insolvency (PONV = point of non-viability).

[6] By resolution of the cantonal parliament, the endowment capital reserve (CHF 1,000 million) was reserved in full for the Bank's contingency planning and accordingly qualifies as eligible additional loss-absorbing capital on a gone concern basis. As a result, the endowment capital reserve can now only be called on by order of FINMA or a FINMA-appointed restructuring official.

[7] Zürcher Kantonalbank adopted the rules on value adjustments (VA) and provisions (P) for expected losses (EL) on 01.01.2021. The portion of the VA and P for EL that exceeds expected losses calculated under the IRB approach qualifies as eligible additional loss-absorbing capital (gone concern).

30.06.2023				Parent company
in CHF million and in % RWA	Current rules		Definitive rules from 2026	
Basis of assessment	**CHF million**		**CHF million**	
Risk-weighted assets (RWA)	**78,336**		**78,336**	
Risk-based capital requirements (going concern) based on capital ratios	**CHF million**	**in % RWA**	**CHF million**	**in % RWA**
Total [1]	**10,812**	**13.8%**	**10,812**	**13.8%**
of which CET1: minimum capital	3,525	4.5%	3,525	4.5%
of which CET1: buffer capital	3,180	4.1%	3,180	4.1%
of which CET1: countercyclical buffer	738	0.9%	738	0.9%
of which Additional Tier 1: minimum capital	2,742	3.5%	2,742	3.5%
of which Additional Tier 1: buffer capital	627	0.8%	627	0.8%
Eligible capital (going concern)	**CHF million**	**in % RWA**	**CHF million**	**in % RWA**
Core capital	**14,156**	**18.1%**	**13,855**	**17.7%**
of which CET1	10,761	13.7%	10,460	13.4%
of which CET1 to cover additional Tier 1 requirements	2,330	3.0%	2,631	3.4%
of which additional Tier 1 high-trigger CoCos	1,065	1.4%	764	1.0%
of which additional Tier 1 low-trigger CoCos	–	–	–	–
Risk-based requirements for additional loss-absorbing capital (gone concern) based on capital ratios	**CHF million**	**in % RWA**	**CHF million**	**in % RWA**
Total according to size and market share incl. additional requirement FINMA [2, 3]	3,830	4.9%	6,157	7.9%
Reduction based on holdings in additional capital in the form of CET1 or contingent capital as per Art. 132 para. 4 CAO	–	–	-150	-0.2%
Total (net)	**3,830**	**4.9%**	**6,007**	**7.7%**
Eligible additional loss-absorbing capital (gone concern)	**CHF million**	**in % RWA**	**CHF million**	**in % RWA**
Total	**4,577**	**5.8%**	**6,075**	**7.8%**
of which CET1 used to meet gone concern requirements	–	–	–	–
of which additional Tier 1 used to meet gone concern requirements	–	–	301	0.4%
of which Tier 2 high-trigger CoCos	–	–	–	–
of which Tier 2 low-trigger CoCos	–	–	–	–
of which Tier 2 with PONV [4]	483	0.6%	483	0.6%
of which non-Basel III compliant Tier 1	–	–	–	–
of which non-Basel III compliant Tier 2	–	–	–	–
of which bail-in bonds	910	1.2%	910	1.2%
of which other eligible additional loss-absorbing capital [5]	1,000	1.3%	1,000	1.3%
of which surplus value adjustments under the IRB approach [6]	269	0.3%	269	0.3%
of which state guarantee or similar mechanism	1,915	2.4%	3,113	4.0%

[1] The risk-based capital requirements on a going concern basis are calculated as a percentage of risk-weighted assets (RWA). Under Article 129 CAO, the total risk-based requirement for Zürcher Kantonalbank is 12.86%. On top of this come the requirements for the countercyclical buffer (CCB) under Art. 44 CAO, currently 0.91%, and the extended countercyclical buffer (eCCB) under Art. 44a CAO, currently 0.03% of RWA. As at 30.06.2023 this results in a risk-based total requirement (going concern) of 13.80%.

[2] Under Article 132, para. 2 CAO, the risk-based requirements for additional loss-absorbing capital (gone concern) are calculated using the total going concern requirement under Article 129 CAO. Based on the transitional provisions in Article 148j CAO, the gross gone concern requirement in 2023 is 3.20% of RWA. This will increase in stages until 2026, when the gross gone concern requirement will be equal to 40 percent of the total going concern requirement for Zürcher Kantonalbank (excluding the CCB).

[3] In a letter dated 03.09.2019, FINMA set the risk-based requirements for additional loss-absorbing capital (gone concern) for contingency planning at Zürcher Kantonalbank at 7.86% gross from 2026, including the total according to size and market share. Under the transitional provisions in Art. 148j CAO, this is equivalent to an additional risk-based requirement of 1.69% gross in 2023. This results in a total risk-based gone concern requirement of 4.89% gross as at 30.06.2023. The total risk-based gone concern requirement is being increased gradually to 7.86% by 2026, as already mentioned.

[4] Any write-downs are triggered by FINMA when they declare a threat of insolvency (PONV = point of non-viability).

[5] By resolution of the cantonal parliament, the endowment capital reserve (CHF 1,000 million) was reserved in full for the Bank's contingency planning and accordingly qualifies as eligible additional loss-absorbing capital on a gone concern basis. As a result, the endowment capital reserve can now only be called on by order of FINMA or a FINMA-appointed restructuring official.

[6] Zürcher Kantonalbank adopted the rules on value adjustments (VA) and provisions (P) for expected losses (EL) on 01.01.2021. The portion of the VA and P for EL that exceeds expected losses calculated under the IRB approach qualifies as eligible additional loss-absorbing capital (gone concern).

31.03.2023				Parent company
in CHF million and in % RWA	**Current rules**		**Definitive rules from 2026**	
Basis of assessment	**CHF million**		**CHF million**	
Risk-weighted assets (RWA)	**77,919**		**77,919**	
Risk-based capital requirements (going concern) based on capital ratios	**CHF million**	**in % RWA**	**CHF million**	**in % RWA**
Total [1]	**10,722**	**13.8%**	**10,722**	**13.8%**
of which CET1: minimum capital	3,506	4.5%	3,506	4.5%
of which CET1: buffer capital	3,164	4.1%	3,164	4.1%
of which CET1: countercyclical buffer	702	0.9%	702	0.9%
of which Additional Tier 1: minimum capital	2,727	3.5%	2,727	3.5%
of which Additional Tier 1: buffer capital	623	0.8%	623	0.8%
Eligible capital (going concern)	**CHF million**	**in % RWA**	**CHF million**	**in % RWA**
Core capital	**13,912**	**17.9%**	**13,022**	**16.7%**
of which CET1	10,378	13.3%	9,487	12.2%
of which CET1 to cover additional Tier 1 requirements	2,563	3.3%	3,453	4.4%
of which additional Tier 1 high-trigger CoCos	972	1.2%	82	0.1%
of which additional Tier 1 low-trigger CoCos	–	–	–	–
Risk-based requirements for additional loss-absorbing capital (gone concern) based on capital ratios	**CHF million**	**in % RWA**	**CHF million**	**in % RWA**
Total according to size and market share incl. additional requirement FINMA [2, 3]	3,810	4.9%	6,124	7.9%
Reduction based on holdings in additional capital in the form of CET1 or contingent capital as per Art. 132 para. 4 CAO [4]	-47	-0.1%	-492	-0.6%
Total (net)	**3,763**	**4.8%**	**5,633**	**7.2%**
Eligible additional loss-absorbing capital (gone concern)	**CHF million**	**in % RWA**	**CHF million**	**in % RWA**
Total	**3,763**	**4.8%**	**5,989**	**7.7%**
of which CET1 used to meet gone concern requirements	–	–	–	–
of which additional Tier 1 used to meet gone concern requirements	93	0.1%	983	1.3%
of which Tier 2 high-trigger CoCos	–	–	–	–
of which Tier 2 low-trigger CoCos	–	–	–	–
of which Tier 2 with PONV [5]	491	0.6%	491	0.6%
of which non-Basel III compliant Tier 1	–	–	–	–
of which non-Basel III compliant Tier 2	–	–	–	–
of which bail-in bonds	–	–	–	–
of which other eligible additional loss-absorbing capital [6]	1,000	1.3%	1,000	1.3%
of which surplus value adjustments under the IRB approach [7]	275	0.4%	275	0.4%
of which state guarantee or similar mechanism	1,905	2.4%	3,241	4.2%

[1] The risk-based capital requirements on a going concern basis are calculated as a percentage of risk-weighted assets (RWA). Under Article 129 CAO, the total risk-based requirement for Zürcher Kantonalbank is 12.86%. On top of this come the requirements for the countercyclical buffer (CCB) under Art. 44 CAO, currently 0.88%, and the extended countercyclical buffer (eCCB) under Art. 44a CAO, currently 0.02% of RWA. As at 31.03.2023 this results in a risk-based total requirement (going concern) of 13.76%.

[2] Under Article 132, para. 2 CAO, the risk-based requirements for additional loss-absorbing capital (gone concern) are calculated using the total going concern requirement under Article 129 CAO. Based on the transitional provisions in Article 148j CAO, the gross gone concern requirement in 2023 is 3.20% of RWA. This will increase in stages until 2026, when the gross gone concern requirement will be equal to 40 percent of the total going concern requirement for Zürcher Kantonalbank (excluding the CCB).

[3] In a letter dated 03.09.2019, FINMA set the risk-based requirements for additional loss-absorbing capital (gone concern) for contingency planning at Zürcher Kantonalbank at 7.86% gross from 2026, including the total according to size and market share. Under the transitional provisions in Art. 148j CAO, this is equivalent to an additional risk-based requirement of 1.69% gross in 2023. This results in a total risk-based gone concern requirement of 4.89% gross as at 31.03.2023. The total risk-based gone concern requirement is being increased gradually to 7.86% by 2026, as already mentioned.

[4] Under Art. 132 para. 4 CAO, the gross total gone-concern requirement is reduced if a systemically important bank holds additional funds in the form of Tier 1 capital. This was the case at Zürcher Kantonalbank as at 31 March 2023. As a result, the total gone-concern requirement was reduced by 0.06% from 4.89% gross to 4.83% net.

[5] Any write-downs are triggered by FINMA when they declare a threat of insolvency (PONV = point of non-viability).

[6] By resolution of the cantonal parliament, the endowment capital reserve (CHF 1,000 million) was reserved in full for the Bank’s contingency planning and accordingly qualifies as eligible additional loss-absorbing capital on a gone concern basis. As a result, the endowment capital reserve can now only be called on by order of FINMA or a FINMA-appointed restructuring official.

[7] Zürcher Kantonalbank adopted the rules on value adjustments (VA) and provisions (P) for expected losses (EL) on 01.01.2021. The portion of the VA and P for EL that exceeds expected losses calculated under the IRB approach qualifies as eligible additional loss-absorbing capital (gone concern).

13.2 Annex 3: Unweighted capital requirements based on the leverage ratio (group and parent company)

30.06.2023				Group
in CHF million and in % LRD	**Current rules**		**Definitive rules from 2026**	
Basis of assessment	**CHF million**		**CHF million**	
Leverage ratio exposure measure (leverage ratio denominator, LRD)	**226,321**		**226,321**	
Unweighted capital requirements (going concern) based on the leverage ratio	**CHF million**	**in % LRD**	**CHF million**	**in % LRD**
Total [1]	**10,184**	**4.5%**	**10,184**	**4.5%**
of which CET1: minimum capital	3,395	1.5%	3,395	1.5%
of which CET1: buffer capital	3,395	1.5%	3,395	1.5%
of which Additional Tier 1: minimum capital	3,395	1.5%	3,395	1.5%
Eligible capital (going concern)	**CHF million**	**in % LRD**	**CHF million**	**in % LRD**
Core capital	**14,014**	**6.2%**	**13,713**	**6.1%**
of which CET1	10,619	4.7%	10,319	4.6%
of which CET1 to cover additional Tier 1 requirements	2,330	1.0%	2,630	1.2%
of which additional Tier 1 high-trigger CoCos	1,065	0.5%	765	0.3%
of which additional Tier 1 low-trigger CoCos	–	–	–	–
Unweighted requirements for additional loss-absorbing capital (gone concern) based on the leverage ratio	**CHF million**	**in % LRD**	**CHF million**	**in % LRD**
Total according to size and market share incl. additional requirement FINMA [2, 3]	3,631	1.6%	6,225	2.8%
Reduction based on holdings in additional capital in the form of CET1 or contingent capital as per Art. 132 para. 4 CAO	–	–	-150	-0.1%
Total (net)	**3,631**	**1.6%**	**6,075**	**2.7%**
Eligible additional loss-absorbing capital (gone concern)	**CHF million**	**in % LRD**	**CHF million**	**in % LRD**
Total	**4,564**	**2.0%**	**6,075**	**2.7%**
of which CET1 used to meet gone concern requirements	–	–	–	–
of which additional Tier 1 used to meet gone concern requirements	–	–	300	0.1%
of which Tier 2 high-trigger CoCos	–	–	–	–
of which Tier 2 low-trigger CoCos	–	–	–	–
of which Tier 2 with PONV [4]	483	0.2%	483	0.2%
of which non-Basel III compliant Tier 1	–	–	–	–
of which non-Basel III compliant Tier 2	–	–	–	–
of which bail-in bonds	910	0.4%	910	0.4%
of which other eligible additional loss-absorbing capital [5]	1,000	0.4%	1,000	0.4%
of which surplus value adjustments under the IRB approach [6]	269	0.1%	269	0.1%
of which state guarantee or similar mechanism	1,902	0.8%	3,112	1.4%

[1] The unweighted capital requirements (going concern) are calculated as a percentage of the leverage ratio exposure measure. Under Article 129 CAO, the unweighted total requirement for Zürcher Kantonalbank is 4.5%.

[2] Under Article 132, para. 2 CAO, the unweighted requirements for additional loss-absorbing capital (gone concern) are calculated using the total going concern requirement under Article 129 CAO. Based on the transitional provisions in Article 148j CAO, the gross gone concern requirement in 2023 is 1.05% of the leverage ratio exposure measure. This will increase in stages until 2026, when the gross gone concern requirement will be equal to 40 percent of the total going concern requirement for Zürcher Kantonalbank.

[3] In a letter dated 03.09.2019, FINMA increased the unweighted requirements for additional loss-absorbing capital (gone concern) for contingency planning at Zürcher Kantonalbank from 2026 in the same ratio as for the risk-based gone concern requirements. Under the transitional provisions in Art. 148j CAO, this is equivalent to an additional unweighted requirement of 0.55% gross in 2023. This results in a total unweighted gone concern requirement of 1.60% gross as at 30.06.2023. The total unweighted gone concern requirement is being increased gradually to 2.75% gross by 2026.

[4] Any write-downs are triggered by FINMA when they declare a threat of insolvency (PONV = point of non-viability).

[5] By resolution of the cantonal parliament, the endowment capital reserve (CHF 1,000 million) was reserved in full for the Bank's contingency planning and accordingly qualifies as eligible additional loss-absorbing capital on a gone concern basis. As a result, the endowment capital reserve can now only be called on by order of FINMA or a FINMA-appointed restructuring official.

[6] Zürcher Kantonalbank adopted the rules on value adjustments (VA) and provisions (P) for expected losses (EL) on 01.01.2021. The portion of the VA and P for EL that exceeds expected losses calculated under the IRB approach qualifies as eligible additional loss-absorbing capital (gone concern).

31.03.2023				Group
in CHF million and in % LRD	**Current rules**		**Definitive rules from 2026**	
Basis of assessment	**CHF million**		**CHF million**	
Leverage ratio exposure measure (leverage ratio denominator, LRD)	**235,575**		**235,575**	
Unweighted capital requirements (going concern) based on the leverage ratio	**CHF million**	**in % LRD**	**CHF million**	**in % LRD**
Total [1]	**10,601**	**4.5%**	**10,601**	**4.5%**
of which CET1: minimum capital	3,534	1.5%	3,534	1.5%
of which CET1: buffer capital	3,534	1.5%	3,534	1.5%
of which Additional Tier 1: minimum capital	3,534	1.5%	3,534	1.5%
Eligible capital (going concern)	**CHF million**	**in % LRD**	**CHF million**	**in % LRD**
Core capital	**13,779**	**5.8%**	**12,881**	**5.5%**
of which CET1	10,246	4.3%	9,347	4.0%
of which CET1 to cover additional Tier 1 requirements	2,553	1.1%	3,451	1.5%
of which additional Tier 1 high-trigger CoCos	981	0.4%	83	0.0%
of which additional Tier 1 low-trigger CoCos	–	–	–	–
Unweighted requirements for additional loss-absorbing capital (gone concern) based on the leverage ratio	**CHF million**	**in % LRD**	**CHF million**	**in % LRD**
Total according to size and market share incl. additional requirement FINMA [2, 3]	3,780	1.6%	6,479	2.8%
Reduction based on holdings in additional capital in the form of CET1 or contingent capital as per Art. 132 para. 4 CAO [4]	-42	-0.0%	-491	-0.2%
Total (net)	**3,737**	**1.6%**	**5,988**	**2.5%**
Eligible additional loss-absorbing capital (gone concern)	**CHF million**	**in % LRD**	**CHF million**	**in % LRD**
Total	**3,743**	**1.6%**	**5,988**	**2.5%**
of which CET1 used to meet gone concern requirements	–	–	–	–
of which additional Tier 1 used to meet gone concern requirements	84	0.0%	982	0.4%
of which Tier 2 high-trigger CoCos	–	–	–	–
of which Tier 2 low-trigger CoCos	–	–	–	–
of which Tier 2 with PONV [5]	491	0.2%	491	0.2%
of which non-Basel III compliant Tier 1	–	–	–	–
of which non-Basel III compliant Tier 2	–	–	–	–
of which bail-in bonds	–	–	–	–
of which other eligible additional loss-absorbing capital [6]	1,000	0.4%	1,000	0.4%
of which surplus value adjustments under the IRB approach [7]	275	0.1%	275	0.1%
of which state guarantee or similar mechanism	1,892	0.8%	3,240	1.4%

[1] The unweighted capital requirements (going concern) are calculated as a percentage of the leverage ratio exposure measure. Under Article 129 CAO, the unweighted total requirement for Zürcher Kantonalbank is 4.5%.

[2] Under Article 132, para. 2 CAO, the unweighted requirements for additional loss-absorbing capital (gone concern) are calculated using the total going concern requirement under Article 129 CAO. Based on the transitional provisions in Article 148j CAO, the gross gone concern requirement in 2023 is 1.05% of the leverage ratio exposure measure. This will increase in stages until 2026, when the gross gone concern requirement will be equal to 40 percent of the total going concern requirement for Zürcher Kantonalbank.

[3] In a letter dated 03.09.2019, FINMA increased the unweighted requirements for additional loss-absorbing capital (gone concern) for contingency planning at Zürcher Kantonalbank from 2026 in the same ratio as for the risk-based gone concern requirements. Under the transitional provisions in Art. 148j CAO, this is equivalent to an additional unweighted requirement of 0.55% gross in 2023. This results in a total unweighted gone concern requirement of 1.60% gross as at 31.03.2023. The total unweighted gone concern requirement is being increased gradually to 2.75% gross by 2026.

[4] Under Art. 132 para. 4 CAO, the gross total gone-concern requirement is reduced if a systemically important bank holds additional funds in the form of Tier 1 capital. This was the case at Zürcher Kantonalbank as at 31 March 2023. As a result, the total unweighted gone-concern requirement was reduced by 0.02% from 1.60% gross to 1.59% net (rounded).

[5] Any write-downs are triggered by FINMA when they declare a threat of insolvency (PONV = point of non-viability).

[6] By resolution of the cantonal parliament, the endowment capital reserve (CHF 1,000 million) was reserved in full for the Bank’s contingency planning and accordingly qualifies as eligible additional loss-absorbing capital on a gone concern basis. As a result, the endowment capital reserve can now only be called on by order of FINMA or a FINMA-appointed restructuring official.

[7] Zürcher Kantonalbank adopted the rules on value adjustments (VA) and provisions (P) for expected losses (EL) on 01.01.2021. The portion of the VA and P for EL that exceeds expected losses calculated under the IRB approach qualifies as eligible additional loss-absorbing capital (gone concern).

30.06.2023				Parent company
in CHF million and in % LRD	Current rules		Definitive rules from 2026	
Basis of assessment	**CHF million**		**CHF million**	
Leverage ratio exposure measure (leverage ratio denominator, LRD)	**226,350**		**226,350**	
Unweighted capital requirements (going concern) based on the leverage ratio	**CHF million**	**in % LRD**	**CHF million**	**in % LRD**
Total [1]	**10,186**	**4.5%**	**10,186**	**4.5%**
of which CET1: minimum capital	3,395	1.5%	3,395	1.5%
of which CET1: buffer capital	3,395	1.5%	3,395	1.5%
of which Additional Tier 1: minimum capital	3,395	1.5%	3,395	1.5%
Eligible capital (going concern)	**CHF million**	**in % LRD**	**CHF million**	**in % LRD**
Core capital	**14,156**	**6.3%**	**13,855**	**6.1%**
of which CET1	10,761	4.8%	10,460	4.6%
of which CET1 to cover additional Tier 1 requirements	2,330	1.0%	2,631	1.2%
of which additional Tier 1 high-trigger CoCos	1,065	0.5%	764	0.3%
of which additional Tier 1 low-trigger CoCos	–	–	–	–
Unweighted requirements for additional loss-absorbing capital (gone concern) based on the leverage ratio	**CHF million**	**in % LRD**	**CHF million**	**in % LRD**
Total according to size and market share incl. additional requirement FINMA [2, 3]	3,632	1.6%	6,226	2.8%
Reduction based on holdings in additional capital in the form of CET1 or contingent capital as per Art. 132 para. 4 CAO	–	–	-150	-0.1%
Total (net)	**3,632**	**1.6%**	**6,075**	**2.7%**
Eligible additional loss-absorbing capital (gone concern)	**CHF million**	**in % LRD**	**CHF million**	**in % LRD**
Total	**4,577**	**2.0%**	**6,075**	**2.7%**
of which CET1 used to meet gone concern requirements	–	–	–	–
of which additional Tier 1 used to meet gone concern requirements	–	–	301	0.1%
of which Tier 2 high-trigger CoCos	–	–	–	–
of which Tier 2 low-trigger CoCos	–	–	–	–
of which Tier 2 with PONV [4]	483	0.2%	483	0.2%
of which non-Basel III compliant Tier 1	–	–	–	–
of which non-Basel III compliant Tier 2	–	–	–	–
of which bail-in bonds	910	0.4%	910	0.4%
of which other eligible additional loss-absorbing capital [5]	1,000	0.4%	1,000	0.4%
of which surplus value adjustments under the IRB approach [6]	269	0.1%	269	0.1%
of which state guarantee or similar mechanism	1,915	0.8%	3,113	1.4%

[1] The unweighted capital requirements (going concern) are calculated as a percentage of the leverage ratio exposure measure. Under Article 129 CAO, the unweighted total requirement for Zürcher Kantonalbank is 4.5%.

[2] Under Article 132, para. 2 CAO, the unweighted requirements for additional loss-absorbing capital (gone concern) are calculated using the total going concern requirement under Article 129 CAO. Based on the transitional provisions in Article 148j CAO, the gross gone concern requirement in 2023 is 1.05% of the leverage ratio exposure measure. This will increase in stages until 2026, when the gross gone concern requirement will be equal to 40 percent of the total going concern requirement for Zürcher Kantonalbank.

[3] In a letter dated 03.09.2019, FINMA increased the unweighted requirements for additional loss-absorbing capital (gone concern) for contingency planning at Zürcher Kantonalbank from 2026 in the same ratio as for the risk-based gone concern requirements. Under the transitional provisions in Art. 148j CAO, this is equivalent to an additional unweighted requirement of 0.55% gross in 2023. This results in a total unweighted gone concern requirement of 1.60% gross as at 30.06.2023. The total unweighted gone concern requirement is being increased gradually to 2.75% gross by 2026.

[4] Any write-downs are triggered by FINMA when they declare a threat of insolvency (PONV = point of non-viability).

[5] By resolution of the cantonal parliament, the endowment capital reserve (CHF 1,000 million) was reserved in full for the Bank's contingency planning and accordingly qualifies as eligible additional loss-absorbing capital on a gone concern basis. As a result, the endowment capital reserve can now only be called on by order of FINMA or a FINMA-appointed restructuring official.

[6] Zürcher Kantonalbank adopted the rules on value adjustments (VA) and provisions (P) for expected losses (EL) on 01.01.2021. The portion of the VA and P for EL that exceeds expected losses calculated under the IRB approach qualifies as eligible additional loss-absorbing capital (gone concern).

31.03.2023				Parent company
in CHF million and in % LRD	Current rules		Definitive rules from 2026	
Basis of assessment	**CHF million**		**CHF million**	
Leverage ratio exposure measure (leverage ratio denominator, LRD)	**235,644**		**235,644**	
Unweighted capital requirements (going concern) based on the leverage ratio	**CHF million**	**in % LRD**	**CHF million**	**in % LRD**
Total [1]	**10,604**	**4.5%**	**10,604**	**4.5%**
of which CET1: minimum capital	3,535	1.5%	3,535	1.5%
of which CET1: buffer capital	3,535	1.5%	3,535	1.5%
of which Additional Tier 1: minimum capital	3,535	1.5%	3,535	1.5%
Eligible capital (going concern)	**CHF million**	**in % LRD**	**CHF million**	**in % LRD**
Core capital	**13,912**	**5.9%**	**13,022**	**5.5%**
of which CET1	10,378	4.4%	9,487	4.0%
of which CET1 to cover additional Tier 1 requirements	2,563	1.1%	3,453	1.5%
of which additional Tier 1 high-trigger CoCos	972	0.4%	82	0.0%
of which additional Tier 1 low-trigger CoCos	–	–	–	–
Unweighted requirements for additional loss-absorbing capital (gone concern) based on the leverage ratio	**CHF million**	**in % LRD**	**CHF million**	**in % LRD**
Total according to size and market share incl. additional requirement FINMA [2, 3]	3,781	1.6%	6,481	2.8%
Reduction based on holdings in additional capital in the form of CET1 or contingent capital as per Art. 132 para. 4 CAO [4]	-47	-0.0%	-492	-0.2%
Total (net)	**3,734**	**1.6%**	**5,989**	**2.5%**
Eligible additional loss-absorbing capital (gone concern)	**CHF million**	**in % LRD**	**CHF million**	**in % LRD**
Total	**3,763**	**1.6%**	**5,989**	**2.5%**
of which CET1 used to meet gone concern requirements	–	–	–	–
of which additional Tier 1 used to meet gone concern requirements	93	0.0%	983	0.4%
of which Tier 2 high-trigger CoCos	–	–	–	–
of which Tier 2 low-trigger CoCos	–	–	–	–
of which Tier 2 with PONV [5]	491	0.2%	491	0.2%
of which non-Basel III compliant Tier 1	–	–	–	–
of which non-Basel III compliant Tier 2	–	–	–	–
of which bail-in bonds	–	–	–	–
of which other eligible additional loss-absorbing capital [6]	1,000	0.4%	1,000	0.4%
of which surplus value adjustments under the IRB approach [7]	275	0.1%	275	0.1%
of which state guarantee or similar mechanism	1,905	0.8%	3,241	1.4%

[1] The unweighted capital requirements (going concern) are calculated as a percentage of the leverage ratio exposure measure. Under Article 129 CAO, the unweighted total requirement for Zürcher Kantonalbank is 4.5%.

[2] Under Article 132, para. 2 CAO, the unweighted requirements for additional loss-absorbing capital (gone concern) are calculated using the total going concern requirement under Article 129 CAO. Based on the transitional provisions in Article 148j CAO, the gross gone concern requirement in 2023 is 1.05% of the leverage ratio exposure measure. This will increase in stages until 2026, when the gross gone concern requirement will be equal to 40 percent of the total going concern requirement for Zürcher Kantonalbank.

[3] In a letter dated 03.09.2019, FINMA increased the unweighted requirements for additional loss-absorbing capital (gone concern) for contingency planning at Zürcher Kantonalbank from 2026 in the same ratio as for the risk-based gone concern requirements. Under the transitional provisions in Art. 148j CAO, this is equivalent to an additional unweighted requirement of 0.55% gross in 2023. This results in a total unweighted gone concern requirement of 1.60% gross as at 31.03.2023. The total unweighted gone concern requirement is being increased gradually to 2.75% gross by 2026.

[4] Under Art. 132 para. 4 CAO, the gross total gone-concern requirement is reduced if a systemically important bank holds additional funds in the form of Tier 1 capital. This was the case at Zürcher Kantonalbank as at 31 March 2023. As a result, the total unweighted gone-concern requirement was reduced by 0.02% from 1.60% gross to 1.58% net.

[5] Any write-downs are triggered by FINMA when they declare a threat of insolvency (PONV = point of non-viability).

[6] By resolution of the cantonal parliament, the endowment capital reserve (CHF 1,000 million) was reserved in full for the Bank's contingency planning and accordingly qualifies as eligible additional loss-absorbing capital on a gone concern basis. As a result, the endowment capital reserve can now only be called on by order of FINMA or a FINMA-appointed restructuring official.

[7] Zürcher Kantonalbank adopted the rules on value adjustments (VA) and provisions (P) for expected losses (EL) on 01.01.2021. The portion of the VA and P for EL that exceeds expected losses calculated under the IRB approach qualifies as eligible additional loss-absorbing capital (gone concern).

14 Corporate Governance

In comparison with 31 December 2022, there were no material changes in the corporate governance. For disclosures on corporate governance, please see the corporate governance section of our Annual Report 2022 as well as the information on corporate governance on our website.