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

Disclosure as at 31 December 2025
Publication date: 29 April 2026

Zürcher Kantonalbank

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1 Key abbreviations in disclosure

AT1	**Additional Tier 1 capital**
CAO	**Capital Adequacy Ordinance**
CaR	**Capital at Risk**
CCB	**Countercyclical buffer** (Art. 44 CAO)
CCF	**Credit conversion factors**
CCP	**Central counterparty**
CCR	**Counterparty credit risk**
CET1	**Common Equity Tier 1 capital**
CRM	**Credit risk mitigation**
CVA	**Credit valuation adjustments**
D-SIB	**Domestic systemically important bank**
EAD	**Exposure at default**
eCCB	**Extended countercyclical buffer** (Art. 44a CAO)
EL	**Expected loss**
ΔEVE	**Change in the economic value of equity**
G-SIB	**Global systemically important bank**
Going concern	**For the continuation of the bank's activities** required capital
Gone concern	**Additional loss-absorbing, in case of a resolution** required capital
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**
LTV	**Loan-to-value**
ΔNII	**Change in net interest income**
NSFR	**Net Stable Funding Ratio**
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	**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 31 December 2025 in accordance with its disclosure obligations. The relevant provisions form part of the Capital Adequacy Ordinance (CAO) dated 1 June 2012, last revised on 24 January 2025 and the disclosure requirements set out in the FINMA Ordinance on the Disclosure Obligations of Banks and Securities Firms (DisO-FINMA) of 6 March 2024, last revised on 19 January 2026.

Due to the implementation of the Basel III final guidelines, DisO-FINMA contains new and amended disclosure tables compared to FINMA Circular 2016/1 "Disclosure – Banks". In accordance with the transitional provisions set out in DisO-FINMA, comparative information relating to reporting dates prior to 1 January 2025 is generally presented in accordance with the law applicable on the respective reporting date. For this disclosure report as at 31 December 2025, there are different regulations for tables OR1 and OR2 (Operational risk: Historical losses / Business indicator and subcomponents), for which disclosure of all reporting dates is required under the provisions of DisO-FINMA. The other comparative information relating to reporting dates prior to 1 January 2025 is based on the provisions of 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 the largest cantonal bank and the second-largest universal bank in Switzerland. The broadly diversified group continues to include Swisscanto Holding Ltd. with its subsidiaries and sub-subsidiaries (Swisscanto Fund Management Company Ltd., Swisscanto Pensions Ltd. in liquidation, Swisscanto Private Equity CH I AG, Swisscanto Private Equity CH II AG, Swisscanto Private Equity Growth II AG and Swisscanto Asset Management International SA), which operate primarily in the asset management business. The group also owns Zürcher Kantonalbank Finance (Guernsey) Ltd., a company specialising in the issue of structured investment products, and ZKB Securities (UK) Ltd., which is active in equity brokerage and research. Complementa AG, which specialises in investment reporting services, is also part of the group. The group further includes the representative office Zürcher Kantonalbank Representações Ltda. and Complementa GmbH, as well as the immaterial majority stake in Spheriq AG (formerly 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, counterparty credit, CVA, market and operational risks.

The capital requirement for credit risk 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).

In the case of counterparty credit risk, the standardised approach for measuring counterparty credit risk (SA-CCR) is used to determine the credit equivalents of derivatives and the financial collateral comprehensive method is used to determine the credit equivalents of securities financing transactions.

The capital requirement for the risk of credit value adjustments (CVA risk) due to the counterparty credit risk of derivatives and securities financing transactions is calculated in accordance with the reduced basic approach for CVA (BA-CVA).

The capital requirement for market risk is calculated using the market risk standardised approach.

To determine the capital requirement for operational risk, Zürcher Kantonalbank uses the standardised approach, with the internal loss multiplier calculated on the basis of internal loss data.

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 Art. 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 0.93 percent of RWA for the group as at the reporting date (parent company: 0.92 percent). The requirement for the extended countercyclical buffer (eCCB) under Art. 44a CAO, which is currently 0.05 percent of RWA, also applies. This results in a risk-based total requirement, going concern of 13.84 percent as at 31 December 2025 for the group (parent company: 13.83 percent).

Under Art. 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 Art. 148d CAO, the gone concern requirement in 2025 is 4.50 percent of RWA. This will increase in stages until 2026, when the 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 from 2026, including the total stipulated in the CAO based on size and market share (mirroring the going concern requirement). Under the transitional provisions in Art. 148d CAO, this is equivalent to an additional risk-based requirement of 2.38 percent as at 31 December 2025. This results in a total risk-based gone concern requirement of 6.88 percent as at 31 December 2025. The total risk-based gone concern requirement is being increased gradually to 7.86 percent by 2026, as already mentioned.

Calculation approaches for non risk-based capital adequacy requirements (leverage ratio)

When determining the exposure from derivatives, Zürcher Kantonalbank uses the standardised approach for calculating the credit equivalent of derivatives (SA-CCR) to calculate the add-ons for derivatives.

Non risk-based capital requirements based on the leverage ratio for systemically important banks

The non risk-based 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 non 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 Art. 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 31 December 2025 for both the group and parent company is a total going concern requirement of 4.5 percent.

Under Art. 132, para. 2 CAO, the non risk-based 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 Art.148d CAO, the gone concern requirement in 2025 is 1.50 percent of total exposure. This will increase in stages until 2026, when the 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 non risk-based 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. 148d CAO, this is equivalent to an additional non risk-based requirement of 0.79 percent as at 31 December 2025. This results in a total non risk-based gone concern requirement of 2.29 percent as at 31 December 2025. The total non risk-based gone concern requirement is being increased gradually to 2.75 percent 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 31 December 2025, the capital base of Zürcher Kantonalbank comfortably exceeded the regulatory requirements on both a risk-based and non risk-based 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 33.

Group risk-weighted assets (RWA) as at 31 December 2025 amounted to CHF 72,359 million (30 September 2025: CHF 72,751 million). They were therefore CHF 392 million lower than in the previous quarter.

Risk-based capital adequacy requirements on a going concern basis as a systemically important bank stood at CHF 10,011 million on 31 December 2025 (30 September 2025: CHF 10,049 million), compared to eligible capital on a going concern basis in the group of CHF 16,400 million (30 September 2025: CHF 15,977 million). This is equivalent to surplus cover of CHF 6,389 million (30 September 2025: CHF 5,928 million). The surplus cover therefore increased by CHF 461 million in the fourth quarter of 2025.

The core capital ratio, going concern on a group basis as at 31 December 2025 was 22.7 percent (30 September 2025: 22.0 percent). It was thus 8.9 percentage points (30 September 2025: 8.2 percentage points) above the 13.8 percent going concern requirement (30 September 2025: 13.8 percent).

At CHF 6,895 million (9.5 percent of RWA), the eligible additional loss-absorbing capital exceeded the gone concern requirement by CHF 1,920 million as at 31 December 2025 (as at 30 September 2025 the surplus cover was CHF 1,888 million). As at 31 December 2025, Zürcher Kantonalbank already fully met the total gone concern requirement of 7.86 percent, as defined by FINMA for contingency planning at Zürcher Kantonalbank.

The total leverage ratio exposure increased by CHF 1,148 million from 30 September 2025 to CHF 229,914 million.

The non risk-based 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 2.6 percentage points as at 31 December 2025 (30 September 2025: 2.5 percentage points), equivalent to CHF 6,054 million (30 September 2025: CHF 5,683 million).

Eligible capital on a gone concern basis for the leverage ratio is also the same as for the risk-based requirements. At CHF 6,895 million (3.0 percent of total exposure), the eligible additional loss-absorbing capital exceeds the gone concern requirement of CHF 5,270 million as at 31 December 2025. As at 31 December 2025, Zürcher Kantonalbank already fully met the total gone concern requirement of 2.75 percent, as defined by FINMA for contingency planning at Zürcher Kantonalbank.

With the current composition of eligible capital and eligible additional loss-absorbing capital, Zürcher Kantonalbank meets the final rules from 2026 as follows: There is surplus cover of CHF 6,389 million above the risk-based going concern requirement and CHF 1,208 million above the risk-based gone concern requirement. On an non risk-based basis, the surplus cover amounts to CHF 6,054 million above the going concern requirement and CHF 571 million above the gone concern requirement.

On a group basis, the Liquidity Coverage Ratio (LCR) decreased from the previous quarter and stood at an average of 136 percent in the fourth quarter of 2025 (third quarter of 2025: 138 percent).

On a group basis, the net stable funding ratio (NSFR) amounts to 118 percent as at 31 December 2025 (30 September 2025: 117 percent).

3 Publication frequency of the details on capital and liquidity

The following table gives an overview of the publication frequency of disclosures on risks, capital, liquidity, remuneration as well as corporate governance principles in accordance with the Ordinance on the Disclosure Obligations of Banks and Securities Firms (DisO-FINMA). 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.

Reference	Table name	QL or QC[1]	Disclosure frequency		
			quarterly	semi-annually	annually
Annex 3 Table 1	**Additional disclosures on capital requirements for systemically important banks:** Risk-based capital requirements based on capital ratios	QC	◔		
Annex 3 Table 2	**Additional disclosures on capital requirements for systemically important banks:** Non risk-based capital requirements based on the leverage ratio	QC	◔		
n/a	**Main features of regulatory capital instruments and of other total loss-absorbing capacity (TLAC) eligible instruments** in accordance with the provisions for systemically important banks	QL/QC	◔		
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**	QL			●
OV1	**Overview of RWA**	QC		◑	
CMS1	**Comparison of modelled and standardised RWA at risk level**	QC		◑	
CMS2	**Comparison of modelled and standardised RWA for credit risk according to the internal ratings-based approach (IRB) and the standardised approach for credit risk (SA-BIS) at asset class level**	QC		◑	
CCA	**Main features of regulatory capital instruments and of other total loss-absorbing capacity (TLAC) eligible instruments** in accordance with the provisions of the CAO for non-systemically important banks	QL/QC		◑	
CC1	**Composition of regulatory capital**	QC		◑	
CC2	**Reconciliation of balance sheet to regulatory capital**	QC		◑	
TLAC1	**TLAC composition for G-SIBs** (at resolution group level)	QC	n/a	n/a	n/a
TLAC2	**TLAC on 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
LIA	**Explanations of differences between accounting and regulatory exposure amounts**	QL			●
LI1	**Reconciliation of accounting and regulatory exposure amounts**	QC			●
LI2	**Main sources of differences between regulatory exposure amounts and carrying values in consolidated financial statements**	QC			●
PV1	**Prudent valuation adjustments**	QC			●
ENC	**Encumbered and unencumbered assets**	QC		◑	

1 Qualitative (QL) or quantitative with comments (QC)

Reference	Table name	QL or QC[1]	Disclosure frequency		
			quarterly	semi-annually	annually
REMA	**Remuneration:** policy	QL	n/a	n/a	n/a
REM1	**Remuneration:** payouts	QC	n/a	n/a	n/a
REM2	**Remuneration:** special payments	QC	n/a	n/a	n/a
REM3	**Remuneration:** deferred remuneration	QC	n/a	n/a	n/a
CRA	**Credit risk:** general qualitative information	QL			●
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	QL/QC			●
CRC	**Credit risk:** qualitative disclosure requirements related to credit risk mitigation techniques	QL			●
CR3	**Credit risk:** credit risk mitigation techniques – overview	QC		◑	
CRD	**Credit risk:** qualitative disclosures on banks' use of external credit ratings under the SA-BIS	QL			●
CR4	**Credit risk:** credit risk exposure and credit risk mitigation (CRM) effects under the SA-BIS	QC		◑	
CR5	**Credit risk:** exposures by exposure classes and risk weights under the SA-BIS	QC		◑	
CRE	**IRB:** qualitative disclosures related to IRB models	QL			●
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 under the slotting approach	QC		◑	
CCRA	**Counterparty credit risk:** general qualitative information	QL			●
CCR1	**Counterparty credit risk:** analysis of exposures by approach	QC		◑	
CCR3	**Counterparty credit risk:** exposures by exposure class and risk weights under the SA-BIS	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 Internal Model Method (IMM)	QC		◑	
CCR8	**Counterparty credit risk:** exposures to central counterparties (CCP)	QC		◑	
SECA	**Securitisation:** qualitative disclosure requirements related to securitisation exposures	QL			●
SEC1	**Securitisation:** exposures in the banking book	QC		◑	
SEC2	**Securitisation:** exposures in the trading book	QC		◑	
SEC3	**Securitisation:** exposures in the banking book and associated regulatory capital requirements – bank acting as originator or as sponsor	QC		◑	
SEC4	**Securitisation:** exposures in the banking book and associated capital requirements – bank acting as investor	QC		◑	

1 Qualitative (QL) or quantitative with comments (QC)

Reference	Table name	QL or QC[1]	Disclosure frequency		
			quarterly	semi-annually	annually
MRA	**Market risk:** general qualitative information	QL			●
MR1	**Market risk** minimum capital under the standardised approach	QC		◑	
MRB	**Market risk:** qualitative disclosures for banks using the model approach	QL			●
MR2	**Market risk:** minimum capital under the model approach	QC		◑	
MR3	**Market risk:** minimum capital under the simplified standardised approach	QC		◑	
CVAA	**CVA risk:** general qualitative information related to CVA risk management	QL			●
CVA1	**CVA risk:** reduced basic approach for CVA (BA-CVA)	QC		◑	
CVA2	**CVA risk:** full basic approach for CVA (BA-CVA)	QC		◑	
CVAB	**CVA risk:** qualitative disclosures for banks using the SA-CVA	CL			●
CVA3	**CVA risk:** quantitative disclosures for the standardised approach for CVA (SA-CVA)	QC		◑	
CVA4	**CVA risk:** RWA flow statements of CVA risk exposures under SA-CVA	QC		◑	
ORA	**Operational risk:** qualitative disclosure requirements related to operational risk management	QL			●
OR1	**Operational risk:** Historical losses	QC			●
OR2	**Operational risk:** Business indicator and subcomponents	QC			●
OR3	**Operational risk:** Minimum required capital	QC			●
IRRBBA	**Interest rate risk:** interest rate risk in the banking book (IRRBB) risk management objective and policies	QL/QC			●
IRRBBA1	**Interest rate risk:** quantitative information on exposure structure and repricing	QC			●
IRRBB1	**Interest rate risk:** quantitative information on IRRBB	QC			●
GSIB1	**Disclosure of G-SIB indicators**	QC	n/a	n/a	n/a
CCyB1	**Geographical distribution of credit exposures used for the countercyclical capital buffer**	QC		◑	
LR1	**Leverage Ratio:** summary comparison of accounting assets vs leverage ratio exposure measure	QC		◑	
LR2	**Leverage Ratio:** detailed disclosure	QC		◑	
LIQA	**Liquidity:** liquidity risk management	QL/QC			●
LIQ1	**Liquidity:** information on the Liquidity Coverage Ratio (LCR)	QC		◑	
LIQ2	**Liquidity:** information the Net Stable Funding Ratio (NSFR)	QC		◑	
Annex 4	**Disclosure related to corporate governance**	QL			●
Annex 5	**Disclosure related to climate-related financial risks**	QL			●

1 Qualitative (QL) or quantitative with comments (QC)

4 Additional disclosures on capital requirements for systemically important banks

Special disclosure obligations for systemically important financial groups and banks

Zürcher Kantonalbank has been deemed a D-SIB since November 2013.

4.1 Risk-based capital requirements based on capital ratios (group and parent company)

31.12.2025					Group
		Current rules		Definitive rules from 2026	
1	**Basis of assessment**	in CHF million		in CHF million	
2	**Risk-weighted assets (RWA)**	**72,359**		**72,359**	
3	**Risk-based capital requirements based on capital ratios, going concern**	in CHF million	in % RWA	in CHF million	in % RWA
4	**Total**[1]	**10,011**	**13.8%**	**10,011**	**13.8%**
5	– of which common equity Tier 1 capital (CET1): minimum capital	3,256	4.5%	3,256	4.5%
6	– of which CET1: buffer capital	2,938	4.1%	2,938	4.1%
7	– of which CET1: countercyclical buffer	706	1.0%	706	1.0%
8	– of which additional Tier 1 capital (AT1): minimum capital	2,533	3.5%	2,533	3.5%
9	– of which AT1: buffer capital	579	0.8%	579	0.8%
10	**Eligible capital, going concern**	in CHF million	in % RWA	in CHF million	in % RWA
11	**Core capital (Tier 1) and as AT1 contingent capital eligible high-trigger contingent capital**	**16,400**	**22.7%**	**16,400**	**22.7%**
12	– of which CET1	12,952	17.9%	12,952	17.9%
	– of which CET1 to cover additional Tier 1 requirements	2,395	3.3%	2,395	3.3%
13	– of which AT1 high-trigger contingent capital	1,053	1.5%	1,053	1.5%
15	**Risk-based requirements for additional loss-absorbing capital based on capital ratios, gone concern**	in CHF million	in % RWA	in CHF million	in % RWA
16	Total according to size and market share incl. additional requirement FINMA[2/3]	4,975	6.9%	5,687	7.9%
18	Reduction based on holdings in additional capital in the form of CET1 or contingent capital as per Art. 132 para. 4 CAO	–	–	–	–
19	**Total (net)**	**4,975**	**6.9%**	**5,687**	**7.9%**
20	**Eligible additional loss-absorbing capital, gone concern**	in CHF million	in % RWA	in CHF million	in % RWA
21	**Total**	**6,895**	**9.5%**	**6,895**	**9.5%**
	– of which Tier 2 with PONV[4]	463	0.6%	463	0.6%
28	– of which bail-in bonds	2,270	3.1%	2,270	3.1%
	– of which other eligible additional loss-absorbing capital[5]	1,000	1.4%	1,000	1.4%
29	– of which state guarantee or similar mechanism as per Art. 132b CAO[6]	3,162	4.4%	3,162	4.4%

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 0.93%, and the extended countercyclical buffer (eCCB) under Art. 44a CAO, currently 0.05% of RWA. As at 31.12.2025 this results in a risk-based total requirement, going concern of 13.84%.

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 148d CAO, the gone concern requirement in 2025 is 4.50% of RWA. This will increase in stages until 2026, when the 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 3.9.2019, FINMA set the risk-based requirements for additional loss-absorbing capital, gone concern for contingency planning at Zürcher Kantonalbank at 7.86% from 2026, including the total according to size and market share. Under the transitional provisions in Art. 148d CAO, this is equivalent to an additional risk-based requirement of 2.38% in 2025. This results in a total risk-based gone concern requirement of 6.88% as at 31.12.2025 (under current rules). As at 31.12.2025, Zürcher Kantonalbank already fully met the total risk-based gone concern requirement of 7.86%, as defined by FINMA for contingency planning at Zürcher Kantonalbank.

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, as a systemically important bank without international operations, has an explicit cantonal state guarantee. As at 31.12.2025, the amount of the state guarantee that can be recognised under Art. 132b, letter a CAO is half of the non risk-based gone concern total requirement of 2.75% of the exposure measure.

30.9.2025					Group
		Current rules		Definitive rules from 2026	
1	**Basis of assessment**	in CHF million		in CHF million	
2	**Risk-weighted assets (RWA)**	**72,751**		**72,751**	
3	**Risk-based capital requirements based on capital ratios, going concern**	in CHF million	in % RWA	in CHF million	in % RWA
4	**Total** [1]	**10,049**	**13.8%**	**10,049**	**13.8%**
5	– of which common equity Tier 1 capital (CET1): minimum capital	3,274	4.5%	3,274	4.5%
6	– of which CET1: buffer capital	2,954	4.1%	2,954	4.1%
7	– of which CET1: countercyclical buffer	693	1.0%	693	1.0%
8	– of which additional Tier 1 capital (AT1): minimum capital	2,546	3.5%	2,546	3.5%
9	– of which AT1: buffer capital	582	0.8%	582	0.8%
10	**Eligible capital, going concern**	in CHF million	in % RWA	in CHF million	in % RWA
11	**Core capital (Tier 1) and as AT1 contingent capital eligible high-trigger contingent capital**	**15,977**	**22.0%**	**15,977**	**22.0%**
12	– of which CET1	12,545	17.2%	12,545	17.2%
	– of which CET1 to cover additional Tier 1 requirements	2,383	3.3%	2,383	3.3%
13	– of which AT1 high-trigger contingent capital	1,048	1.4%	1,048	1.4%
15	**Risk-based requirements for additional loss-absorbing capital based on capital ratios, gone concern**	in CHF million	in % RWA	in CHF million	in % RWA
16	Total according to size and market share incl. additional requirement FINMA [2/3]	5,002	6.9%	5,718	7.9%
18	Reduction based on holdings in additional capital in the form of CET1 or contingent capital as per Art. 132 para. 4 CAO	–	–	–	–
19	**Total (net)**	**5,002**	**6.9%**	**5,718**	**7.9%**
20	**Eligible additional loss-absorbing capital, gone concern**	in CHF million	in % RWA	in CHF million	in % RWA
21	**Total**	**6,890**	**9.5%**	**6,890**	**9.5%**
	– of which Tier 2 with PONV [4]	467	0.6%	467	0.6%
28	– of which bail-in bonds	2,277	3.1%	2,277	3.1%
	– of which other eligible additional loss-absorbing capital [5]	1,000	1.4%	1,000	1.4%
29	– of which state guarantee or similar mechanism as per Art. 132b CAO [6]	3,146	4.3%	3,146	4.3%

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 0.04 % of RWA. As at 30.9.2025 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 148d CAO, the gone concern requirement in 2025 is 4.50 % of RWA. This will increase in stages until 2026, when the 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 3.9.2019, FINMA set the risk-based requirements for additional loss-absorbing capital, gone concern for contingency planning at Zürcher Kantonalbank at 7.86 % from 2026, including the total according to size and market share. Under the transitional provisions in Art. 148d CAO, this is equivalent to an additional risk-based requirement of 2.38 % in 2025. This results in a total risk-based gone concern requirement of 6.88 % as at 30.9.2025 (under current rules). As at 30.9.2025, Zürcher Kantonalbank already fully met the total risk-based gone concern requirement of 7.86 %, as defined by FINMA for contingency planning at Zürcher Kantonalbank.

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, as a systemically important bank without international operations, has an explicit cantonal state guarantee. As at 30.9.2025, the amount of the state guarantee that can be recognised under Art. 132b, letter a CAO is half of the non risk-based gone concern total requirement of 2.75 % of the exposure measure.

31.12.2025		Current rules		Parent company Definitive rules from 2026	
1	**Basis of assessment**	in CHF million		in CHF million	
2	**Risk-weighted assets (RWA)**	**72,736**		**72,736**	
3	**Risk-based capital requirements based on capital ratios, going concern**	in CHF million	in % RWA	in CHF million	in % RWA
4	**Total** [1]	**10,061**	**13.8 %**	**10,061**	**13.8 %**
5	– of which common equity Tier 1 capital (CET1): minimum capital	3,273	4.5 %	3,273	4.5 %
6	– of which CET1: buffer capital	2,953	4.1 %	2,953	4.1 %
7	– of which CET1: countercyclical buffer	707	1.0 %	707	1.0 %
8	– of which additional Tier 1 capital (AT1): minimum capital	2,546	3.5 %	2,546	3.5 %
9	– of which AT1: buffer capital	582	0.8 %	582	0.8 %
10	**Eligible capital, going concern**	in CHF million	in % RWA	in CHF million	in % RWA
11	**Core capital (Tier 1) and as AT1 contingent capital eligible high-trigger contingent capital**	**16,523**	**22.7 %**	**16,523**	**22.7 %**
12	– of which CET1	13,070	18.0 %	13,070	18.0 %
	– of which CET1 to cover additional Tier 1 requirements	2,400	3.3 %	2,400	3.3 %
13	– of which AT1 high-trigger contingent capital	1,053	1.4 %	1,053	1.4 %
15	**Risk-based requirements for additional loss-absorbing capital based on capital ratios, gone concern**	in CHF million	in % RWA	in CHF million	in % RWA
16	Total according to size and market share incl. additional requirement FINMA [2/3]	5,001	6.9 %	5,717	7.9 %
18	Reduction based on holdings in additional capital in the form of CET1 or contingent capital as per Art. 132 para. 4 CAO	–	–	–	–
19	**Total (net)**	**5,001**	**6.9 %**	**5,717**	**7.9 %**
20	**Eligible additional loss-absorbing capital, gone concern**	in CHF million	in % RWA	in CHF million	in % RWA
21	**Total**	**6,899**	**9.5 %**	**6,899**	**9.5 %**
	– of which Tier 2 with PONV [4]	463	0.6 %	463	0.6 %
28	– of which bail-in bonds	2,270	3.1 %	2,270	3.1 %
	– of which other eligible additional loss-absorbing capital [5]	1,000	1.4 %	1,000	1.4 %
29	– of which state guarantee or similar mechanism as per Art. 132b CAO [6]	3,166	4.4 %	3,166	4.4 %

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 0.05 % of RWA. As at 31.12.2025 this results in a risk-based total requirement, going concern of 13.83 % (rounded number).

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 148d CAO, the gone concern requirement in 2025 is 4.50 % of RWA. This will increase in stages until 2026, when the 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 3.9.2019, FINMA set the risk-based requirements for additional loss-absorbing capital, gone concern for contingency planning at Zürcher Kantonalbank at 7.86 % from 2026, including the total according to size and market share. Under the transitional provisions in Art. 148d CAO, this is equivalent to an additional risk-based requirement of 2.38 % in 2025. This results in a total risk-based gone concern requirement of 6.88 % as at 31.12.2025 (under current rules). As at 31.12.2025, Zürcher Kantonalbank already fully met the total risk-based gone concern requirement of 7.86 %, as defined by FINMA for contingency planning at Zürcher Kantonalbank.

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, as a systemically important bank without international operations, has an explicit cantonal state guarantee. As at 31.12.2025, the amount of the state guarantee that can be recognised under Art. 132b, letter a CAO is half of the non risk-based gone concern total requirement of 2.75 % of the exposure measure.

30.9.2025				Parent company	
		Current rules		Definitive rules from 2026	
1	**Basis of assessment**	in CHF million		in CHF million	
2	**Risk-weighted assets (RWA)**	**73,138**		**73,138**	
3	**Risk-based capital requirements based on capital ratios, going concern**	in CHF million	in % RWA	in CHF million	in % RWA
4	**Total**[1]	**10,100**	**13.8%**	**10,100**	**13.8%**
5	– of which common equity Tier 1 capital (CET1): minimum capital	3,291	4.5%	3,291	4.5%
6	– of which CET1: buffer capital	2,969	4.1%	2,969	4.1%
7	– of which CET1: countercyclical buffer	694	0.9%	694	0.9%
8	– of which additional Tier 1 capital (AT1): minimum capital	2,560	3.5%	2,560	3.5%
9	– of which AT1: buffer capital	585	0.8%	585	0.8%
10	**Eligible capital, going concern**	in CHF million	in % RWA	in CHF million	in % RWA
11	**Core capital (Tier 1) and as AT1 contingent capital eligible high-trigger contingent capital**	**16,116**	**22.0%**	**16,116**	**22.0%**
12	– of which CET1	12,679	17.3%	12,679	17.3%
	– of which CET1 to cover additional Tier 1 requirements	2,388	3.3%	2,388	3.3%
13	– of which AT1 high-trigger contingent capital	1,048	1.4%	1,048	1.4%
15	**Risk-based requirements for additional loss-absorbing capital based on capital ratios, gone concern**	in CHF million	in % RWA	in CHF million	in % RWA
16	Total according to size and market share incl. additional requirement FINMA[2/3]	5,029	6.9%	5,749	7.9%
18	Reduction based on holdings in additional capital in the form of CET1 or contingent capital as per Art. 132 para. 4 CAO	–	–	–	–
19	**Total (net)**	**5,029**	**6.9%**	**5,749**	**7.9%**
20	**Eligible additional loss-absorbing capital, gone concern**	in CHF million	in % RWA	in CHF million	in % RWA
21	**Total**	**6,895**	**9.4%**	**6,895**	**9.4%**
	– of which Tier 2 with PONV[4]	467	0.6%	467	0.6%
28	– of which bail-in bonds	2,277	3.1%	2,277	3.1%
	– of which other eligible additional loss-absorbing capital[5]	1,000	1.4%	1,000	1.4%
29	– of which state guarantee or similar mechanism as per Art. 132b CAO[6]	3,150	4.3%	3,150	4.3%

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 0.04% of RWA. As at 30.9.2025 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 148d CAO, the gone concern requirement in 2025 is 4.50% of RWA. This will increase in stages until 2026, when the 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 3.9.2019, FINMA set the risk-based requirements for additional loss-absorbing capital, gone concern for contingency planning at Zürcher Kantonalbank at 7.86% from 2026, including the total according to size and market share. Under the transitional provisions in Art. 148d CAO, this is equivalent to an additional risk-based requirement of 2.38% in 2025. This results in a total risk-based gone concern requirement of 6.88% as at 30.9.2025 (under current rules). As at 30.9.2025, Zürcher Kantonalbank already fully met the total risk-based gone concern requirement of 7.86%, as defined by FINMA for contingency planning at Zürcher Kantonalbank.

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, as a systemically important bank without international operations, has an explicit cantonal state guarantee. As at 30.9.2025, the amount of the state guarantee that can be recognised under Art. 132b, letter a CAO is half of the non risk-based gone concern total requirement of 2.75% of the exposure measure.

4.2 Non risk-based capital requirements based on the leverage ratio (group and parent company)

31.12.2025		Current rules		Definitive rules from 2026	Group
1	**Basis of assessment**	in CHF million		in CHF million	
2	**Leverage ratio exposure measure (leverage ratio denominator, LRD)**	**229,914**		**229,914**	
3	**Non risk-based capital requirements based on the leverage ratio, going concern**	in CHF million	in % LRD	in CHF million	in % LRD
4	**Total** [1]	**10,346**	**4.5%**	**10,346**	**4.5%**
5	– of which common equity Tier 1 capital (CET1): minimum capital	3,449	1.5%	3,449	1.5%
6	– of which CET1: buffer capital	3,449	1.5%	3,449	1.5%
7	– of which additional Tier 1 capital (AT1): minimum capital	3,449	1.5%	3,449	1.5%
8	**Eligible capital, going concern**	in CHF million	in % LRD	in CHF million	in % LRD
9	**Core capital (Tier 1) and as AT1 contingent capital eligible high-trigger contingent capital**	**16,400**	**7.1%**	**16,400**	**7.1%**
10	– of which CET1	12,952	5.6%	12,952	5.6%
	– of which CET1 to cover additional Tier 1 requirements	2,395	1.0%	2,395	1.0%
11	– of which AT1 high-trigger contingent capital	1,053	0.5%	1,053	0.5%
13	**Non risk-based requirements for additional loss-absorbing capital based on the leverage ratio, gone concern**	in CHF million	in % LRD	in CHF million	in % LRD
14	Total according to size and market share incl. additional requirement FINMA [2/3]	5,270	2.3%	6,324	2.8%
16	Reduction based on holdings in additional capital in the form of CET1 or contingent capital as per Art. 132 para. 4 CAO	–	–	–	–
17	**Total (net)**	**5,270**	**2.3%**	**6,324**	**2.8%**
18	**Eligible additional loss-absorbing capital, gone concern**	in CHF million	in % LRD	in CHF million	in % LRD
19	**Total**	**6,895**	**3.0%**	**6,895**	**3.0%**
	– of which Tier 2 with PONV [4]	463	0.2%	463	0.2%
26	– of which bail-in bonds	2,270	1.0%	2,270	1.0%
	– of which other eligible additional loss-absorbing capital [5]	1,000	0.4%	1,000	0.4%
27	– of which state guarantee or similar mechanism as per Art. 132b CAO [6]	3,162	1.4%	3,162	1.4%

1 The non risk-based capital requirements, going concern are calculated as a percentage of the leverage ratio exposure measure. Under Art. 129 CAO, the non risk-based total requirement for Zürcher Kantonalbank is 4.5%.

2 Under Art. 132, para. 2 CAO, the non risk-based requirements for additional loss-absorbing capital, gone concern are calculated using the total going concern requirement under Art. 129 CAO. Based on the transitional provisions in Art. 148d CAO, the gone concern requirement in 2025 is 1.50% of the leverage ratio exposure measure. This will increase in stages until 2026, when the gone concern requirement will be equal to 40 percent of the total going concern requirement for Zürcher Kantonalbank.

3 In a letter dated 3.9.2019, FINMA increased the non risk-based 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. 148d CAO, this is equivalent to an additional non risk-based requirement of 0.79% in 2025. This results in a total non risk-based gone concern requirement of 2.29% as at 31.12.2025 (under current rules). As at 31.12.2025, Zürcher Kantonalbank already fully met the total non risk-based gone concern requirement of 2.75%, as defined by FINMA for contingency planning at Zürcher Kantonalbank.

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, as a systemically important bank without international operations, has an explicit cantonal state guarantee. As at 31.12.2025, the amount of the state guarantee that can be recognised under Art. 132b, letter a CAO is half of the non risk-based gone concern total requirement of 2.75% of the exposure measure.

30.9.2025 **Group**

		Current rules		Definitive rules from 2026	
1	**Basis of assessment**	in CHF million		in CHF million	
2	**Leverage ratio exposure measure (leverage ratio denominator, LRD)**	**228,766**		**228,766**	
3	**Non risk-based capital requirements based on the leverage ratio, going concern**	in CHF million	in % LRD	in CHF million	in % LRD
4	**Total**[1]	**10,294**	**4.5%**	**10,294**	**4.5%**
5	– of which common equity Tier 1 capital (CET1): minimum capital	3,431	1.5%	3,431	1.5%
6	– of which CET1: buffer capital	3,431	1.5%	3,431	1.5%
7	– of which additional Tier 1 capital (AT1): minimum capital	3,431	1.5%	3,431	1.5%
8	**Eligible capital, going concern**	in CHF million	in % LRD	in CHF million	in % LRD
9	**Core capital (Tier 1) and as AT1 contingent capital eligible high-trigger contingent capital**	**15,977**	**7.0%**	**15,977**	**7.0%**
10	– of which CET1	12,545	5.5%	12,545	5.5%
	– of which CET1 to cover additional Tier 1 requirements	2,383	1.0%	2,383	1.0%
11	– of which AT1 high-trigger contingent capital	1,048	0.5%	1,048	0.5%
13	**Non risk-based requirements for additional loss-absorbing capital based on the leverage ratio, gone concern**	in CHF million	in % LRD	in CHF million	in % LRD
14	Total according to size and market share incl. additional requirement FINMA[2/3]	5,243	2.3%	6,292	2.8%
16	Reduction based on holdings in additional capital in the form of CET1 or contingent capital as per Art. 132 para. 4 CAO	–	–	–	–
17	**Total (net)**	**5,243**	**2.3%**	**6,292**	**2.8%**
18	**Eligible additional loss-absorbing capital, gone concern**	in CHF million	in % LRD	in CHF million	in % LRD
19	**Total**	**6,890**	**3.0%**	**6,890**	**3.0%**
	– of which Tier 2 with PONV[4]	467	0.2%	467	0.2%
26	– of which bail-in bonds	2,277	1.0%	2,277	1.0%
	– of which other eligible additional loss-absorbing capital[5]	1,000	0.4%	1,000	0.4%
27	– of which state guarantee or similar mechanism as per Art. 132b CAO[6]	3,146	1.4%	3,146	1.4%

1 The non risk-based capital requirements, going concern are calculated as a percentage of the leverage ratio exposure measure. Under Art. 129 CAO, the non risk-based total requirement for Zürcher Kantonalbank is 4.5%.

2 Under Art. 132, para. 2 CAO, the non risk-based requirements for additional loss-absorbing capital, gone concern are calculated using the total going concern requirement under Art. 129 CAO. Based on the transitional provisions in Art. 148d CAO, the gone concern requirement in 2025 is 1.50% of the leverage ratio exposure measure. This will increase in stages until 2026, when the gone concern requirement will be equal to 40 percent of the total going concern requirement for Zürcher Kantonalbank.

3 In a letter dated 3.9.2019, FINMA increased the non risk-based 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. 148d CAO, this is equivalent to an additional non risk-based requirement of 0.79% in 2025. This results in a total non risk-based gone concern requirement of 2.29% as at 30.9.2025 (under current rules). As at 30.9.2025, Zürcher Kantonalbank already fully met the total non risk-based gone concern requirement of 2.75%, as defined by FINMA for contingency planning at Zürcher Kantonalbank.

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, as a systemically important bank without international operations, has an explicit cantonal state guarantee. As at 30.9.2025, the amount of the state guarantee that can be recognised under Art. 132b, letter a CAO is half of the non risk-based gone concern total requirement of 2.75% of the exposure measure.

31.12.2025		Current rules		Parent company Definitive rules from 2026	
1	**Basis of assessment**	in CHF million		in CHF million	
2	**Leverage ratio exposure measure (leverage ratio denominator, LRD)**	**230,221**		**230,221**	
3	**Non risk-based capital requirements based on the leverage ratio, going concern**	in CHF million	in % LRD	in CHF million	in % LRD
4	**Total** [1]	**10,360**	**4.5%**	**10,360**	**4.5%**
5	– of which common equity Tier 1 capital (CET1): minimum capital	3,453	1.5%	3,453	1.5%
6	– of which CET1: buffer capital	3,453	1.5%	3,453	1.5%
7	– of which additional Tier 1 capital (AT1): minimum capital	3,453	1.5%	3,453	1.5%
8	**Eligible capital, going concern**	in CHF million	in % LRD	in CHF million	in % LRD
9	**Core capital (Tier 1) and as AT1 contingent capital eligible high-trigger contingent capital**	**16,523**	**7.2%**	**16,523**	**7.2%**
10	– of which CET1	13,070	5.7%	13,070	5.7%
	– of which CET1 to cover additional Tier 1 requirements	2,400	1.0%	2,400	1.0%
11	– of which AT1 high-trigger contingent capital	1,053	0.5%	1,053	0.5%
13	**Non risk-based requirements for additional loss-absorbing capital based on the leverage ratio, gone concern**	in CHF million	in % LRD	in CHF million	in % LRD
14	Total according to size and market share incl. additional requirement FINMA [2/3]	5,277	2.3%	6,332	2.8%
16	Reduction based on holdings in additional capital in the form of CET1 or contingent capital as per Art. 132 para. 4 CAO	–	–	–	–
17	**Total (net)**	**5,277**	**2.3%**	**6,332**	**2.8%**
18	**Eligible additional loss-absorbing capital, gone concern**	in CHF million	in % LRD	in CHF million	in % LRD
19	**Total**	**6,899**	**3.0%**	**6,899**	**3.0%**
	– of which Tier 2 with PONV [4]	463	0.2%	463	0.2%
26	– of which bail-in bonds	2,270	1.0%	2,270	1.0%
	– of which other eligible additional loss-absorbing capital [5]	1,000	0.4%	1,000	0.4%
27	– of which state guarantee or similar mechanism as per Art. 132b CAO [6]	3,166	1.4%	3,166	1.4%

1 The non risk-based capital requirements, going concern are calculated as a percentage of the leverage ratio exposure measure. Under Art. 129 CAO, the non risk-based total requirement for Zürcher Kantonalbank is 4.5%.

2 Under Art. 132, para. 2 CAO, the non risk-based requirements for additional loss-absorbing capital, gone concern are calculated using the total going concern requirement under Art. 129 CAO. Based on the transitional provisions in Art. 148d CAO, the gone concern requirement in 2025 is 1.50% of the leverage ratio exposure measure. This will increase in stages until 2026, when the gone concern requirement will be equal to 40 percent of the total going concern requirement for Zürcher Kantonalbank.

3 In a letter dated 3.9.2019, FINMA increased the non risk-based 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. 148d CAO, this is equivalent to an additional non risk-based requirement of 0.79% in 2025. This results in a total non risk-based gone concern requirement of 2.29% as at 31.12.2025 (under current rules). As at 31.12.2025, Zürcher Kantonalbank already fully met the total non risk-based gone concern requirement of 2.75%, as defined by FINMA for contingency planning at Zürcher Kantonalbank.

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, as a systemically important bank without international operations, has an explicit cantonal state guarantee. As at 31.12.2025, the amount of the state guarantee that can be recognised under Art. 132b, letter a CAO is half of the non risk-based gone concern total requirement of 2.75% of the exposure measure.

30.9.2025					Parent company
		Current rules		Definitive rules from 2026	
1	**Basis of assessment**	in CHF million		in CHF million	
2	**Leverage ratio exposure measure (leverage ratio denominator, LRD)**	**229,069**		**229,069**	
3	**Non risk-based capital requirements based on the leverage ratio, going concern**	in CHF million	in % LRD	in CHF million	in % LRD
4	**Total** [1]	**10,308**	**4.5%**	**10,308**	**4.5%**
5	– of which common equity Tier 1 capital (CET1): minimum capital	3,436	1.5%	3,436	1.5%
6	– of which CET1: buffer capital	3,436	1.5%	3,436	1.5%
7	– of which additional Tier 1 capital (AT1): minimum capital	3,436	1.5%	3,436	1.5%
8	**Eligible capital, going concern**	in CHF million	in % LRD	in CHF million	in % LRD
9	**Core capital (Tier 1) and as AT1 contingent capital eligible high-trigger contingent capital**	**16,116**	**7.0%**	**16,116**	**7.0%**
10	– of which CET1	12,679	5.5%	12,679	5.5%
	– of which CET1 to cover additional Tier 1 requirements	2,388	1.0%	2,388	1.0%
11	– of which AT1 high-trigger contingent capital	1,048	0.5%	1,048	0.5%
13	**Non risk-based requirements for additional loss-absorbing capital based on the leverage ratio, gone concern**	in CHF million	in % LRD	in CHF million	in % LRD
14	Total according to size and market share incl. additional requirement FINMA [2/3]	5,250	2.3%	6,300	2.8%
16	Reduction based on holdings in additional capital in the form of CET1 or contingent capital as per Art. 132 para. 4 CAO	–	–	–	–
17	**Total (net)**	**5,250**	**2.3%**	**6,300**	**2.8%**
18	**Eligible additional loss-absorbing capital, gone concern**	in CHF million	in % LRD	in CHF million	in % LRD
19	**Total**	**6,895**	**3.0%**	**6,895**	**3.0%**
	– of which Tier 2 with PONV [4]	467	0.2%	467	0.2%
26	– of which bail-in bonds	2,277	1.0%	2,277	1.0%
	– of which other eligible additional loss-absorbing capital [5]	1,000	0.4%	1,000	0.4%
27	– of which state guarantee or similar mechanism as per Art. 132b CAO [6]	3,150	1.4%	3,150	1.4%

1 The non risk-based capital requirements, going concern are calculated as a percentage of the leverage ratio exposure measure. Under Art. 129 CAO, the non risk-based total requirement for Zürcher Kantonalbank is 4.5%.

2 Under Art. 132, para. 2 CAO, the non risk-based requirements for additional loss-absorbing capital, gone concern are calculated using the total going concern requirement under Art. 129 CAO. Based on the transitional provisions in Art. 148d CAO, the gone concern requirement in 2025 is 1.50% of the leverage ratio exposure measure. This will increase in stages until 2026, when the gone concern requirement will be equal to 40 percent of the total going concern requirement for Zürcher Kantonalbank.

3 In a letter dated 3.9.2019, FINMA increased the non risk-based 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. 148d CAO, this is equivalent to an additional non risk-based requirement of 0.79% in 2025. This results in a total non risk-based gone concern requirement of 2.29% as at 30.9.2025 (under current rules). As at 30.9.2025, Zürcher Kantonalbank already fully met the total non risk-based gone concern requirement of 2.75%, as defined by FINMA for contingency planning at Zürcher Kantonalbank.

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, as a systemically important bank without international operations, has an explicit cantonal state guarantee. As at 30.9.2025, the amount of the state guarantee that can be recognised under Art. 132b, letter a CAO is half of the non risk-based gone concern total requirement of 2.75% of the exposure measure.

4.3 Main features of regulatory capital instruments and of other total loss-absorbing capacity (TLAC) eligible instruments in accordance with the provisions for systemically important banks

31.12.2025		Endowment capital	CHF Tier 1 bond
1	Issuer	Zürcher Kantonalbank	Zürcher Kantonalbank
2	Unique identifier	n/a	CH 036 153 294 5
3	Governing law of the instrument	Swiss law	Swiss law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	n/a	n/a
› Regulatory treatment			
4	As part of the rules under the transitional provisions of the Capital Adequacy Ordinance (CAO) of 1 June 2012 in the version of 1 January 2024	Common equity Tier 1 (CET1) Eligible capital, going concern	Additional Tier 1 (AT1) Eligible capital, going concern
5	Under the rules that apply after the expiry of the transitional provisions of the CAO of 1 June 2012 in the version of 1 January 2024	Common equity Tier 1 (CET1) Eligible capital, going concern	Additional Tier 1 (AT1) Eligible capital, going concern
6	Eligible at solo, group, solo and group levels	Solo and group level	Solo and group level
7	Instrument type	Other instrument	Other instrument
8	Amount recognised in regulatory capital (in CHF million)	CHF 2,425 million	CHF 738 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	15.2.1870	30.6.2017
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 in format TT.MM.JJJJ, contingent call dates (tax and/or regulatory event) and redemption amount	n/a	Next possible call date 30.10.2026. Redemption amount: entire outstanding issue, no partial termination
16	Subsequent call dates, if applicable	n/a	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 3.6 % until 30.10.2028; thereafter reset every 5 years based on 5-year mid-swap (minimum 0 %) plus 2.125 % risk premium
19	Existence of a dividend stopper, whereby a missing dividend on the instrument implies a missing dividend on the 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 or 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 in the insolvency creditor hierarchy of the legal entity concerned	Tier 1 bonds	Tier 2 bond
36	Existence of characteristics that prevent full recognition in accordance with the Basel minimum standards in the version set out in Annex 1 CAO	No	No
37	If yes: description of non-compliant features	n/a	n/a

31.12.2025		CHF Tier 1 bond	EUR Tier 2 bond
1	Issuer	Zürcher Kantonalbank	Zürcher Kantonalbank
2	Unique identifier	CH 053 689 332 1	CH 117 056 575 3
3	Governing law of the instrument	Swiss law	Swiss law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	n/a	n/a

› Regulatory treatment

4	As part of the rules under the transitional provisions of the Capital Adequacy Ordinance (CAO) of 1 June 2012 in the version of 1 January 2024	Additional Tier 1 (AT1) Eligible capital, going concern	Tier 2 with PONV Eligible additional loss-absorbing capital, gone concern
5	Under the rules that apply after the expiry of the transitional provisions of the CAO of 1 June 2012 in the version of 1 January 2024	Additional Tier 1 (AT1) Eligible capital, going concern	Tier 2 with PONV Eligible additional loss-absorbing capital, gone concern
6	Eligible at solo, group, solo and group levels	Solo and group level	Solo and group level
7	Instrument type	Other instrument	Other instrument
8	Amount recognised in regulatory capital (in CHF million)	CHF 315 million	CHF 463 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	13.4.2022
12	Perpetual or dated	Perpetual	Dated
13	Original maturity date	n/a	13.4.2028
14	Issuer call option (subject to prior supervisory authority approval)	Yes	Yes
15	Optional call date in format TT.MM.JJJJ, contingent call dates (tax and/or regulatory event) and redemption amount	First possible call date 16.4.2027. Redemption amount: entire outstanding issue, no partial termination	One-time possible call date 13.4.2027. 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 16.4.2027; thereafter reset every five years based on 5-year SARON-mid-swap (minimum 0 %) plus 1.75 % risk premium	Fixed at 2.02 % until 13.4.2027; thereafter reset based on 3-month Euribor plus 0.90 % risk premium (minimum 0 %)
19	Existence of a dividend stopper, whereby a missing dividend on the instrument implies a missing dividend on the common shares	Yes	No
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	n/a
23	Convertible or 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 in the insolvency creditor hierarchy of the legal entity concerned	Tier 2 bond	Bail-in bonds
36	Existence of characteristics that prevent full recognition in accordance with the Basel minimum standards in the version set out in Annex 1 CAO	No	No
37	If yes: description of non-compliant features	n/a	n/a

31.12.2025		CHF Bail-in bond	EUR Bail-in bond
1	Issuer	Zürcher Kantonalbank	Zürcher Kantonalbank
2	Unique identifier	CH 123 946 470 9	CH 126 684 714 9
3	Governing law of the instrument	Swiss law	Swiss law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	n/a	n/a

› Regulatory treatment

4	As part of the rules under the transitional provisions of the Capital Adequacy Ordinance (CAO) of 1 June 2012 in the version of 1 January 2024	–	–
5	Under the rules that apply after the expiry of the transitional provisions of the CAO of 1 June 2012 in the version of 1 January 2024	Bail-in bonds Eligible additional loss-absorbing capital, gone concern	Bail-in bonds Eligible additional loss-absorbing capital, gone concern
6	Eligible at solo, group, solo and group levels	Solo and group level	Solo and group level
7	Instrument type	Other instrument	Other instrument
8	Amount recognised in regulatory capital (in CHF million)	CHF 425 million	CHF 465 million
9	Par value of instrument	CHF 425 million	EUR 500 million
10	Accounting classification	Liability – notional	Liability – notional
11	Original date of issuance	19.4.2023	8.6.2023
12	Perpetual or dated	Dated	Dated
13	Original maturity date	19.4.2028	8.6.2029
14	Issuer call option (subject to prior supervisory authority approval)	Yes	Yes
15	Optional call date in format TT.MM.JJJJ, contingent call dates (tax and/or regulatory event) and redemption amount	One-time possible call date 19.4.2027. Redemption amount: entire outstanding issue, no partial termination	One-time possible call date 8.6.2028. 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 8.6.2028; thereafter reset based on relevant market rate according to the prospectus plus margin 1.15 % (minimum 0 %)
19	Existence of a dividend stopper, whereby a missing dividend on the instrument implies a missing dividend on the 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 or 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 in the insolvency creditor hierarchy of the legal entity concerned	Non-subordinated liabilities	Non-subordinated liabilities
36	Existence of characteristics that prevent full recognition in accordance with the Basel minimum standards in the version set out in Annex 1 CAO	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.

31.12.2025		EUR Bail-in bond	CHF Bail-in bond
1	Issuer	Zürcher Kantonalbank	Zürcher Kantonalbank
2	Unique identifier	CH 129 022 239 2	CH 129 022 249 1
3	Governing law of the instrument	Swiss law	Swiss law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	n/a	n/a

› Regulatory treatment

4	As part of the rules under the transitional provisions of the Capital Adequacy Ordinance (CAO) of 1 June 2012 in the version of 1 January 2024	–	–
5	Under the rules that apply after the expiry of the transitional provisions of the CAO of 1 June 2012 in the version of 1 January 2024	Bail-in bonds Eligible additional loss-absorbing capital, gone concern	Bail-in bonds Eligible additional loss-absorbing capital, gone concern
6	Eligible at solo, group, solo and group levels	Solo and group level	Solo and group level
7	Instrument type	Other instrument	Other instrument
8	Amount recognised in regulatory capital (in CHF million)	CHF 465 million	CHF 150 million
9	Par value of instrument	EUR 500 million	CHF 150 million
10	Accounting classification	Liability – notional	Liability – notional
11	Original date of issuance	15.9.2023	1.11.2023
12	Perpetual or dated	Dated	Dated
13	Original maturity date	15.9.2027	1.11.2030
14	Issuer call option (subject to prior supervisory authority approval)	Yes	Yes
15	Optional call date in format TT.MM.JJJJ, contingent call dates (tax and/or regulatory event) and redemption amount	One-time possible call date 15.9.2026. Redemption amount: entire outstanding issue, no partial termination	One-time possible call date 1.11.2029. 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 to floating	Fixed to floating
18	Coupon rate and related index, if applicable	Fixed at 4.467 % until 15.9.2026; thereafter reset based on relevant market rate according to the prospectus plus margin 1.00 % (minimum 0 %)	Fixed at 2.625 % until 1.11.2029; thereafter reset based on relevant market rate according to the prospectus plus margin 0.98 % (minimum 0 %)
19	Existence of a dividend stopper, whereby a missing dividend on the instrument implies a missing dividend on the 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 or 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 in the insolvency creditor hierarchy of the legal entity concerned	Non-subordinated liabilities	Non-subordinated liabilities
36	Existence of characteristics that prevent full recognition in accordance with the Basel minimum standards in the version set out in Annex 1 CAO	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.

31.12.2025		CHF Bail-in bond	CHF Bail-in bond
1	Issuer	Zürcher Kantonalbank	Zürcher Kantonalbank
2	Unique identifier	CH 131 996 855 3	CH 131 996 856 1
3	Governing law of the instrument	Swiss law	Swiss law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	n/a	n/a

› Regulatory treatment

4	As part of the rules under the transitional provisions of the Capital Adequacy Ordinance (CAO) of 1 June 2012 in the version of 1 January 2024	–	–
5	Under the rules that apply after the expiry of the transitional provisions of the CAO of 1 June 2012 in the version of 1 January 2024	Bail-in bonds Eligible additional loss-absorbing capital, gone concern	Bail-in bonds Eligible additional loss-absorbing capital, gone concern
6	Eligible at solo, group, solo and group levels	Solo and group level	Solo and group level
7	Instrument type	Other instrument	Other instrument
8	Amount recognised in regulatory capital (in CHF million)	CHF 100 million	CHF 199 million
9	Par value of instrument	CHF 100 million	CHF 200 million
10	Accounting classification	Liability – notional	Liability – notional
11	Original date of issuance	22.3.2024	22.3.2024
12	Perpetual or dated	Dated	Dated
13	Original maturity date	22.3.2030	22.3.2033
14	Issuer call option (subject to prior supervisory authority approval)	Yes	Yes
15	Optional call date in format TT.MM.JJJJ, contingent call dates (tax and/or regulatory event) and redemption amount	One-time possible call date 22.3.2029. Redemption amount: entire outstanding issue, no partial termination	One-time possible call date 22.3.2032. 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 to floating	Fixed to floating
18	Coupon rate and related index, if applicable	Fixed at 2 % until 22.3.2029; thereafter reset based on relevant market rate according to the prospectus plus margin 0.83 % (minimum 0 %)	Fixed at 2.125 % until 22.3.2032; thereafter reset based on relevant market rate according to the prospectus plus margin 0.98 % (minimum 0 %)
19	Existence of a dividend stopper, whereby a missing dividend on the instrument implies a missing dividend on the 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 or 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 in the insolvency creditor hierarchy of the legal entity concerned	Non-subordinated liabilities	Non-subordinated liabilities
36	Existence of characteristics that prevent full recognition in accordance with the Basel minimum standards in the version set out in Annex 1 CAO	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.

31.12.2025		EUR Bail-in bond
1	Issuer	Zürcher Kantonalbank
2	Unique identifier	CH 147 140 385 2
3	Governing law of the instrument	Swiss law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	n/a

› Regulatory treatment

4	As part of the rules under the transitional provisions of the Capital Adequacy Ordinance (CAO) of 1 June 2012 in the version of 1 January 2024	–
5	Under the rules that apply after the expiry of the transitional provisions of the CAO of 1 June 2012 in the version of 1 January 2024	Bail-in bonds Eligible additional loss-absorbing capital, gone concern
6	Eligible at solo, group, solo and group levels	Solo and group level
7	Instrument type	Other instrument
8	Amount recognised in regulatory capital (in CHF million)	CHF 465 million
9	Par value of instrument	EUR 500 million
10	Accounting classification	Liability – notional
11	Original date of issuance	11.9.2025
12	Perpetual or dated	Dated
13	Original maturity date	11.9.2031
14	Issuer call option (subject to prior supervisory authority approval)	Yes
15	Optional call date in format TT.MM.JJJJ, contingent call dates (tax and/or regulatory event) and redemption amount	One-time possible call date 11.9.2030. Redemption amount: entire outstanding issue, no partial termination
16	Subsequent call dates, if applicable	n/a

› Dividend/coupon

17	Fixed or floating dividend/coupon	Fixed to floating
18	Coupon rate and related index, if applicable	Fixed at 3.153 % until 11.9.2030; thereafter reset based on relevant market rate according to the prospectus plus margin 0.83 % (minimum 0 %)
19	Existence of a dividend stopper, whereby a missing dividend on the instrument implies a missing dividend on the common shares	No
20	Coupon/Dividend payment fully discretionary, partially discretionary or mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible [1]
24	If convertible: conversion trigger	n/a
25	If convertible: fully or partially	n/a
26	If convertible: conversion rate	n/a
27	If convertible: mandatory or optional conversion	n/a
28	If convertible: specify instrument type convertible into	n/a
29	If convertible: specify issuer of instrument it converts into	n/a
30	Write-down feature	Yes
31	If write-down feature: write-down trigger(s)	Write-down triggered by FINMA on a contractual basis [1]
32	If write-down feature: fully or partially	may be written down partially
33	If write-down feature: permanent or temporary	Permanent
34	If temporary write-down: description of write-up mechanism	n/a
34a	Type of subordination	Contractual
35	Position in subordination hierarchy in liquidation: specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned	Non-subordinated liabilities
36	Existence of characteristics that prevent full recognition in accordance with the Basel minimum standards in the version set out in Annex 1 CAO	No
37	If yes: description of non-compliant features	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.

30.9.2025		Endowment capital	CHF Tier 1 bond
1	Issuer	Zürcher Kantonalbank	Zürcher Kantonalbank
2	Unique identifier	n/a	CH 036 153 294 5
3	Governing law of the instrument	Swiss law	Swiss law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	n/a	n/a

› Regulatory treatment

4	As part of the rules under the transitional provisions of the Capital Adequacy Ordinance (CAO) of 1 June 2012 in the version of 1 January 2024	Common equity Tier 1 (CET1) Eligible capital, going concern	Additional Tier 1 (AT1) Eligible capital, going concern
5	Under the rules that apply after the expiry of the transitional provisions of the CAO of 1 June 2012 in the version of 1 January 2024	Common equity Tier 1 (CET1) Eligible capital, going concern	Additional Tier 1 (AT1) Eligible capital, going concern
6	Eligible at solo, group, solo and group levels	Solo and group level	Solo and group level
7	Instrument type	Other instrument	Other instrument
8	Amount recognised in regulatory capital (in CHF million)	CHF 2,425 million	CHF 733 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	15.2.1870	30.6.2017
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 in format TT.MM.JJJJ, contingent call dates (tax and/or regulatory event) and redemption amount	n/a	Next possible call date 30.10.2025. Redemption amount: entire outstanding issue, no partial termination
16	Subsequent call dates, if applicable	n/a	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 3.6 % until 30.10.2028; thereafter reset every 5 years based on 5-year mid-swap (minimum 0 %) plus 2.125 % risk premium
19	Existence of a dividend stopper, whereby a missing dividend on the instrument implies a missing dividend on the 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 or 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 in the insolvency creditor hierarchy of the legal entity concerned	Tier 1 bonds	Tier 2 bond
36	Existence of characteristics that prevent full recognition in accordance with the Basel minimum standards in the version set out in Annex 1 CAO	No	No
37	If yes: description of non-compliant features	n/a	n/a

30.9.2025		CHF Tier 1 bond	EUR Tier 2 bond
1	Issuer	Zürcher Kantonalbank	Zürcher Kantonalbank
2	Unique identifier	CH 053 689 332 1	CH 117 056 575 3
3	Governing law of the instrument	Swiss law	Swiss law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	n/a	n/a
› Regulatory treatment			
4	As part of the rules under the transitional provisions of the Capital Adequacy Ordinance (CAO) of 1 June 2012 in the version of 1 January 2024	Additional Tier 1 (AT1) Eligible capital, going concern	Tier 2 with PONV Eligible additional loss-absorbing capital, gone concern
5	Under the rules that apply after the expiry of the transitional provisions of the CAO of 1 June 2012 in the version of 1 January 2024	Additional Tier 1 (AT1) Eligible capital, going concern	Tier 2 with PONV Eligible additional loss-absorbing capital, gone concern
6	Eligible at solo, group, solo and group levels	Solo and group level	Solo and group level
7	Instrument type	Other instrument	Other instrument
8	Amount recognised in regulatory capital (in CHF million)	CHF 315 million	CHF 467 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	13.4.2022
12	Perpetual or dated	Perpetual	Dated
13	Original maturity date	n/a	13.4.2028
14	Issuer call option (subject to prior supervisory authority approval)	Yes	Yes
15	Optional call date in format TT.MM.JJJJ, contingent call dates (tax and/or regulatory event) and redemption amount	First possible call date 16.4.2027. Redemption amount: entire outstanding issue, no partial termination	One-time possible call date 13.4.2027. 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 16.4.2027; thereafter reset every five years based on 5-year SARON-mid-swap (minimum 0 %) plus 1.75 % risk premium	Fixed at 2.02 % until 13.4.2027; thereafter reset based on 3-month Euribor plus 0.90 % risk premium (minimum 0 %)
19	Existence of a dividend stopper, whereby a missing dividend on the instrument implies a missing dividend on the common shares	Yes	No
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	n/a
23	Convertible or 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 in the insolvency creditor hierarchy of the legal entity concerned	Tier 2 bond	Bail-in bonds
36	Existence of characteristics that prevent full recognition in accordance with the Basel minimum standards in the version set out in Annex 1 CAO	No	No
37	If yes: description of non-compliant features	n/a	n/a

30.9.2025		CHF Bail-in bond	EUR Bail-in bond
1	Issuer	Zürcher Kantonalbank	Zürcher Kantonalbank
2	Unique identifier	CH 123 946 470 9	CH 126 684 714 9
3	Governing law of the instrument	Swiss law	Swiss law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	n/a	n/a

› Regulatory treatment

4	As part of the rules under the transitional provisions of the Capital Adequacy Ordinance (CAO) of 1 June 2012 in the version of 1 January 2024	–	–
5	Under the rules that apply after the expiry of the transitional provisions of the CAO of 1 June 2012 in the version of 1 January 2024	Bail-in bonds Eligible additional loss-absorbing capital, gone concern	Bail-in bonds Eligible additional loss-absorbing capital, gone concern
6	Eligible at solo, group, solo and group levels	Solo and group level	Solo and group level
7	Instrument type	Other instrument	Other instrument
8	Amount recognised in regulatory capital (in CHF million)	CHF 425 million	CHF 467 million
9	Par value of instrument	CHF 425 million	EUR 500 million
10	Accounting classification	Liability – notional	Liability – notional
11	Original date of issuance	19.4.2023	8.6.2023
12	Perpetual or dated	Dated	Dated
13	Original maturity date	19.4.2028	8.6.2029
14	Issuer call option (subject to prior supervisory authority approval)	Yes	Yes
15	Optional call date in format TT.MM.JJJJ, contingent call dates (tax and / or regulatory event) and redemption amount	One-time possible call date 19.4.2027. Redemption amount: entire outstanding issue, no partial termination	One-time possible call date 8.6.2028. 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 8.6.2028; thereafter reset based on relevant market rate according to the prospectus plus margin 1.15 % (minimum 0 %)
19	Existence of a dividend stopper, whereby a missing dividend on the instrument implies a missing dividend on the 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 or 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 in the insolvency creditor hierarchy of the legal entity concerned	Non-subordinated liabilities	Non-subordinated liabilities
36	Existence of characteristics that prevent full recognition in accordance with the Basel minimum standards in the version set out in Annex 1 CAO	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.

30.9.2025		EUR Bail-in bond	CHF Bail-in bond
1	Issuer	Zürcher Kantonalbank	Zürcher Kantonalbank
2	Unique identifier	CH 129 022 239 2	CH 129 022 249 1
3	Governing law of the instrument	Swiss law	Swiss law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	n/a	n/a
› Regulatory treatment			
4	As part of the rules under the transitional provisions of the Capital Adequacy Ordinance (CAO) of 1 June 2012 in the version of 1 January 2024	–	–
5	Under the rules that apply after the expiry of the transitional provisions of the CAO of 1 June 2012 in the version of 1 January 2024	Bail-in bonds Eligible additional loss-absorbing capital, gone concern	Bail-in bonds Eligible additional loss-absorbing capital, gone concern
6	Eligible at solo, group, solo and group levels	Solo and group level	Solo and group level
7	Instrument type	Other instrument	Other instrument
8	Amount recognised in regulatory capital (in CHF million)	CHF 467 million	CHF 150 million
9	Par value of instrument	EUR 500 million	CHF 150 million
10	Accounting classification	Liability – notional	Liability – notional
11	Original date of issuance	15.9.2023	1.11.2023
12	Perpetual or dated	Dated	Dated
13	Original maturity date	15.9.2027	1.11.2030
14	Issuer call option (subject to prior supervisory authority approval)	Yes	Yes
15	Optional call date in format TT.MM.JJJJ, contingent call dates (tax and/or regulatory event) and redemption amount	One-time possible call date 15.9.2026. Redemption amount: entire outstanding issue, no partial termination	One-time possible call date 1.11.2029. 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 to floating	Fixed to floating
18	Coupon rate and related index, if applicable	Fixed at 4.467 % until 15.9.2026; thereafter reset based on relevant market rate according to the prospectus plus margin 1.00 % (minimum 0 %)	Fixed at 2.625 % until 1.11.2029; thereafter reset based on relevant market rate according to the prospectus plus margin 0.98 % (minimum 0 %)
19	Existence of a dividend stopper, whereby a missing dividend on the instrument implies a missing dividend on the 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 or 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 in the insolvency creditor hierarchy of the legal entity concerned	Non-subordinated liabilities	Non-subordinated liabilities
36	Existence of characteristics that prevent full recognition in accordance with the Basel minimum standards in the version set out in Annex 1 CAO	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.

30.9.2025		CHF Bail-in bond	CHF Bail-in bond
1	Issuer	Zürcher Kantonalbank	Zürcher Kantonalbank
2	Unique identifier	CH 131 996 855 3	CH 131 996 856 1
3	Governing law of the instrument	Swiss law	Swiss law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	n/a	n/a

› Regulatory treatment

4	As part of the rules under the transitional provisions of the Capital Adequacy Ordinance (CAO) of 1 June 2012 in the version of 1 January 2024	–	–
5	Under the rules that apply after the expiry of the transitional provisions of the CAO of 1 June 2012 in the version of 1 January 2024	Bail-in bonds Eligible additional loss-absorbing capital, gone concern	Bail-in bonds Eligible additional loss-absorbing capital, gone concern
6	Eligible at solo, group, solo and group levels	Solo and group level	Solo and group level
7	Instrument type	Other instrument	Other instrument
8	Amount recognised in regulatory capital (in CHF million)	CHF 100 million	CHF 200 million
9	Par value of instrument	CHF 100 million	CHF 200 million
10	Accounting classification	Liability – notional	Liability – notional
11	Original date of issuance	22.3.2024	22.3.2024
12	Perpetual or dated	Dated	Dated
13	Original maturity date	22.3.2030	22.3.2033
14	Issuer call option (subject to prior supervisory authority approval)	Yes	Yes
15	Optional call date in format TT.MM.JJJJ, contingent call dates (tax and/or regulatory event) and redemption amount	One-time possible call date 22.3.2029. Redemption amount: entire outstanding issue, no partial termination	One-time possible call date 22.3.2032. 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 to floating	Fixed to floating
18	Coupon rate and related index, if applicable	Fixed at 2 % until 22.3.2029; thereafter reset based on relevant market rate according to the prospectus plus margin 0.83 % (minimum 0 %)	Fixed at 2.125 % until 22.3.2032; thereafter reset based on relevant market rate according to the prospectus plus margin 0.98 % (minimum 0 %)
19	Existence of a dividend stopper, whereby a missing dividend on the instrument implies a missing dividend on the 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 or 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 in the insolvency creditor hierarchy of the legal entity concerned	Non-subordinated liabilities	Non-subordinated liabilities
36	Existence of characteristics that prevent full recognition in accordance with the Basel minimum standards in the version set out in Annex 1 CAO	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.

30.9.2025		EUR Bail-in bond
1	Issuer	Zürcher Kantonalbank
2	Unique identifier	CH 147 140 385 2
3	Governing law of the instrument	Swiss law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	n/a

› Regulatory treatment

4	As part of the rules under the transitional provisions of the Capital Adequacy Ordinance (CAO) of 1 June 2012 in the version of 1 January 2024	–
5	Under the rules that apply after the expiry of the transitional provisions of the CAO of 1 June 2012 in the version of 1 January 2024	Bail-in bonds Eligible additional loss-absorbing capital, gone concern
6	Eligible at solo, group, solo and group levels	Solo and group level
7	Instrument type	Other instrument
8	Amount recognised in regulatory capital (in CHF million)	CHF 467 million
9	Par value of instrument	EUR 500 million
10	Accounting classification	Liability – notional
11	Original date of issuance	11.9.2025
12	Perpetual or dated	Dated
13	Original maturity date	11.9.2031
14	Issuer call option (subject to prior supervisory authority approval)	Yes
15	Optional call date in format TT.MM.JJJJ, contingent call dates (tax and/or regulatory event) and redemption amount	One-time possible call date 11.9.2030. Redemption amount: entire outstanding issue, no partial termination
16	Subsequent call dates, if applicable	n/a

› Dividend/coupon

17	Fixed or floating dividend/coupon	Fixed to floating
18	Coupon rate and related index, if applicable	Fixed at 3.153 % until 11.9.2030; thereafter reset based on relevant market rate according to the prospectus plus margin 0.83 % (minimum 0 %)
19	Existence of a dividend stopper, whereby a missing dividend on the instrument implies a missing dividend on the common shares	No
20	Coupon/Dividend payment fully discretionary, partially discretionary or mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible [1]
24	If convertible: conversion trigger	n/a
25	If convertible: fully or partially	n/a
26	If convertible: conversion rate	n/a
27	If convertible: mandatory or optional conversion	n/a
28	If convertible: specify instrument type convertible into	n/a
29	If convertible: specify issuer of instrument it converts into	n/a
30	Write-down feature	Yes
31	If write-down feature: write-down trigger(s)	Write-down triggered by FINMA on a contractual basis [1]
32	If write-down feature: fully or partially	may be written down partially
33	If write-down feature: permanent or temporary	Permanent
34	If temporary write-down: description of write-up mechanism	n/a
34a	Type of subordination	Contractual
35	Position in subordination hierarchy in liquidation: specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned	Non-subordinated liabilities
36	Existence of characteristics that prevent full recognition in accordance with the Basel minimum standards in the version set out in Annex 1 CAO	No
37	If yes: description of non-compliant features	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.

5 Overview of risk management, key prudential metrics and Risk-Weighted Assets (RWA)

5.1 KM1: Key metrics (group)

The following table is intended for non-systemically important banks. It does not fully reflect the special requirements for national systemically important institutions (D-SIBs) such as Zürcher Kantonalbank. Please see Chapter 4 “Additional disclosures on capital requirements for systemically important banks”.

Group		**a**	b	c	d	e
in CHF million (unless stated otherwise)		**31.12.2025**	30.9.2025	30.6.2025	31.3.2025	31.12.2024
› Eligible capital						
1	Common Equity Tier 1 (CET1)	**15,347**	14,929	14,792	14,640	14,482
2	Tier 1 capital (T1)	**16,400**	15,977	15,853	15,701	15,546
3	Total capital [1]	**16,882**	16,460	16,332 [5]	16,281 [5]	16,095
	Total loss absorbing capacity (TLAC) [2]	**23,295**	22,867	22,195	22,138	22,198
› Risk-weighted assets (RWA)						
4	RWA	**72,359**	72,751	71,680 [5]	73,599 [5]	86,443
4a	RWA pre output floor (Art. 45a para. 3 CAO)	**72,359**	72,751	71,680 [5]	73,599 [5]	n/a
4a	Minimum required capital according to FINMA Circular 2016/1	**n/a**	n/a	n/a	n/a	6,915
› Risk-based capital ratios (in % of RWA)						
5	CET1 ratio [1]	**21.2 %**	20.5 %	20.6 % [5]	19.9 % [5]	16.8 %
5b	CET1 ratio pre output floor	**21.2 %**	20.5 %	20.6 % [5]	19.9 % [5]	n/a
6	Tier 1 capital ratio [1]	**22.7 %**	22.0 %	22.1 % [5]	21.3 % [5]	18.0 %
6b	Tier 1 capital ratio pre output floor	**22.7 %**	22.0 %	22.1 % [5]	21.3 % [5]	n/a
7	Total capital ratio [1]	**23.3 %**	22.6 %	22.8 % [5]	22.1 % [5]	18.6 %
7b	Total capital ratio pre output floor	**23.3 %**	22.6 %	22.8 % [5]	22.1 % [5]	n/a
	TLAC ratio [2]	**32.2 %**	31.4 %	31.0 % [5]	30.1 % [5]	25.7 %
› CET1 buffer requirements (in % of RWA)						
8	Capital conservation buffer as per the Basel minimum standards (2.5 percent)	**2.5 %**	2.5 %	2.5 %	2.5 %	2.5 %
9	Countercyclical buffer according to Basel minimum requirements: extended countercyclical buffer (Art. 44a CAO)	**0.0 %**	0.0 %	0.0 % [5]	0.1 %	0.0 %
10	Additional capital buffer due to international or national system relevance	**–**	–	–	–	–
11	Total CET1 specific buffer requirements (rows 8+9+10)	**2.5 %**	2.5 %	2.5 % [5]	2.6 %	2.5 %
12	CET1 available to fulfil the buffer requirements (row 11), after deduction of CET1 to fulfil the minimum requirements and, if applicable, to fulfil requirements for overall loss absorbing capacity (Total Loss Absorbing Capacity, TLAC)	**15.3 %**	14.6 %	14.8 % [5]	15.4 % [5]	10.6 %
› Capital target ratios as per Annex 8 to the CAO (in % of RWA) [3]						
	Countercyclical buffer (Art. 44 CAO)	**0.9 %**	0.9 %	0.9 %	0.9 %	0.9 %
› Leverage Ratio as per Basel minimum requirements						
13	Leverage ratio exposure measure (LRD)	**229,914**	228,766	222,945	227,810	227,125
14	Leverage ratio, Tier 1 in percent of LRD, including the impact of any applicable temporary exemption of central bank reserves	**7.1 %**	7.0 %	7.1 %	6.9 %	6.8 %
14b	Leverage ratio, excluding the impact of any applicable temporary exemption of central bank reserves	**7.1 %**	7.0 %	7.1 %	6.9 %	6.8 %
14c	Leverage ratio, including the impact of any applicable temporary exemption of central bank reserves, incorporating mean values for securities financing transactions (SFT assets)	**7.1 %**	7.0 %	7.2 %	6.9 %	n/a
14d	Leverage ratio, excluding the impact of any applicable temporary exemption of central bank reserves, incorporating mean values for securities financing transactions (SFT assets)	**7.1 %**	7.0 %	7.2 %	6.9 %	n/a
14e	Minimum required capital (Art. 42 CAO)	**6,897**	6,863	6,688	6,834	n/a
	TLAC leverage ratio (TLAC in % of leverage ratio exposure measure) [2]	**10.1 %**	10.0 %	10.0 %	9.7 %	9.8 %

› Liquidity Coverage Ratio, LCR[4]						
15	LCR numerator: total of high-quality liquid assets (HQLA)	**54,096**	51,673	50,907	50,495	52,039
16	LCR denominator: total net outflows of funds	**39,654**	37,464	38,883	36,827	36,521
17	LCR	**136 %**	138 %	131 %	137 %	142 %
› Net Stable Funding Ratio, NSFR						
18	Available stable funding	**125,947**	124,862	122,179	120,107	121,070
19	Required stable funding	**107,170**	106,366	106,138	106,312	104,144
20	NSFR	**118 %**	117 %	115 %	113 %	116 %

1 In accordance with the provisions of the CAO for non-systemically important banks.
2 In accordance with the provisions for systemically important banks. TLAC includes core capital, going concern and eligible additional loss-absorbing capital, gone concern. For details on the composition of the eligible additional loss-absorbing capital, gone concern, please refer to the section 4 "Additional disclosures on capital requirements for 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.
5 These key figures differ from the figures published for these reporting dates. In the corresponding disclosure reports, RWA as at 30.6.2025 were understated by CHF 1,207 million and as at 31.3.2025 by CHF 1,209 million. These key figures also change as a result of the adjustment of RWA on the two reporting dates.

Common Equity Tier 1 (CET1), Tier 1 capital (T1) and Total capital increased as at 31 December 2025, mainly due to the retained profit for the financial year 2025.

The total loss-absorbing capacity (TLAC) includes not only the core capital, going concern in accordance with the provisions for systemically important banks, but also the eligible additional loss-absorbing capital, gone concern. These have not changed significantly compared to 30 September 2025.

Total RWA fell to CHF 72,359 million, down CHF 392 million compared with 30 September 2025. Lower holdings in brokerage and corporate accounts with banks and corporates mainly led to lower RWA (– CHF 1.2 billion), while RWA from securities financing transactions in particular rose CHF 0.7 billion. This resulted in a CHF 0.5 billion reduction in RWA for credit and counterparty credit risk.

The combination of higher capital in accordance with the provisions of the CAO for non-systemically important banks and lightly lower RWA as at 31 December 2025 resulted in a rise of 0.7 percentage points in the CET1 ratio, the Tier 1 capital ratio as well the total capital ratio compared with 30 September 2025. The TLAC ratio in accordance with the provisions for systemically important banks rose by 0.8 percentage points to 32.2 percent.

The requirement from the extended countercyclical buffer (eCCB) under Art. 44a CAO as at 31 December 2025 is 0.05 percent of RWA (30 September 2025: 0.04 percent). Hence the eCCB has no material impact on the CET1 buffer requirements under the Basel minimum standards.

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 has increased by CHF 1,148 million (rounded number) to CHF 229,914 million in the previous quarter. Derivative exposures (+ CHF 423 million), securities financing transaction exposures (+ CHF 963 million) and off-balance-sheet exposures (+ CHF 10 million) rose. Only on-balance-sheet exposures sank by CHF 247 million. In combination with the increase in Tier 1 capital, this resulted in a leverage ratio 0.1 percentage points higher at 7.1 percent as at 31 December 2025 (30 September 2025: 7.0 percent). The TLAC leverage ratio in accordance with the provisions for systemically important banks increased by 0.1 percentage points to 10.1 percent.

The LCR on a group basis decreased compared with the previous quarter and averaged 136 percent in the fourth quarter of 2025 (third quarter of 2025: 138 percent). As a systemically important bank, Zürcher Kantonalbank is subject to stricter liquidity requirements; it satisfies these comfortably.

The NSFR on a group basis increased lightly compared with the end of the previous quarter, amounting to 118 percent as at 31 December 2025 (30 September 2025: 117 percent). With this, Zürcher Kantonalbank fulfils the requirements with a significant margin.

5.2 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 (section 5.1) and will not be repeated for the following table.

Parent company in CHF million (unless stated otherwise)		**a** 31.12.2025	**b** 30.9.2025	**c** 30.6.2025	**d** 31.3.2025	**e** 31.12.2024
› Eligible capital						
1	Common Equity Tier 1 (CET1)	**15,470**	15,067	14,937	14,774	14,625
2	Tier 1 capital (T1)	**16,523**	16,116	15,998	15,835	15,689
3	Total capital [1]	**17,005**	16,598	16,478 [5]	16,415 [5]	16,238
	Total loss absorbing capacity (TLAC) [2]	**23,422**	23,010	22,345	22,275	22,359
› Risk-weighted assets (RWA)						
4	RWA	**72,736**	73,138	72,062 [5]	73,958 [5]	87,023
4a	RWA pre output floor (Art. 45a para. 3 CAO)	**72,736**	73,138	72,062 [5]	73,958 [5]	n/a
4a	Minimum required capital according to FINMA Circular 2016/1	**n/a**	n/a	n/a	n/a	6,962
› Risk-based capital ratios (in % of RWA)						
5	CET1 ratio [1]	**21.3%**	20.6%	20.7% [5]	20.0% [5]	16.8%
5b	CET1 ratio pre output floor	**21.3%**	20.6%	20.7% [5]	20.0% [5]	n/a
6	Tier 1 capital ratio [1]	**22.7%**	22.0%	22.2% [5]	21.4% [5]	18.0%
6b	Tier 1 capital ratio pre output floor	**22.7%**	22.0%	22.2% [5]	21.4% [5]	n/a
7	Total capital ratio [1]	**23.4%**	22.7%	22.9% [5]	22.2% [5]	18.7%
7b	Total capital ratio pre output floor	**23.4%**	22.7%	22.9% [5]	22.2% [5]	n/a
	TLAC ratio [2]	**32.2%**	31.5%	31.0% [5]	30.1% [5]	25.7%
› CET1 buffer requirements (in % of RWA)						
8	Capital conservation buffer as per the Basel minimum standards (2.5 percent)	**2.5%**	2.5%	2.5%	2.5%	2.5%
9	Countercyclical buffer according to Basel minimum requirements: extended countercyclical buffer (Art. 44a CAO)	**0.0%**	0.0%	0.0% [5]	0.1%	0.0%
10	Additional capital buffer due to international or national system relevance	**–**	–	–	–	–
11	Total CET1 specific buffer requirements (rows 8+9+10)	**2.5%**	2.5%	2.5% [5]	2.6%	2.5%
12	CET1 available to fulfil the buffer requirements (row 11), after deduction of CET1 to fulfil the minimum requirements and, if applicable, to fulfil requirements for overall loss absorbing capacity (Total Loss Absorbing Capacity, TLAC)	**15.4%**	14.7%	14.9% [5]	15.5% [5]	10.7%
› Capital target ratios as per Annex 8 to the CAO (in % of RWA) [3]						
	Countercyclical buffer (Art. 44 CAO)	**0.9%**	0.9%	0.9%	0.9%	0.9%
› Leverage Ratio as per Basel minimum requirements						
13	Leverage ratio exposure measure (LRD)	**230,221**	229,069	223,236	228,076	227,040
14	Leverage ratio, Tier 1 in percent of LRD, including the impact of any applicable temporary exemption of central bank reserves	**7.2%**	7.0%	7.2%	6.9%	6.9%
14b	Leverage ratio, excluding the impact of any applicable temporary exemption of central bank reserves	**7.2%**	7.0%	7.2%	6.9%	6.9%
14c	Leverage ratio, including the impact of any applicable temporary exemption of central bank reserves, incorporating mean values for securities financing transactions (SFT assets)	**7.1%**	7.1%	7.2%	7.0%	n/a
14d	Leverage ratio, excluding the impact of any applicable temporary exemption of central bank reserves, incorporating mean values for securities financing transactions (SFT assets)	**7.1%**	7.1%	7.2%	7.0%	n/a
14e	Minimum required capital (Art. 42 CAO)	**6,907**	6,872	6,697	6,842	n/a
	TLAC leverage ratio (TLAC in % of leverage ratio exposure measure) [2]	**10.2%**	10.0%	10.0%	9.8%	9.8%

› Liquidity Coverage Ratio, LCR[4]

15	LCR numerator: total of high-quality liquid assets (HQLA)	**54,096**	51,673	50,907	50,486	51,961
16	LCR denominator: total net outflows of funds	**39,936**	37,720	39,102	37,022	36,618
17	LCR	**135 %**	137 %	130 %	136 %	142 %

› Net Stable Funding Ratio, NSFR

18	Available stable funding	**125,274**	123,725	121,219	119,458	120,312
19	Required stable funding	**108,014**	107,186	106,454	106,542	104,246
20	NSFR	**116 %**	115 %	114 %	112 %	115 %

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2 In accordance with the provisions for systemically important banks. TLAC includes core capital, going concern and eligible additional loss-absorbing capital, gone concern. For details on the composition of the eligible additional loss-absorbing capital, gone concern, please refer to the section 4 "Additional disclosures on capital requirements for 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.
5 These key figures differ from the figures published for these reporting dates. In the corresponding disclosure reports, RWA as at 30.6.2025 were understated by CHF 1,207 million and as at 31.3.2025 by CHF 1,210 million. These key figures also change as a result of the adjustment of RWA on the two reporting dates.

5.3 OVA: Bank risk management approach

Ongoing operations at a universal bank such as Zürcher Kantonalbank require comprehensive and systematic risk management, with monitoring and controlling units acting independently of the risk managers.

Principles of risk management

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

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

These principles constitute the basis for determining the organisational structure and processes of group-wide risk management.

Risk management and internal control system (ICS)

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

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

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

Identifying and reducing the inherent risks involved in the business model are also an important aspect of the internal control system. For more information on the underlying processes, please see table CRA (Credit risk, page 71), table CCRA (Counterparty credit risk, page 98), table MRA (Market risk, page 108) and table ORA (Operational risks, page 113).

For reporting on the effectiveness of the ICS, please see section "Internal risk reporting" on page 47.

Risk management process

Zürcher Kantonalbank divides the risk management process into the following stages:

Identification | Assessment | Steering | Management | Monitoring | Reporting

Identification	The risks relevant to the group are identified on an ongoing basis, either through regular, systematic observation of the corporate environment and risk profile, or as the potential result of one of the following steps.
Assessment	Assessment of an identified risk includes qualitative assessment and quantification (measurement/valuation). In order to counter the limits to quantification of different types of risk, models or expert assessments are used depending on the type of risk to calculate the potential size of the loss, the probability of occurrence and the correlation with other risks.
Steering	Risk steering is assured via risk tolerance requirements. Risk tolerance includes both quantitative and qualitative considerations concerning the main risks the group is willing to accept to achieve its strategic business objectives given its capital and liquidity planning. Qualitative risk requirements are primarily issued in the form of regulations, directives or instructions, but also cover risk policy and aspects of strategy. Quantitative requirements are issued in the form of limits and benchmarks. At group level, these are chiefly the risk policy rules from the Board of Directors and the rules to limit risk set by the Risk Committee of the Executive Board.
Management	Units managing risk perform their tasks within the risk tolerance set by the officer responsible. As part of the ICS, this includes taking countermeasures to avoid or limit risks or loss.
Monitoring	Risk monitoring takes the form of limit monitoring and ongoing monitoring of risk exposures by units independent of the risk manager. The risk organisation and the Compliance function are examples of such units.
Reporting	Risk reporting supports all levels of the hierarchy and stakeholders in assessing and monitoring risks.

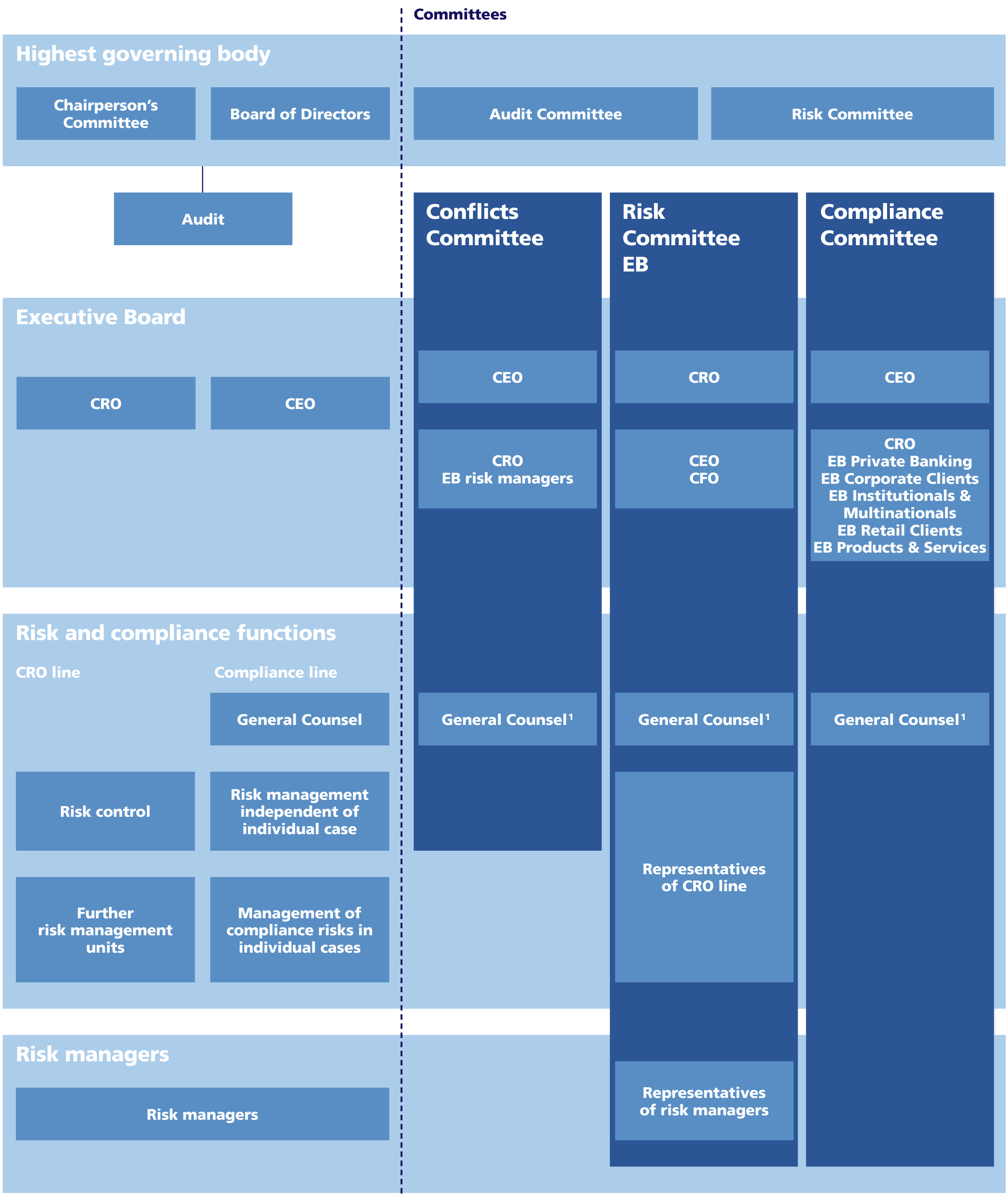
Principles of compliance

The objective of compliance is to ensure that Zürcher Kantonalbank conducts its business operations in accordance with legal and ethical norms. Zürcher Kantonalbank is therefore committed to always conducting its banking business in accordance with the legal and regulatory requirements and the recognised professional and ethical standards of the banking industry based on the following principles: relevant legal and ethical norms; ethical and performance-related basic values in a code of conduct; duty of all employees and members of governing bodies to comply with laws, regulations, internal rules, industry standards; a secure and confidential procedure for reporting possible violations of the rules (whistleblowing). Primary responsibility for compliance lies with the Executive Board.

The specialist Legal & Compliance group function is organisationally independent of the income-driven business units. It prepares an annual assessment of compliance risk on the basis of a risk inventory, including the preparation of a corresponding action plan, which must be approved by the Executive Board.

Risk and compliance organisation

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



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

Board of Directors

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

Chairperson's Committee

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

Audit

Audit supports the Board of Directors in fulfilling its statutory supervisory and control tasks and discharges the monitoring tasks assigned to it by the Board of Directors.

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

Executive Board

The Executive Board (EB) issues provisions for the identification, evaluation, control, management, monitoring and reporting of risks in the form of directives.

The EB also approves transactions that entail particular business policy risks, conflicts of interest or particular effects on the reputation of Zürcher Kantonalbank, unless they are assigned to another governing body under the applicable regulations.

Conflicts Committee

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

Risk Committee of the Executive Board and committees

Committee of the Executive Board The Risk Committee assists the EB in defining risk management processes. The Committee is chaired by the CRO and approves the methods of risk measurement on the basis of the responsibilities delegated to it. The risk managers on the four separate subcommittees (credit, trading, treasury and operational risk) and members of the risk and compliance organisation discuss the Risk Committee's business and formulate proposals for its attention.

Compliance Committee

The Compliance Committee, chaired by the CEO, supports the EB in organising the risk management of compliance risks and the resulting reputational risks. Tasks, competencies, and responsibilities are documented in the "Guideline on the Compliance Committee of Zürcher Kantonalbank". The Compliance Subcommittee discusses the business of the Compliance Committee in advance and formulates proposals.

Risk unit

The CRO is a member of the EB and manages the Risk unit. He has a right of intervention that permits measures to be assigned to the risk managers if required by the risk situation or to protect the bank. The CRO also enjoys direct access to the Chairperson's Committee at all times. The business unit consists of the Credit Risk, Market Risk, Operational Risk and Risk Control organisational units.

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

The other units of the Risk unit analyse and examine transactions before they are executed and systems prior to their deployment in line with existing delineations of power and consultation duties, and define the requirements at individual transaction or system level. They also continuously monitor local risks and support the training of risk managers. The tasks of the Chief Information Security Officer (CISO) have also been part of the Risk unit since 1 January 2026.

Compliance line/Compliance function

The General Counsel reports directly to the CEO and manages the Compliance unit. He is a voting member and Deputy Chairman of the Compliance Committee and a non-voting member of the Risk and Conflicts Committee. The General Counsel has a right of escalation with access to the Chairperson's Committee at any time.

The specialist Legal & Compliance group function has the following duties, among others: examining the compliance risk inventory on an annual basis and preparing the action plan with focal points relating to the management of compliance risks, formulating proposals and carrying out defined monitoring and control duties (e.g. as pre-deal or post-deal control), as well as defining risk management tools. The Compliance function also defines risk management measures for compliance risk independently of the individual case, such as the editing of directives when implementing new ordinances as well as conducting training courses.

The Compliance function is further responsible for providing forward-looking legal advice with the objective of avoiding or minimising individual identified risks and threats arising from legal requirements. Legal advice is provided in the context of existing mandatory consultations, as a pre-deal consultation or on request.

Risk managers

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

Risk Committee of the Board of Directors

The Risk Committee of the Board of Directors focuses on credit, market and liquidity risks, operational and compliance risks, and reputation risks. It performs the tasks set out in FINMA Circular 2017/1 "Corporate governance – banks". These are, in summary:

- Review and annual assessment of risk policy and the principles of institution-wide risk management set in the framework concept;
- To give preliminary consideration to the risk policy rules;
- To acknowledge and discuss risk reporting;
- To monitor implementation of the risk strategies to ensure they are compatible with the risk tolerance and risk limits set;
- To review the capital and liquidity planning;
- To assess measures taken as a result of audit recommendations;
- To assess the bank's compensation system for risk-related issues.

The Risk Committee of the Board of Directors also provides preliminary advice on major transactions that fall within the remit of the Board of Directors. The committee is also kept informed of transactions that fall within the remit of the Committee of the Board. The tasks, powers and responsibilities of the committee are defined in the organisational regulations.

Audit Committee of the Board of Directors

The Audit Committee is an audit committee as defined in FINMA Circular 2017/1 "Corporate governance – banks" and supports the Board of Directors at group and parent company level in monitoring internal and external audit, the internal control system and the audit of the annual financial statements. The duties and powers of the Audit Committee of the Board of Directors include:

- analysing and discussing the financial planning;
- assessing the proper functioning of the ICS and informing the Board of Directors about this;
- receiving and discussing the activity reports of the Compliance function and Risk Control.

The tasks, powers and responsibilities of the committee are defined in the organisational regulations.

IT Committee of the Board of Directors

The IT Committee supports the Board of Directors in defining and monitoring the aspects of Group strategy relevant to IT. It advises the Board of Directors on all matters relating to IT at Zürcher Kantonalbank and makes appropriate recommendations.

Crisis organisation

In the event of a crisis, in addition to the above committees, a Risk Crisis Team is set up, supported by divisional crisis teams. It has the task of ensuring that decisions are taken in an efficient and coordinated manner in the event of a crisis. The crisis team provides support to the Executive Board during crises affecting the group, such as systemic and financial market crises, which the emergency organisation cannot cover. The divisional crisis teams (banks, liquidity) cross reporting lines, with the aim of working with all units affected to identify and implement necessary and appropriate measures in their area of responsibility.

Business Continuity Management (BCM)

The emergency organisation supports the bank in dealing with major disruptions and crises caused by operational risks that cannot be resolved by the normal line organisation. Such disruptions include, for example, a total IT/data failure, the loss of a critical number of employees, central locations or critical suppliers/partners. It is important to distinguish crisis management from the associated advance planning measures (which are part of business continuity management).

The emergency response organisation consists of two tiers. The first tier is the divisional emergency response organisations, comprising the Real Estate emergency organisation and the IT emergency organisation. The divisional emergency response organisations support the Zürcher Kantonalbank emergency response organisation as a second tier in crisis management. The emergency response organisation is chaired by the Head of the business unit IT, Operations & Real Estate. Other members include the representatives of the other business units, Corporate Communications and the emergency organisation staff. In the event of a pandemic, the Pandemic Task Force can be deployed as a partial contingent of the emergency organisation to support the operational organisation.

In the event of a crisis affecting the entire Swiss financial sector, the Swiss National Bank's Interbank Alarm and Crisis Organisation (IAKO) ensures that measures are coordinated among the various institutions.

Risk categories

Zürcher Kantonalbank divides risks into the following categories:

Credit risk

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

Market risk

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

Liquidity risk

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

Operational risk

Definition	Operational risks are the risk of financial losses that occur as a result of the inadequacy or failure of internal processes or systems, inappropriate human behaviour, human error, or as a result of external events.
Sub-categories	Operational risks are divided into the following ten categories: 1) offences (external), 2) physical security, 3) business interruption, 4) processing and execution errors, 5) information technology (IT), 6) third parties, 7) information security (including cyber), 8) data management, 9) models, 10) offences (internal).
Management	All employees, in line with their duties, competences and responsibilities in the group.
Independent monitoring	Risk unit

Compliance risk

Definition	Compliance risks are behavioural risks. These are risks that are caused by breaches of the law, regulations or contracts and can result in legal and regulatory sanctions, financial losses and reputational damage. Compliance is the observance of legal, regulatory and internal regulations as well as the adherence to industry standards and codes of conduct by the group, its employees and members of governing bodies. This also includes compliance with organisational measures and processes.
Sub-categories	Compliance risks are divided into the following six categories: 1) employees, 2) unlawful behaviour, 3) legal, 4) financial crime, 5) regulatory compliance, 6) reporting and tax obligations.
Management	Group board members and all employees
Independent monitoring	Compliance function

Strategic risk

Definition	Strategic risks are all possible factors of influence, events and decisions that have the potential to endanger the long-term success of the company.
Management	Board of Directors and Executive Board
Independent monitoring	None (Board of Directors and EB act as the manager)

Business risk

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

Reputation risk

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

Sustainability risks are events or conditions related to the environment, society or governance (ESG), the occurrence of which may have actual or potential negative effects on the bank's assets, finances and earnings, as well as on its reputation. Sustainability risks are a component of the risk categories listed above. The management of sustainability risks is an integral part of the bank's risk management processes. Climate-related financial risks are part of sustainability risks and are discussed in detail in chapter 21.

Risk tolerance

The qualitative elements of risk tolerance are mainly set in the form of regulations, directives and instructions. These are reviewed regularly and adjusted if necessary, but are largely medium and long-term in nature and at the strategic level, going well beyond the horizon of annual quantitative risk policy requirements.

At the Board of Directors level (strategic), the qualitative risk tolerance requirements include in particular the risk management principles set down in the risk regulations, the legal and compliance regulations and the code of conduct and ethics, the business policy rules in the group strategy and the business policy rules in the special regulations on the individual business areas. In addition, the Board of Directors specifies risk tolerance and risk appetite for non-financial risk (operational risk and compliance risk) in the risk policy guidelines in the form of risk statements.

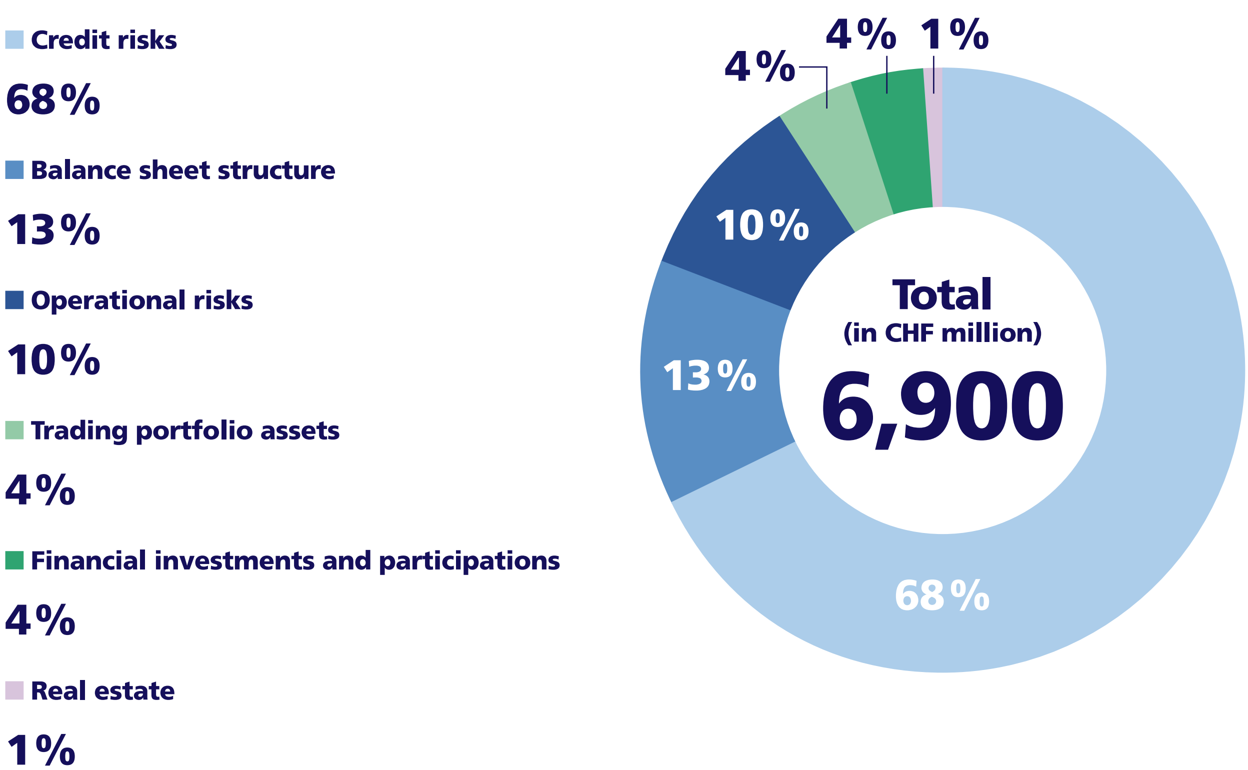
At the Executive Board level (operational), the qualitative requirements include in particular the policies for the individual business areas. Examples include the credit policy of the Executive Board or the sub-strategies in Trading.

As part of the annual risk policy process the Board of Directors ensures that the risk limits and benchmarks it sets (quantitative risk tolerance) are consistent with the bank's risk capacity.

Risk capacity refers to the maximum possible total risk the bank can take without endangering its own credit rating target in a period of heavy stress lasting several years. Risk capacity in capital allocation refers to the maximum risk capital the Board of Directors can allocate on a one-year horizon. Risk capacity sets the framework for determining quantitative risk tolerance.

Risk tolerance includes considerations concerning the main risks the group is willing to accept to achieve its strategic business objectives given its capital and liquidity planning. For non-financial risks, the risk tolerance relates to the residual risk. Risk tolerance is set annually by the Board of Directors, which approves the risk policy requirements for the following year. The Board of Directors ensures that risk tolerance is consistent with risk capacity. The allocation of capital at risk (CaR) to individual risk managers (e. g. Trading) is a key management instrument. Quantitative risk tolerance is set by the Board of Directors, mainly by allocating capital at risk to credit risk, market risk and operational risk; capital at risk for operational risk also covers compliance risk. The risk managers request risk capital from the Board of Directors based on the current risk profile, planned business activities and potential negative trends in the risk profile.

Of the CHF 16,095 million in eligible capital (total capital) at the end of 2024, a total of CHF 6,900 million was allocated to the risk business in 2025. The percentage breakdown by risk category of the allocated capital is shown in the following table.



The figure shows that the risk profile of Zürcher Kantonalbank is strongly influenced by credit risks.

In the case of operational risks, there is no internal allocation of the cost of capital. For credit risks the Board of Directors makes an allocation to the wholesale, commercial and private portfolios in Sales by annually setting sub-portfolio limits.

Provided the total capital at risk requested (CaR limits) is below the previously determined risk capacity (maximum capital at risk), the Board of Directors can set risk tolerance at the level of the capital at risk requested. The process for allocating capital at risk ensures that the quantitative elements of risk tolerance and the capital strategy are mutually compatible.

In addition to capital at risk, the Board of Directors also sets every year the cost of capital rates for internal charging and other quantitative risk tolerance rules, including a limit for liquidity risk and the benchmark for the strategic investment of equity (equity benchmark).

Risk appetite includes considerations regarding the intended scope of the material risks the group is prepared to take in view of the nature of our business in order to achieve our strategic business objectives. The risk appetite is lower than or equal to the risk tolerance.

The risk profile refers to the risk exposure taken at a given point in time, in the relevant risk categories and aggregated at bank level. The risk profile is reflected in a series of quantitative risk measurement variables and qualitative risk aspects. Limit utilisation is a major measurement and assessment criterion. Ongoing monitoring of the risk profile ensures that it remains within the risk tolerance.

For more information on how the business model interacts with the overall risk profile, please see table CRA (Credit risk, page 71), table CCRA (Counterparty credit risk, page 98), table MRA (Market risk, page 108) and table ORA (Operational risks, page 113).

Internal risk reporting

Internal and external risk reporting is guided by high industry standards in terms of objectivity, scope, transparency and timeliness. Risk transparency is fundamental if the recipients of reports are to assess risk properly. Reporting transparency is supported by having a risk reporter organisationally independent from the units managing risk. Risk reporting covers the entire Zürcher Kantonalbank group.

Reporting to the Executive Board and Board of Directors covers all risk categories. The internal reports are produced by the independent monitoring units. The main reports are:

- The quarterly report from the CRO covering events, the risk profile and monitoring of credit, market and liquidity risk, operational risk, compliance risk reported by the General Counsel and reputation risk reported by Corporate Communications.
- The quarterly report from the CFO on the group results and strategic metrics, revenue items (interest, commission and trading business) and cost items, client development and response, change (development steps), employees and capital.
- The annual report on the suitability and effectiveness of the internal control system and the activities of Risk Control and the Compliance function.

When special developments or events occur, the Executive Board and Board of Directors are informed of changes in the risk profile in additional reports and analyses.

Monitoring reports support risk monitoring in the Risk unit and management controls in the organisational units managing risk. Monitoring reports are produced at higher frequencies for higher risk categories.

Risk data aggregation and systems

The group structure at Zürcher Kantonalbank, with a relatively small number of subsidiaries and the parent bank regionally focused on the Canton of Zurich, means that risk data aggregation is much simpler than, for example, major banks with global activities. Relative size means that the risk profile of the Zürcher Kantonalbank group is dominated by the risks at the parent bank. Where risks at subsidiaries are material for the risk profile of the group, daily or real-time data updates to the parent bank systems ensure that a reliable and up-to-date picture of the group's risk profile is available at all times.

Risk systems for credit risks

– Limit monitoring

Limits are monitored using two complementary systems. The basic system has a group-wide view of all counterparties, their transactions and exposures, risk management structures and limits. For private and corporate clients an early warning score is calculated on the basis of transaction data. Excesses and rule breaches are calculated daily; this results in binding tasks for the risk managers in sales, their superiors and the analysis units, taking into account the rules. Counterparty risks from trading transactions are calculated in a separate application and fed in to the basic system daily for an overall view. This application contains functions for calculating, aggregating, limit monitoring and analysing trading exposure in real time and has the ability to carry out pre-deal checks. The application uses a simulation-based approach and takes into account both netting and collateralisation according to predefined rules.

– Risk measurement: Credit Risk Portfolio Management System

Credit risks at portfolio level are measured in the Credit Risk Portfolio Management System. It calculates, among other things, capital at risk (CaR) and expected loss (EL). Based on these, the cost of capital and the standard risk cost are determined. Exposure data is provided to the system by the limit monitoring system. This data is then enhanced with collateral information. EL calculations are run at individual client level, CaR is calculated at portfolio level. Exposure data is updated daily. It is possible with the corresponding special rights to make flexible changes to portfolio data, e.g. for stress tests, impact analyses or scenario analyses. There is also an option to use a pre-deal check to add new positions to a portfolio to see the effect on CaR.

– Reporting and analyses: Credit risk assessment platform

The application brings together data from various sources into a single database. The data is available to the Risk business unit as raw data at the individual transaction and limit level, and can be viewed both as a current portfolio and reflecting applications. In addition to exposures and limits, the platform also contains data on collateral down to the level of individual security, property, guarantee, etc. and information on clients' group structure. The data is used for regular reports and ad hoc assessments. It is normally downloaded monthly from upstream systems, but is also available for other reporting dates, including retrospectively. The assessments themselves are carried out using database query tools.

Risk systems for market risks

– Measurement of trading P&L and market risk measurement

A business intelligence solution is used to support the risk organisation in its independent P&L and risk analysis of trading positions. P&L and risk data (valuation of trading positions, P&L attributions and risk sensitivities) and the relevant market data (interest rates, exchange rates, etc.) are obtained from the front office application used by Trading. The system used offers a full plausibilisation, analysis and reporting infrastructure for currencies and securities.

The same application measures the minimum capital under the standardised approach as well as the following key market risk ratios: capital at risk (CaR), value at risk (VaR) and stressed VaR for trading positions. This is calculated at various levels of aggregation (desk, trading area, portfolio, etc.). The application obtains a model-based valuation of all trading instruments under different market risk scenarios from the front-office application used by Trading. The market movements for the risk metrics (CaR, VaR) come from a Monte Carlo simulation.

– Interest rate risk measurement on the balance sheet

The ALM system is the application for managing the balance sheet structure in Treasury and in the Risk unit. Exposures in the banking book which are interest rate-sensitive are updated weekly, and the interest rate position is calculated based on this. The Treasury system is used by Treasury to manage interest rate risk under the market interest rate method and regulatory reporting. In terms of risk control, the ALM system is the basis for measuring interest rate risk from both the net present value and profit perspectives.

Risk systems for liquidity risks

- Liquidity risk system
  The system is a scenario-based risk system customised for Zürcher Kantonalbank to measure liquidity risk. In the system, the data for all the bank's transactions that are relevant to liquidity risk measurement are processed and categorised as per the model. Their impact on the liquidity situation and thus also their compliance with internal requirements is simulated. The regulatory liquidity ratios (incl. TBTF-requirements) are calculated based on the accounting system.

Risk systems for operational risk and compliance risk

- Operational risk and compliance risk application
  This application supports the business units, Operational Risk and Legal & Compliance in defining and managing operational and compliance risks. In the application, the risks and the associated controls are centrally documented, attested and independently tested. It is also a monitoring instrument for dealing with issues, compliance measures and outstanding audit items.

Risk systems for reputation risk, business risk and strategic risk

- No specific systems are used to measure reputation, business or strategic risk. The Finance unit mainly uses SAP systems for accounting and controlling.

Stress testing

Stress tests are used to analyse the impact of shock events, changes to individual business parameters or longer lasting crisis scenarios on key target indicators. They are a way of analysing the ability to survive such stress events.

Zürcher Kantonalbank uses stress tests to:

- analyse the effect on the income statement, capital and liquidity of exceptional disruptions on financial markets or in the broader economy;
- perform plausibility checks and optimise capital and liquidity planning;
- develop crisis scenarios and plans to manage risk in stress situations;
- communicate risks for the group using a stress perspective.

Stress scenarios are based on one or more of the following methodologies:

- extreme historic events;
- hypotheses/scenarios formulated by experts;
- sensitivity analyses for area-specific risk factors;
- insolvency scenarios (reverse stress).

Stress testing is an integral part of risk management at Zürcher Kantonalbank. When setting the risk tolerance, Risk Control ensures that the risk limits requested from the Board of Directors are consistent with the results of stress tests.

The stress test universe at Zürcher Kantonalbank mainly consists of two components:

- Group stress test: Checking risk has been identified across all categories, taking into account the interactions between the different categories.
- Area-specific stress tests for market, liquidity and credit risk which are an integral part of individual risk measurement, for example to complement VaR as a largely model-free way of measuring market risk.

Group stress test: potential loss analysis

In the annual potential loss analysis, the Finance and Risk units jointly examine the potential impact of crisis scenarios lasting several years on profitability and the capital position. The aim of the analysis is to check the vulnerability of Zürcher Kantonalbank to crisis scenarios that are unlikely but possible. When measuring potential loss, the focus is on balance sheet and income statement items as well as the regulatory capital situation.

The starting point for the potential loss analysis is the development of scenarios by Economic Research in collaboration with the specialist areas. They draw up macro-economic scenarios which have as wide a range of impacts as possible on individual business areas. The scenarios are to an extent realistic and economically consistent, but exaggerate some trends in order to give the desired severity. Central macro-economic parameters are forecast for each scenario over a period of several years.

Based on these figures, the specialist areas estimate the impact on the group. This stage includes an analysis of the effects on the risk profile and a model-based or expert assessment of potential losses. The analyses and loss estimates produced by the specialist areas are combined in a report and validated. Finally, based on the figures from the annual financial planning, the impact on the income statement and capital is calculated and analysed over the entire horizon of the scenario. In medium-term planning, the scenario selected is used to critically review the stress reserves and capital position overall and define any action required.

In addition to the group's own potential loss analysis, FINMA regularly provides stress scenarios for review and compares the impact between the different banks. The processing of this "regulatory potential loss analysis (PLA)" is coordinated with the internal potential loss analysis whenever possible. The results of the regulatory PLA are discussed with FINMA and integrated into internal risk reporting.

Area-specific stress tests

Zürcher Kantonalbank uses stress testing as a management and monitoring tool, among others, in the following areas:

- Credit risk stress test
  Risk Control runs sensitivity and scenario analyses as part of the process for setting the risk tolerance (CaR) for credit risk. The parameters in the credit risk portfolio model are varied to differing degrees and the impact on the estimated portfolio loss and risk capital requirement is analysed. Other stress tests are carried out on an ad hoc basis to analyse the credit risk profile of sub-portfolios.

- Market risk stress test
  Market risk in trading: stress testing is an integral part of measuring market risk. Losses on trading positions caused by extraordinary market movements are calculated, analysed and monitored. A distinction is drawn between scenarios relevant to the benchmark, scenario analyses and regulatory scenarios. The scenarios relevant to the benchmark are based on macroeconomic narratives (e. g. a financial crisis). All relevant risk factors (share prices, interest rates, etc.) are considered at the same time and consistently. The amount considered is calibrated based on actual developments in historical narratives; in hypothetical narratives it is based on key risk factors at the 99.9 percent quintile of 10-day returns. In the absence of extreme or comparable historic data, expert estimates are used. In addition to the value at risk calculated every day based on current market conditions, a stressed VaR is also calculated. Stressed VaR is based on the same model as VaR, but is calibrated on the basis of changes in the value of the risk factors observed in a period of significant market stress (e. g. 2007 to 2009). The CaR method used for market risk in trading is also based on stressed VaR. The stress period used is reviewed every year to ensure it is appropriate and submitted to the Risk Committee of the EB. Additional analysis scenarios are used to measure market risk in trading; however, unlike the scenarios relevant for the benchmark, these have no limiting function. They are used solely for risk analysis. Since they focus on individual risk factors (e. g. interest rates), they are helpful for investigating the risk profile from different perspectives.

- Interest rates risks on the balance sheet
  From the net present value perspective, the aim of stress testing is to limit potential losses in net present value resulting from a sudden and extreme interest rate scenario. The scenarios used are abrupt interest rate shocks and cover all relevant movements in the yield curve (parallel shifts, twists and steepening). As well as the scenarios relevant for benchmarks mentioned above, use is also made of the regulatory scenarios in FINMA Circular 2019/2 "Interest rate risk – Banks". From the income perspective, stress testing is based on extreme interest rate scenarios with a horizon of one year. The respective structural contribution over the simulation horizon is calculated for each scenario. The stress test indicator is calculated as the difference between the lowest structural contribution of all scenarios and that in the steady state scenario, in which the yield curve is kept unchanged across the entire simulation horizon.

- Liquidity risk
  Since 2024, special regulatory requirements for systemically important banks (TBTF requirements) apply in addition to the requirements of the Liquidity Ordinance for the short-term liquidity ratio (LCR, 30-day horizon). Over a 90-day stress or restructuring horizon, the TBTF requirements must satisfy both basic and additional institution-specific requirements, so that a minimum level of liquidity or high-quality liquid assets (HQLA) is still available on day 90. In addition to the regulatory stress scenarios, Zürcher Kantonalbank uses internal stress scenarios based on the measurement of the liquidity risk measurement system LRS. The risk measure for measuring short-term liquidity is the LRS minimum liquidity reserve on day 30 or day 90. The standard stress scenario models a bank-specific bank run with a serious deterioration in liquidity and is selected from a set of different stress scenarios. The starting point for the calculation is the existing buffer of HQLA. Based on this, for each successive day, the internal model calculates inflows and outflows for various product groups, which increase or reduce the liquidity reserve. The scenario includes, for example, the loss of maturing funding, an outflow of liquidity from all liability items that threatens the existence of the bank and no renewals of term deposits. The minimum liquidity reserve left after the 30th or 90th calendar day of the scenario is the internal risk measurement. The Board of Directors sets the risk tolerance for liquidity risks with the regulatory LCR and TBTF requirements. The EB supplements this specification with limits for the LRS minimum liquidity reserve.

For more information on risk management, strategies and processes, internal reporting and the internal control system, please see table CRA (Credit risk, page 71), table CCRA (Counterparty credit risk, page 98), table MRA (Market risk, page 108) and table ORA (Operational risks, page 113).

5.4 OV1: Overview of RWA

	in CHF million	a RWA 31.12.2025	b RWA 30.6.2025	c Minimum capital requirements 31.12.2025
1	Credit risk, excluding counterparty credit risk	**51,912**	52,362 [3]	**4,153**
2	– of which international standardised approach (SA-BIS)	**10,640**	11,603 [3]	**851**
3	– of which foundation internal ratings-based (F-IRB) approach	**20,113**	20,064	**1,609**
4	– of which supervisory slotting approach	**–**	–	**–**
5	– of which advanced internal ratings-based (A-IRB) approach [1]	**11,006**	11,083 [3]	**880**
5a	– of which: adjustment resulting from sectorial floor for banks using the IRB, on exposures secured by real estate properties located in Switzerland	**10,153**	9,612 [3]	**812**
6	Counterparty credit risk (CCR)	**9,434**	8,448	**755**
7	– of which standardised approach for calculating the credit equivalents of derivatives (SA-CCR)	**3,864**	3,522	**309**
8	– of which expected positive exposure model approach	**–**	–	**–**
9	– of which other CCR [2]	**5,570**	4,926	**446**
10	Credit valuation adjustment (CVA)	**2,083**	2,145	**167**
11	Equity positions in the banking book under the market based approach or the internal model method during the five-year phase-in period	**–**	–	**–**
12	Investments in funds – look-through approach (LTA)	**217**	230	**17**
13	Investments in funds – mandate-based approach (MBA)	**–**	–	**–**
14	Investments in funds – fall-back approach (FBA)	**486**	144	**39**
15	Settlement risk	**46**	45	**4**
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 (SEC-IAA)	**–**	–	**–**
19	– of which securitisation standardised approach (SEC-SA)	**–**	–	**–**
19a	– of which subject to 1,250 percent risk weight	**–**	–	**–**
20	Market risk	**3,529**	3,951 [3]	**282**
20a	– of which simplified market risk standardised approach	**–**	–	**–**
21	– of which standardised approach (SA)	**3,529**	3,951 [3]	**282**
22	– of which internal model approach (IMA)	**–**	–	**–**
23	Capital charge for switch between trading book and banking book	**–**	–	**–**
24	Operational risk	**4,652**	4,355	**372**
25	Amounts below the thresholds for deduction (subject to 250 percent risk weight)	**–**	–	**–**
26	Output floor applied (%)	**72.5%**	72.5%	
27	Floor adjustment (before application of transitional cap)	**–**	–	
28	Floor adjustment (after application of transitional cap)	**–**	–	
29	**Total (1+6+10+11+12+13+14+15+16+20+23+24+25+28)**	**72,359**	**71,680** [3]	**5,789**

1 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.
2 Zürcher Kantonalbank uses the comprehensive approach for credit risk mitigation to calculate the credit risk equivalent of securities financing transactions (SFT).
3 These key figures differ from the figures published for 30.6.2025. In the corresponding disclosure report as at 30.6.2025, RWA were understated in total by CHF 1,207 million (thereof credit risk SA-BIS CHF 61 million, credit risk A-IRB CHF 43 million, sectorial floor CHF 684 million and market risk CHF 418 million). These figures also change as a result of the adjustment of RWA.

RWA increased by CHF 679 million to CHF 72,359 million overall compared with 30 June 2025. In particular, the RWA increased for counterparty credit risk (+CHF 986 million), for investments in funds under the fall-back approach (+CHF 342 million) and for operational risk (+CHF 297 million). The RWA for credit risk (–CHF 450 million) and for market risk (–CHF 422 million) saw offsetting movements. For further information on the reasons for the changes please see the relevant detailed tables.

6 Comparison of modelled and standardised RWA

6.1 CMS1: Comparison of modelled and standardised RWA at risk level

31.12.2025		a	b	c	d
in CHF million		RWA			
	Risk level	Model-based RWA	RWA for portfolios where standardised approaches are used	Total actual RWA (a + b)	RWA entirely computed under standardised approaches for the calculation of the output floor according to article 45a paragraph 3 CAO
1	Credit risk (excluding counterparty credit risk)	41,271	10,640	51,912	69,851
2	Counterparty credit risk	1,676	7,758	9,434	10,830
3	Credit valuation adjustment (CVA)		2,083	2,083	2,083
4	Securitisation exposures in the banking book	–	–	–	–
5	Market risk	–	3,529	3,529	3,529
6	Operational risk		4,652	4,652	4,652
7	Residual RWA	–	749	749	749
8	**Total**	**42,947**	**29,411**	**72,359**	**91,694**

30.6.2025		a	b	c	d
in CHF million		RWA			
	Risk level	Model-based RWA	RWA for portfolios where standardised approaches are used	Total actual RWA (a + b)	RWA entirely computed under standardised approaches for the calculation of the output floor according to article 45a paragraph 3 CAO
1	Credit risk (excluding counterparty credit risk)	40,759 [1]	11,603 [1]	52,362 [1]	70,661 [1]
2	Counterparty credit risk	1,819	6,629	8,448	10,057
3	Credit valuation adjustment (CVA)		2,145	2,145	2,145
4	Securitisation exposures in the banking book	–	–	–	–
5	Market risk	–	3,951 [1]	3,951 [1]	3,951 [1]
6	Operational risk		4,355	4,355	4,355
7	Residual RWA	–	419	419	419
8	**Total**	**42,578** [1]	**29,102** [1]	**71,680** [1]	**91,588** [1]

1 These key figures differ from the figures published for 30.6.2025. In the corresponding disclosure report as at 30.6.2025, actual RWA in column c for credit risk were understated by CHF 789 million, for market risk by CHF 418 million and in total by CHF 1,207 million. These figures also change as a result of the adjustment of RWA.

During the reporting period, there were no significant changes in the comparison of modelled and standardised RWA at risk level.

When calculating RWA, Zürcher Kantonalbank applies a model approach only for credit and counterparty credit risk. The RWA for the other risk types are calculated using a standardised approach. The following table explains the main drivers of differences between the RWA for credit and counterparty credit risk under the model approach (IRB) and under the standardised approach (SA-BIS):

	Model approach (IRB)	**Standardised approach (SA-BIS)**
Risk weighting	Uses risk weight formula with the following influencing factors: – Asset class – Probability of default (PD) (internal rating) – Default rate (LGD) – Maturity (except for retail exposure class)	Exposures secured directly and indirectly by mortgages: based on asset class (self-used residential and commercial properties, and residential and commercial investment properties) and loan-to-value ratio (LTV category). Unsecured loans: based on external rating. If not available, fallback risk weight. 100 % for corporates, 85 % for SMEs.
Internal ratings/probability of default (PD)	Rating models calibrated on the basis of internal default rates. Stress periods are taken into account with a higher weighting to ensure conservatism.	No consideration of internal ratings/PD.
Default rate (LGD)	Set by the regulator for corporates/banks (F-IRB). For retail (A-IRB), own downturn LGD modelling assuming a property value loss of approx. 50 %.	No consideration of LGD.
Credit conversion factors (CCF)	Largely adopted from the standardised approach, in some cases increased based on own estimates.	Set by the regulator.
Sectorial floor for exposures secured by mortgages in Switzerland	The IRB RWA for exposures secured by mortgages in Switzerland must be at least 72.5 % of the SA-BIS RWA for these exposures.	–

RWA under the model approach are lower than standardised approach RWA in all asset classes. The most significant differences are evident in the following two asset classes:

- Asset class corporates: other lending: the option of using internal ratings results in a model risk weight of less than 100 percent for the majority of counterparties. IRB RWA are therefore lower than SA-BIS RWA, as the SA-BIS risk weights are mostly 100 percent.
- Asset class retail: exposures secured by mortgages: the difference between IRB RWA (before sectorial floor) and SA-BIS RWA is particularly large here. Historically observed default rates are very low, which allows the rating models to be calibrated towards good ratings. This results in an average model risk weight of around 15 percent (before sectorial floor) in this exposure class. In the standardised approach, the lowest possible risk weight is 20 percent, which is applied to self-used residential real estate with an LTV of up to 50 percent.

The sectorial floor takes effect at Zürcher Kantonalbank and leads to an RWA adjustment of CHF 10,153 million as at 31 December 2025 (30 June 2025: CHF 9,612 million). This adjustment is included in the above table CMS1 in line 1 credit risk (excluding counterparty credit risk) in the model-based RWA.

6.2 CMS2: Comparison of modelled and standardised RWA for credit risk according to the internal ratings-based approach (IRB) and the standardised approach for credit risk (SA-BIS) at asset class level

31.12.2025		a	b	c	d
in CHF million		RWA			
	Asset class	Model-based RWA	RWA for column a if re-computed using the SA-BIZ	Total actual RWA	RWA entirely computed under SA-BIZ for the calculation of the output floor according to article 45a paragraph 3 CAO
1	Central governments, central banks and supranational organisations	–	–	2	2
2	– of which: Central governments, central banks and supranational organisations (F-IRB)	–	–		–
3	– of which: Central governments, central banks and supranational organisations (A-IRB)	–	–		–
4	Banks	1,497	2,531	2,094	3,128
5	Public-sector entities and multilateral development banks	–	–	1,074	1,074
6	Corporates: specialised lending	15,301	16,708	16,862	18,270
7	– of which: Corporates: specialised lending (supervisory slotting approach)	–	–		–
8	– of which: Corporates: specialised lending (F-IRB)	15,301	16,708		16,708
9	– of which: Corporates: specialised lending (A-IRB)	–	–		–
10	Corporates: other lending	8,772	13,980	12,214	17,422
11	– of which: Corporates: other lending (F-IRB)	8,772	13,980		13,980
12	– of which: Corporates: other lending (A-IRB)	–	–		–
13	Retail	15,702	25,992	16,125	26,416
14	– of which: Retail: secured by real estate	15,702	25,992		25,992
15	– of which: Retail: qualifying revolving retail exposures	–	–		–
16	– of which: Retail: other retail exposures	–	–		–
17	Equity			525	525
18	Other	–	–	3,015	3,015
19	**Total**	**41,271**	**59,211**	**51,912**	**69,851**

30.6.2025		a	b	c	d
in CHF million		RWA			
	Asset class	Model-based RWA	RWA for column a if re-computed using the SA-BIZ	Total actual RWA	RWA entirely computed under SA-BIZ for the calculation of the output floor according to article 45a paragraph 3 CAO
1	Central governments, central banks and supranational organisations	–	–	3	3
2	– of which: Central governments, central banks and supranational organisations (F-IRB)	–	–		–
3	– of which: Central governments, central banks and supranational organisations (A-IRB)	–	–		–
4	Banks	1,713	3,081	2,384	3,752
5	Public-sector entities and multilateral development banks	–	–	842 [1]	842 [1]
6	Corporates: specialised lending	14,787 [1]	16,171 [1]	16,477 [1]	17,861 [1]
7	– of which: Corporates: specialised lending (supervisory slotting approach)	–	–		–
8	– of which: Corporates: specialised lending (F-IRB)	14,787 [1]	16,171 [1]		16,171 [1]
9	– of which: Corporates: specialised lending (A-IRB)	–	–		–
10	Corporates: other lending	8,698 [1]	14,128 [1]	12,911 [1]	18,342 [1]
11	– of which: Corporates: other lending (F-IRB)	8,698 [1]	14,128 [1]		14,128 [1]
12	– of which: Corporates: other lending (A-IRB)	–	–		–
13	Retail	15,561 [1]	25,677 [1]	15,964 [1]	26,080 [1]
14	– of which: Retail: secured by real estate	15,561 [1]	25,677 [1]		25,677 [1]
15	– of which: Retail: qualifying revolving retail exposures	–	–		–
16	– of which: Retail: other retail exposures	–	–		–
17	Equity			477	477
18	Other	–	–	3,305	3,305
19	**Total**	**40,759 [1]**	**59,057 [1]**	**52,362 [1]**	**70,661 [1]**

1 These key figures differ from the figures published for 30.6.2025. In the corresponding disclosure report as at 30.6.2025, total actual RWA in column c were understated by CHF 789 million (thereof Public-sector entities and multilateral development banks CHF 1 million (rounded number), Corporates: specialised lending CHF 421 million, Corporates: other lending CHF 81 million and Retail CHF 286 million). These figures also change as a result of the adjustment of RWA.

During the reporting period, there were no significant changes in the comparison of modelled and standardised RWA for credit risk according to the internal ratings-based approach (IRB) and the standardised approach for credit risk (SA-BIS) at asset class level.

7 Composition of regulatory capital and TLAC

7.1 CCA: Main features of regulatory capital instruments and of other total loss-absorbing capacity (TLAC) eligible instruments in accordance with the provisions of the CAO for non-systemically important banks

31.12.2025		Endowment capital	CHF Tier 1 bond
1	Issuer	Zürcher Kantonalbank	Zürcher Kantonalbank
2	Unique identifier	n/a	CH 036 153 294 5
3	Governing law of the instrument	Swiss law	Swiss law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	n/a	n/a
› Regulatory treatment			
4	As part of the rules under the transitional provisions of the Capital Adequacy Ordinance (CAO) of 1 June 2012 in the version of 1 January 2024	Common equity Tier 1 (CET1)	Additional Tier 1 (AT1)
5	Under the rules that apply after the expiry of the transitional provisions of the CAO of 1 June 2012 in the version of 1 January 2024	Common equity Tier 1 (CET1)	Additional Tier 1 (AT1)
6	Eligible at solo, group, solo and group levels	Solo and group level	Solo and group level
7	Instrument type	Other instrument	Other instrument
8	Amount recognised in regulatory capital (in CHF million)	CHF 2,425 million	CHF 738 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	15.2.1870	30.6.2017
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 in format TT.MM.JJJJ, contingent call dates (tax and/or regulatory event) and redemption amount	n/a	Next possible call date 30.10.2026. Redemption amount: entire outstanding issue, no partial termination
16	Subsequent call dates, if applicable	n/a	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 3.6 % until 30.10.2028; thereafter reset every 5 years based on 5-year mid-swap (minimum 0 %) plus 2.125 % risk premium
19	Existence of a dividend stopper, whereby a missing dividend on the instrument implies a missing dividend on the 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 or 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 in the insolvency creditor hierarchy of the legal entity concerned	Tier 1 bonds	Tier 2 bond
36	Existence of characteristics that prevent full recognition in accordance with the Basel minimum standards in the version set out in Annex 1 CAO	No	No
37	If yes: description of non-compliant features	n/a	n/a

31.12.2025		CHF Tier 1 bond	EUR Tier 2 bond
1	Issuer	Zürcher Kantonalbank	Zürcher Kantonalbank
2	Unique identifier	CH 053 689 332 1	CH 117 056 575 3
3	Governing law of the instrument	Swiss law	Swiss law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	n/a	n/a
› Regulatory treatment			
4	As part of the rules under the transitional provisions of the Capital Adequacy Ordinance (CAO) of 1 June 2012 in the version of 1 January 2024	Additional Tier 1 (AT1)	Tier 2 (T2)
5	Under the rules that apply after the expiry of the transitional provisions of the CAO of 1 June 2012 in the version of 1 January 2024	Additional Tier 1 (AT1)	Tier 2 (T2)
6	Eligible at solo, group, solo and group levels	Solo and group level	Solo and group level
7	Instrument type	Other instrument	Other instrument
8	Amount recognised in regulatory capital (in CHF million)	CHF 315 million	CHF 185 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	13.4.2022
12	Perpetual or dated	Perpetual	Dated
13	Original maturity date	n/a	13.4.2028
14	Issuer call option (subject to prior supervisory authority approval)	Yes	Yes
15	Optional call date in format TT.MM.JJJJ, contingent call dates (tax and/or regulatory event) and redemption amount	First possible call date 16.4.2027. Redemption amount: entire outstanding issue, no partial termination	One-time possible call date 13.4.2027. 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 16.4.2027; thereafter reset every five years based on 5-year SARON-mid-swap (minimum 0 %) plus 1.75 % risk premium	Fixed at 2.02 % until 13.4.2027; thereafter reset based on 3-month Euribor plus 0.90 % risk premium (minimum 0 %)
19	Existence of a dividend stopper, whereby a missing dividend on the instrument implies a missing dividend on the common shares	Yes	No
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	n/a
23	Convertible or 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 in the insolvency creditor hierarchy of the legal entity concerned	Tier 2 bond	Bail-in bonds
36	Existence of characteristics that prevent full recognition in accordance with the Basel minimum standards in the version set out in Annex 1 CAO	No	No
37	If yes: description of non-compliant features	n/a	n/a

30.6.2025		Endowment capital	CHF Tier 1 bond
1	Issuer	Zürcher Kantonalbank	Zürcher Kantonalbank
2	Unique identifier	n/a	CH 036 153 294 5
3	Governing law of the instrument	Swiss law	Swiss law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	n/a	n/a

› Regulatory treatment

4	As part of the rules under the transitional provisions of the Capital Adequacy Ordinance (CAO) of 1 June 2012 in the version of 1 January 2024	Common equity Tier 1 (CET1)	Additional Tier 1 (AT1)
5	Under the rules that apply after the expiry of the transitional provisions of the CAO of 1 June 2012 in the version of 1 January 2024	Common equity Tier 1 (CET1)	Additional Tier 1 (AT1)
6	Eligible at solo, group, solo and group levels	Solo and group level	Solo and group level
7	Instrument type	Other instrument	Other instrument
8	Amount recognised in regulatory capital (in CHF million)	CHF 2,425 million	CHF 746 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	15.2.1870	30.6.2017
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 in format TT.MM.JJJJ, contingent call dates (tax and/or regulatory event) and redemption amount	n/a	Next possible call date 30.10.2025. Redemption amount: entire outstanding issue, no partial termination
16	Subsequent call dates, if applicable	n/a	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 3.6 % until 30.10.2028; thereafter reset every 5 years based on 5-year mid-swap (minimum 0 %) plus 2.125 % risk premium
19	Existence of a dividend stopper, whereby a missing dividend on the instrument implies a missing dividend on the 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 or 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 in the insolvency creditor hierarchy of the legal entity concerned	Tier 1 bonds	Tier 2 bond
36	Existence of characteristics that prevent full recognition in accordance with the Basel minimum standards in the version set out in Annex 1 CAO	No	No
37	If yes: description of non-compliant features	n/a	n/a

30.6.2025		CHF Tier 1 bond	EUR Tier 2 bond
1	Issuer	Zürcher Kantonalbank	Zürcher Kantonalbank
2	Unique identifier	CH 053 689 332 1	CH 117 056 575 3
3	Governing law of the instrument	Swiss law	Swiss law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	n/a	n/a

› Regulatory treatment

4	As part of the rules under the transitional provisions of the Capital Adequacy Ordinance (CAO) of 1 June 2012 in the version of 1 January 2024	Additional Tier 1 (AT1)	Tier 2 (T2)
5	Under the rules that apply after the expiry of the transitional provisions of the CAO of 1 June 2012 in the version of 1 January 2024	Additional Tier 1 (AT1)	Tier 2 (T2)
6	Eligible at solo, group, solo and group levels	Solo and group level	Solo and group level
7	Instrument type	Other instrument	Other instrument
8	Amount recognised in regulatory capital (in CHF million)	CHF 315 million	CHF 187 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	13.4.2022
12	Perpetual or dated	Perpetual	Dated
13	Original maturity date	n/a	13.4.2028
14	Issuer call option (subject to prior supervisory authority approval)	Yes	Yes
15	Optional call date in format TT.MM.JJJJ, contingent call dates (tax and/or regulatory event) and redemption amount	First possible call date 16.4.2027. Redemption amount: entire outstanding issue, no partial termination	One-time possible call date 13.4.2027. 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 16.4.2027; thereafter reset every five years based on 5-year SARON-mid-swap (minimum 0 %) plus 1.75 % risk premium	Fixed at 2.02 % until 13.4.2027; thereafter reset based on 3-month Euribor plus 0.90 % risk premium (minimum 0 %)
19	Existence of a dividend stopper, whereby a missing dividend on the instrument implies a missing dividend on the common shares	Yes	No
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	n/a
23	Convertible or 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 in the insolvency creditor hierarchy of the legal entity concerned	Tier 2 bond	Bail-in bonds
36	Existence of characteristics that prevent full recognition in accordance with the Basel minimum standards in the version set out in Annex 1 CAO	No	No
37	If yes: description of non-compliant features	n/a	n/a

7.2 CC1: Composition of regulatory capital

in CHF million		a Amounts 31.12.2025	a Amounts 30.6.2025	b References
› Common equity (CET1)				
1	Issued and paid-in capital, fully eligible	**2,425**	2,425	G
2	Retained earnings reserves, including reserves for general banking risks, after deduction of deferred tax liabilities if no corresponding provision has been recognised, profit (loss) carry forwards and profit (loss) for the period	**13,304**	12,730	
	– of which voluntary retained earnings reserve	**11,684**	11,684	H
	– of which reserves for general banking risks	**379**	379	F
	– of which profit (loss) for the current period	**1,241**	668	J
	– of which eligible as CET1 capital	**863**	309 [1]	K
3	Capital reserves and foreign currency translation reserve and other reserves	**–1**	–1	I
6	CET1 before regulatory adjustments	**15,350**	14,795	
› CET1: regulatory adjustments				
8	Goodwill (net of related tax liability)	**–3**	–3	A, D
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	**–0**	–0	B, E
10	Deferred tax assets that rely on future profitability	**–0**	–0	C
28	Total regulatory adjustments to CET1	**–3**	–3	
29	**Net CET1**	**15,347**	**14,792**	
› Additional Tier 1 capital (AT1)				
30	Issued and paid in instruments, fully eligible	**1,065**	1,065	
32	– of which classified as liabilities under applicable accounting standards	**1,065**	1,065	
36	AT1 before regulatory adjustments	**1,065**	1,065	
› Additional Tier 1 capital: regulatory adjustments				
37	Net long position in own AT1 instruments	**–12**	–4	
43	Total adjustments to AT1	**–12**	–4	
44	Net AT1	**1,053**	1,061	
45	**Net Tier 1 capital (= net CET1 + net AT1)**	**16,400**	**15,853**	
› Tier 2 capital (T2)				
46	Issued and paid in instruments, fully eligible, after deduction of value reduction (amortisation) (Art. 30 para. 2 CAO)	**187**	187	
	Surplus value adjustments and provisions on non-defaulted exposures, eligible as T2	**296**	293 [3]	
51	Tier 2 capital before regulatory adjustments	**483**	480 [3]	
› Tier 2 capital: regulatory adjustments				
52	Net long position in own T2 instruments and other total loss absorbing capacity (TLAC) instruments	**–2**	–	
57	Total adjustments to T2	**–2**	–	
58	**Net T2**	**482**	**480** [3]	
59	**Regulatory capital (net Tier 1 + net T2)**	**16,882**	**16,332** [3]	
60	**Total risk-weighted assets (RWA)**	**72,359**	**71,680** [3]	

› Capital ratios [2]				
61	CET1 ratio (item 29, as a percentage of RWA)	**21.2%**	20.6% [3]	
62	Tier 1 ratio (item 45, as a percentage of RWA)	**22.7%**	22.1% [3]	
63	Regulatory capital ratio (item 59, as a percentage of RWA)	**23.3%**	22.8% [3]	
64	Institute specific CET1 buffer requirements in accordance with the Basel minimum standards (capital buffer + extended countercyclical buffer according to Art. 44a CAO + capital buffer for systemically important banks) (as a percentage of RWA)	**2.5%**	2.5% [3]	
65	– of which capital buffer in accordance with Basel minimum standards (as a percentage of RWA)	**2.5%**	2.5%	
66	– of which extended countercyclical buffer in accordance with the Basel minimum standards (Art. 44a CAO, as a percentage of RWA)	**0.0%**	0.0% [3]	
67	– of which capital buffer for systemically important institutions in accordance with the Basel minimum standards (as a percentage of RWA)	**–**	–	
68	CET1 available after meeting the Basel minimum standard (item 64), after deduction of CET1 to cover the minimum requirements and, if applicable, to cover TLAC requirements (as a percentage of RWA)	**15.3%**	14.8% [3]	
› Amounts below the thresholds for deduction before risk-weighting				
72	Non-significant participations and other purchased TLAC instruments in the financial sector	**1,043**	925	
73	Qualified participations in the financial sector (CET1)	**423**	423	
› Applicable caps on the inclusion of items in T2				
76	Provisions eligible for inclusion in T2 capital in respect of exposures subject to standardised approach SA-BIS (prior to application of cap)	**38**	37	
77	Cap on inclusion of valuation adjustments in the context of the SA-BIS approach	**239**	233	
78	Provisions eligible for inclusion in T2 capital in respect of exposures subject to internal ratings-based (IRB) approach (prior to application of cap)	**271**	274	
79	Cap on inclusion of valuation adjustments in the context of the IRB approach	**258**	256 [3]	

1 Art. 21, para. 1, letter e CAO states that 70 percent of the profit for the current financial year after deducting the estimated profit distribution share can be recognised as Common Equity Tier 1 (CET1) capital.
2 Systemically important banks can disregard items 68a to 68g as Annex 8 of the CAO does not apply to them.
3 These key figures differ from the figures published for 30.6.2025. In the corresponding disclosure report as at 30.6.2025, RWA were understated in total by CHF 1,207 million. These figures also change as a result of the adjustment of RWA.

In terms of regulatory capital, mainly Common Equity Tier 1 capital shows a significant change compared to 30 June 2025, rising by CHF 555 million. The increase is mainly due to the retained profit for the financial year 2025, which is CHF 554 million higher than at the previous reporting date. There were no material changes in Additional Tier 1 capital (AT1) and in Tier 2 capital (T2). RWA also remained at a similar level compared to mid-year. The higher regulatory capital increased the capital ratios (CET1 ratio and T1 ratio + 0.6 percentage points and total regulatory capital ratio + 0.5 percentage points).

7.3 CC2: Reconciliation of balance sheet to regulatory capital

Balance sheet as in financial statements/under regulatory scope of consolidation[1] in CHF million	**a and b** **Amounts** **31.12.2025**	**a and b** Amounts 30.6.2025	**c** References
› Assets			
Liquid assets	**36,317**	31,518	
Amounts due from banks	**2,525**	3,036	
Amounts due from securities financing transactions	**20,205**	21,092	
Amounts due from customers	**12,662**	13,346	
Mortgage loans	**111,174**	109,106	
Trading portfolio assets	**13,178**	12,160	
Positive replacement values of derivative financial instruments	**1,022**	1,222	
Other financial instruments at fair value	**–**	–	
Financial investments	**7,737**	5,621	
Accrued income and prepaid expenses	**449**	537	
Non-consolidated participations	**158**	155	
Tangible fixed assets	**474**	481	
Intangible assets	**3**	3	
– of which goodwill	**3**	3	A
– of which other intangibles, other than mortgage servicing rights	**0**	0	B
Other assets	**274**	1,533	
– of which deferred tax assets that rely on future profitability	**0**	0	C
Capital not paid in	**–**	–	
Total assets	**206,177**	**199,811**	
› Liabilities			
Amounts due to banks	**31,784**	33,107	
Liabilities from securities financing transactions	**9,492**	6,581	
Amounts due in respect of customer deposits	**114,324**	109,033	
Trading portfolio liabilities	**2,458**	2,292	
Negative replacement values of derivative financial instruments	**1,105**	2,256	
Liabilities from other financial instruments at fair value	**4,729**	4,512	
Cash bonds	**208**	233	
Certificate of Deposits	**–**	–	
Bond issues	**11,891**	11,181	
Central mortgage institution loans	**12,041**	11,620	
Accrued expenses and deferred income	**1,437**	1,146	
Other liabilities	**795**	2,534	
Provisions	**185**	162	
– of which deferred tax liabilities related to goodwill	**–**	–	D
– of which deferred tax liabilities related to other intangible assets, other than mortgage servicing rights	**–**	–	E
Total liabilities	**190,450**	**184,657**	
– of which subordinated liabilities eligible as Tier 2 capital (T2). Systemically important banks separately report conversion capital with high trigger or low trigger.	**465**	467	
– of which subordinated liabilities eligible as Additional Tier 1 capital (AT1). Systemically important banks separately report conversion capital with high trigger or low trigger.	**1,053**	1,061	

› Equity

Reserves for general banking risks	**379**	379	F
Bank's capital	**2,425**	2,425	
– of which eligible as common equity (CET1)	**2,425**	2,425	G
Statutory reserves/voluntary reserves/profits (losses) carried forward/profit (loss) for the period	**12,924**	12,350	
– of which voluntary retained earnings reserve	**11,684**	11,684	H
– of which foreign currency translation reserve	**–1**	–1	I
– of which profit (loss) for the current period	**1,241**	668	J
– of which eligible as CET1 capital	**863**	309 [2]	K
Own shares	**–**	–	
Minority interests in the consolidated financial statements	**–**	–	
Total equity	**15,727**	**15,154**	

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 Art. 21, para. 1, letter e CAO states that 70 percent of the profit for the current financial year after deducting the estimated profit distribution share can be recognised as Common Equity Tier 1 (CET1) 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., ZKB Securities (UK) Ltd., Complementa AG and the Swisscanto group, consisting of Swisscanto Holding AG with its subsidiaries and their subsidiaries (Swisscanto Fund Management Company Ltd., Swisscanto Pensions Ltd. in liquidation, Swisscanto Private Equity CH I AG, Swisscanto Private Equity CH II AG, Swisscanto Private Equity Growth II AG and Swisscanto Asset Management International SA). An exception are the immaterial (from an accounting perspective) subsidiaries Zürcher Kantonalbank Representações Ltda. and Complementa GmbH, as well as the immaterial majority holding in Spheriq AG (formerly Philanthropy Services Ltd.).

Equity instruments of companies in the financial sector are treated as described in Art. 33 to 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 significant 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.

8 Linkages between accounting and regulatory exposure amounts

8.1 LIA: Explanations of differences between accounting and regulatory exposure amounts

Differences between accounting and regulatory exposure amounts

Table LI2 shows the main differences between accounting and regulatory exposure amounts, which can be summarised as follows:

- Off-balance sheet amounts (row 4)
- Revocable commitments (row 5)
- Differences due to consideration of value adjustments and provisions (row 6)
- Net position of central mortgage institution bonds and loans (row 7)
- Consideration of financial collateral (row 8)
- Differences due to the calculation of credit equivalents for derivatives (row 9)
- Differences due to the use of the comprehensive approach for credit risk mitigation (for SFTs) (row 10)
- Other differences (row 11)

Trading portfolio assets and liabilities

These exposures are actively managed to benefit from market price movements, i.e. there is an ongoing willingness to increase, reduce, close out or hedge the risk position. The intention to make an arbitrage profit also counts as a trading portfolio asset. When a transaction is executed, it must be classified as a trading portfolio asset and documented accordingly.

Trading portfolio assets are always measured and recognised at fair value. Where, as an exception, no fair value is ascertainable, valuation and recognition must follow the principle of the lower of cost or market value.

The group handbook specifies the following rules for measuring balance sheet exposures which may contain trading portfolio assets measured at fair value:

Balance sheet item	Content	Valuation rules
Trading portfolio assets	All securities and precious metals (physical or in an account) held and owned by the bank for trading purposes. Money market receivables held for trading.	Recognised at fair value.
Positive replacement values of derivative financial instruments	Derivative financial instruments must be treated as trading portfolio assets unless used with structured products or for hedging.	Derivative financial instruments are valued at fair value and, in principle, represent trading portfolio assets. Hedging transactions are also measured at fair value, except for the derivative financial instruments used to hedge interest rate risk within the scope of asset and liability management. In this case, value changes are recognised in the Compensation account with no income effect.
Other financial instruments at fair value	Assets related to own issues of structured products with own debt instruments which satisfy the conditions for using the fair value option.	All recognised at fair value provided all the conditions in Accounting Ordinance (RelV-FINMA) and FINMA Circular 2020/1 "Accounting – banks" are met.
Trading portfolio liabilities	Short positions.	Recognised at fair value.
Negative replacement values of derivative financial instruments	Derivative financial instruments must be treated as trading portfolio assets unless used with structured products or for hedging.	Derivative financial instruments are valued at fair value and, in principle, represent trading portfolio assets.
Liabilities from other financial instruments at fair value	Liabilities related to own issues of structured products with own debt instruments which satisfy the conditions for using the fair value option.	All recognised at fair value provided all the conditions in Accounting Ordinance (RelV-FINMA) and FINMA Circular 2020/1 "Accounting – banks" are met.

The fair value used can either be a price set on a price-efficient and liquid market or a theoretical price determined based on a valuation model. In the latter case, all the following conditions for price calculation must be met:

- the bank's internal valuation and risk measurement models take appropriate account of all relevant risks;
- the input factors for the bank's internal valuation and risk measurement models are complete and appropriate;
- the bank's internal valuation and risk measurement models, including the inputs used, are scientifically sound, robust and consistently applied;
- controls are effective, especially the controls on model, measurement and the calculation of daily profit or loss carried out by an internal risk control unit that is independent from trading;
- the traders, independent controller and risk manager are close to the market and familiar with them.

Systems and controls in connection with the valuation of trading portfolio assets

The Trading unit enters trading portfolio assets in the Frontarena system. Settlement and position management is carried out in a designated position management system (the back office system WSA), which sources transactions from Frontarena. Accounting (secondary ledger) for all trading transactions is in SAP CFM.

Prices are checked for plausibility in the front office systems by Market Risk to calculate the ongoing trading P&L and reconcile the front office and back office systems every day.

Trading portfolio assets are valued using the prices and valuations in Frontarena. The valuation parameters for calculating the trading P&L are checked independently by Market Risk. For financial reporting, the prices supplied by Frontarena are checked for plausibility by Accounting and monitored using consistency controls. Every month, the accounting gain or loss on trading is reconciled with the reported P&L by the Risk Control unit.

Positions in the trading book are priced using the data and data sources applied in Market Risk. These pricing rules are set by type of instrument, by Market Risk.

The following figure provides an overview of the valuation methods used for trading portfolio assets by type of instrument.

Instrument	Valuation/price
Bonds CHF/EUR	Market price
Swap CHF/non-CHF	Theoretical
Credit default swaps (CDS)	Theoretical
Equity securities/indices	Market price
Futures	Market price
Equity/index options	Theoretical
Commodities	Market price
PM futures	Market price
PM and commodity options	Theoretical
Gold and fund ETFs	Theoretical
FX options/warrants	Theoretical
Structured products	Theoretical

For further information on market risk management, please see table MRA starting from page 108.

8.2 LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

31.12.2025 in CHF million	a and b[1/2] Carrying values under the scope of accounting and regulatory consolidation	c Carrying values of items subject to credit risk framework	d Carrying values of items subject to counterparty credit risk framework	e Carrying values of items subject to securitisation framework	f Carrying values of items subject to market risk framework	g Not subject to capital requirements or subject to deduction from capital
› Assets						
Liquid assets	36,317	36,317	–	–	–	–
Amounts due from banks	2,525	2,384	140	–	–	–
Amounts due from securities financing transactions	20,205	–	20,205	–	–	–
Amounts due from customers	12,662	12,261	401	–	–	–
Mortgage loans	111,174	111,174	–	–	–	–
Trading portfolio assets	13,178	559	–	–	12,618	–
Positive replacement values of derivative financial instruments	1,022	–	1,022	–	1,022	–
Other financial instruments at fair value	–	–	–	–	–	–
Financial investments	7,737	7,238	–	–	499	–
Accrued income and prepaid expenses	449	449	–	–	47	–
Non-consolidated participations	158	158	–	–	–	–
Tangible fixed assets	474	474	–	–	–	–
Intangible assets	3	–	–	–	–	3
Other assets	274	274	–	–	–	0
Total assets	**206,177**	**171,289**	**21,768**	**–**	**14,186**	**3**
› Liabilities						
Amounts due to banks	31,784	–	220	–	–	31,564
Liabilities from securities financing transactions	9,492	–	9,492	–	–	–
Amounts due in respect of customer deposits	114,324	–	12	–	–	114,313
Trading portfolio liabilities	2,458	–	–	–	2,458	–
Negative replacement values of derivative financial instruments	1,105	–	1,105	–	1,105	–
Liabilities from other financial instruments at fair value	4,729	–	–	–	4,729	–
Cash bonds	208	–	–	–	–	208
Certificate of Deposits	–	–	–	–	–	–
Bond issues	11,891	–	–	–	–	11,891
Central mortgage institution loans	12,041	–	–	–	–	12,041
Accrued expenses and deferred income	1,437	–	–	–	45	1,391
Other liabilities	795	–	–	–	–	795
Provisions	185	–	–	–	–	185
Total liabilities	**190,450**	**–**	**10,829**	**–**	**8,338**	**172,388**

1 If a bank's scope of accounting consolidation and its scope of regulatory consolidation are exactly the same, columns a and b should be merged. This is applicable to Zürcher Kantonalbank.
2 Where a single item attracts capital charges according to more than one risk category framework, it should be reported in all columns that it attracts a capital charge. As a consequence, the sum of amounts in columns c to g may be greater than the amount in column a and b.

31.12.2024 in CHF million	**a and b**[1/2] Carrying values under the scope of accounting and regulatory consolidation	**c** Carrying values of items subject to credit risk framework	**d** Carrying values of items subject to counterparty credit risk framework	**e** Carrying values of items subject to securitisation framework	**f** Carrying values of items subject to market risk framework	**g** Not subject to capital requirements or subject to deduction from capital
› Assets						
Liquid assets	32,733	32,733	–	–	–	–
Amounts due from banks	3,405	3,093	312	–	–	–
Amounts due from securities financing transactions	25,349	–	25,349	–	–	–
Amounts due from customers	11,621	11,197	424	–	–	–
Mortgage loans	106,600	106,600	–	–	–	–
Trading portfolio assets	13,437	9	–	–	13,428	–
Positive replacement values of derivative financial instruments	2,669	–	2,669	–	2,669	–
Other financial instruments at fair value	–	–	–	–	–	–
Financial investments	5,206	4,858	–	–	349	–
Accrued income and prepaid expenses	513	513	–	–	53	–
Non-consolidated participations	155	155	–	–	–	–
Tangible fixed assets	497	497	–	–	–	–
Intangible assets	3	–	–	–	–	3
Other assets	405	402	–	–	–	2
Total assets	**202,594**	**160,057**	**28,755**	**–**	**16,499**	**5**
› Liabilities						
Amounts due to banks	39,691	–	56	–	–	39,635
Liabilities from securities financing transactions	8,008	–	8,008	–	–	–
Amounts due in respect of customer deposits	106,980	–	19	–	–	106,962
Trading portfolio liabilities	2,862	–	–	–	2,862	–
Negative replacement values of derivative financial instruments	1,005	–	1,005	–	1,005	–
Liabilities from other financial instruments at fair value	4,421	–	–	–	4,421	–
Cash bonds	260	–	–	–	–	260
Certificate of Deposits	50	–	–	–	–	50
Bond issues	10,994	–	–	–	–	10,994
Central mortgage institution loans	11,162	–	–	–	–	11,162
Accrued expenses and deferred income	1,287	–	–	–	56	1,232
Other liabilities	834	–	–	–	–	834
Provisions	177	–	–	–	–	177
Total liabilities	**187,732**	**–**	**9,088**	**–**	**8,344**	**171,305**

1 If a bank's scope of accounting consolidation and its scope of regulatory consolidation are exactly the same, columns a and b should be merged. This is applicable to Zürcher Kantonalbank.
2 Where a single item attracts capital charges according to more than one risk category framework, it should be reported in all columns that it attracts a capital charge. As a consequence, the sum of amounts in columns c to g may be greater than the amount in column a and b.

8.3 LI2: Main sources of differences between regulatory exposure amounts and carrying values in consolidated financial statements

31.12.2025 in CHF million		a Total	b Positions subject to credit risk framework	d Positions subject to counterparty credit risk framework	c Positions subject to securitisation framework	e Positions subject to market risk framework [1]
1	Asset carrying value amount under regulatory scope of consolidation as per Table LI	207,244	171,289	21,768	–	14,186
2	Liabilities carrying value amount under regulatory scope of consolidation as per Table LI1	19,167	–	10,829	–	8,338
3	Total net amount under regulatory scope of consolidation	188,077	171,289	10,939	–	5,849
4	Off-balance sheet amounts [2]	17,532	8,864	–	–	–
5	Revocable commitments [2]	35,789	5,002	–	–	–
6	Differences due to consideration of value adjustments and provisions	444	443	1	–	–
7	Net position of central mortgage institution bonds and loans	−3,434	−3,434	–	–	–
8	Consideration of financial collateral	−987	−987	–	–	–
9	Differences due to the calculation of credit equivalents for derivatives	10,517	–	10,517	–	–
10	Differences due to the use of the comprehensive approach for credit risk mitigation (for SFTs)	−2,969	–	−2,969	–	–
11	Other differences	−5,937	−89	–	–	−5,848
12	**Exposure amounts considered for regulatory purposes**	**199,578**	**181,089**	**18,489**	**–**	**1**

1 Exposure at default is only calculated for securitisation exposures in the trading book, resulting in a difference between carrying values and exposure amounts considered for regulatory purposes.
2 According to FINMA Circ. 16/1, off-balance sheet original exposures are to be disclosed in column a and the amounts after application of the credit conversion factors (CCFs) in columns b to e. Hence, the total amount in column a does not equal the sum of positions from columns b to e. The same method is applied for revocable commitments.

31.12.2024 in CHF million		a Total	b Positions subject to credit risk framework	d Positions subject to counterparty credit risk framework	c Positions subject to securitisation framework	e Positions subject to market risk framework [1]
1	Asset carrying value amount under regulatory scope of consolidation (as per Table LI1)	205,311	160,057	28,755	–	16,499
2	Liabilities carrying value amount under regulatory scope of consolidation (as per Table LI1)	17,432	–	9,088	–	8,344
3	Total net amount under regulatory scope of consolidation	187,879	160,057	19,666	–	8,155
4	Off-balance sheet amounts 2	18,450	11,073	–	–	–
5	Revocable commitments 2	32,660	16,846	–	–	–
6	Differences due to consideration of value adjustments and provisions	462	461	1	–	–
7	Amounts below the thresholds for deduction (subject to 250 % risk weight)	−422	−422	–	–	–
8	Net position of central mortgage institution bonds and loans	−3,293	−3,293	–	–	–
9	Consideration of financial collateral	−760	−760	–	–	–
10	Differences due to the calculation of credit equivalents for derivatives	10,391	–	10,391	–	–
11	Differences due to the use of the comprehensive approach for credit risk mitigation (for SFTs)	−7,098	–	−7,098	–	–
12	Other differences	−8,209	−60	–	–	−8,149
13	**Exposure amounts considered for regulatory purposes**	**206,869**	**183,903**	**22,960**	**–**	**6**

1 Exposure at default is only calculated for securitisation exposures in the trading book, resulting in a difference between carrying values and exposure amounts considered for regulatory purposes.
2 According to FINMA Circ. 16/1, off-balance sheet original exposures are to be disclosed in column a and the amounts after application of the credit conversion factors (CCFs) in columns b to e. Hence, the total amount in column a does not equal the sum of positions from columns b to e. The same method is applied for revocable commitments.

8.4 PV1: Prudential valuation adjustments (PVA)

Zürcher Kantonalbank made no prudential value adjustments either in the previous reporting period or as at the reporting date.

9 Asset encumbrance

9.1 ENC: Encumbered and unencumbered assets

31.12.2025 in CHF million	a Encumbered assets excluding central bank facilities	b Central bank facilities	c Unencumbered assets excluding central bank facilities	d Total
Liquid assets	250	–	36,067	36,317
Amounts due from banks	1,117	–	1,408	2,525
Amounts due from securities financing transactions	–	–	20,205	20,205
Amounts due from customers	809	72	11,781	12,662
Mortgage loans	14,618	–	96,556	111,174
Trading portfolio assets	503	–	12,675	13,178
Positive replacement values of derivative financial instruments	–	–	1,022	1,022
Financial investments	579	–	7,158	7,737
Remaining assets	–	–	1,358	1,358
Total assets	**17,875**	**72**	**188,230**	**206,177**

30.6.2025 in CHF million	a Encumbered assets excluding central bank facilities	b Central bank facilities	c Unencumbered assets excluding central bank facilities	d Total
Liquid assets	250	–	31,269	31,518
Amounts due from banks	1,457	–	1,579	3,036
Amounts due from securities financing transactions	–	–	21,092	21,092
Amounts due from customers	1,472	105	11,770	13,346
Mortgage loans	14,114	–	94,992	109,106
Trading portfolio assets	647	–	11,513	12,160
Positive replacement values of derivative financial instruments	–	–	1,222	1,222
Financial investments	363	–	5,258	5,621
Remaining assets	–	–	2,709	2,709
Total assets	**18,301**	**105**	**181,405**	**199,811**

During the reporting period, there were no significant changes in asset encumbrance.

Within liquid assets, the collateral posted to secure the deposit guarantee obligation to the esisuisse association at the Swiss National Bank (SNB) represents an encumbered asset.

Exposures under amounts due from banks and customers, trading portfolio assets and financial investments are encumbered for derivative transactions to the extent shown in column a.

The SNB provided a standing facility during the coronavirus pandemic (the SNB COVID-19 refinancing facility). In exchange, covid loans (receivables) have been assigned as collateral (column b under amounts due from customers).

Pfandbriefzentrale der schweizerischen Kantonalbanken AG grants central mortgage institution loans to the cantonal banks against mortgage collateral. The cover pool of Pfandbriefzentrale contains mortgage loans that must fulfil the strict regulatory requirements of the Pfandbrief Act. Column a shows the amount of mortgage loans encumbered for this purpose.

10 Credit risk

10.1 CRA: Credit risk: general qualitative information about credit risk

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

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

Organisation and processes

The risk managers bear responsibility for profits and losses generated on the risks entered into. They are responsible for the continuous, active management of risks and for compliance with internal risk tolerance regulations, relevant laws, ordinances, circulars and standards. The sales units in Corporate Clients, Institutionals & Multinationals, Private Banking, Retail Clients and the support centre in Products, Services & Direct Banking are the risk managers responsible for credit risks.

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

The Compliance function is a member of the Risk Committee of the Executive Board and also the Credit Committee, which considers in advance credit risk-related issues which fall within the remit of the Risk Committee.

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

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

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

A credit portfolio model is used as the basis for the modelling of unexpected losses. Besides default probabilities, exposures in the event of default and loss rates, correlations between debtors are particularly significant for the modelling of unexpected losses. The model covers balance-sheet and off-balance-sheet items.

Collateral

The valuation of collateral for loans, and in particular the calculation of market and collateral values, is governed by an extensive set of internal rules setting out the relevant methods, procedures and responsibilities. These rules are continually reviewed and aligned with regulatory requirements and market changes. For the valuation of mortgage collateral, the bank uses recognised estimation methods that are tailored to the type of property. These include hedonic models, income capitalisation approaches and expert appraisals, among others.

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

Limiting and monitoring credit exposures

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

Value adjustments

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

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

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

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

Value adjustments and provisions for expected losses

For non-impaired loans/receivables and off-balance-sheet transactions, Zürcher Kantonalbank recognises value adjustments and provisions for expected losses. Expected loss (EL) is the anticipated value of future losses from credit defaults. The EL is determined on the non-impaired loans/receivables of the following balance sheet and off-balance-sheet items:

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

Country risks

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

Settlement risks

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

Concentration risks

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

Reporting

The CRO report is a quarterly report from the risk organisation, produced independently of the risk managers, informing the Executive Board and Board of Directors of events, the risk profile and credit risk monitoring. Information on the credit risk profile of the group is provided in tables, graphs and commentaries on trends in the individual sub-portfolios and credit risk overall. In addition to management reporting, there are also special reports on selected issues of special relevance and/or topicality. These reports are also seen by FINMA and the external auditor. In addition, every year, the Executive Board and Board of Directors receive reports on the suitability and effectiveness of internal controls in credit risk management. When special developments or events occur, the Executive Board and Board of Directors are informed on an ad hoc basis of changes in the risk profile in additional reports and analyses.

Apart from the management reporting, there are also various monitoring reports. These support risk monitoring in the Risk unit and management controls in the organisational units managing risk. Unlike the management reporting, the monitoring reports focus on a limited presentation of specific risks or portfolios, in some cases all the way down to counterparty level. Depending on their subject, these monitoring reports are produced at shorter intervals, as production is often more automated than for the management reporting described above.

Risk profile

Zürcher Kantonalbank pursues a full-service banking strategy. This is directly derived from the Law on Zürcher Kantonalbank and the needs of the people and businesses in the Greater Zurich Area. In line with this strategic focus, the bank operates a broadly diversified business model strongly rooted in the Greater Zurich Area. In accordance with the business model the lending business, and especially the mortgage lending business, are central business areas for the bank. Mortgage receivables amount to CHF 111.2 billion making them by far the largest item in the receivables on the balance sheet. Around two-thirds of mortgage loans to private individuals relate to owner-occupied residential property. The remaining loans are secured with rented residential properties or properties that are used for commercial purposes. This is reflected in the bank's risk profile. Loan commitments are shown in table CR4 (SA-BIS) starting from page 82 and CR6 (IRB) starting from page 93 by exposure category under Basel III.

Investment portfolio

Strategy, organisation and processes for the management of risks in the investment portfolio

The risks in the investment portfolio comprise issuer risks on debt and equity securities in financial investments, participations and real estate price risks. Because these are allocated to the banking book, they are included under credit risk for capital adequacy purposes. Interest rate risks from debt securities in financial investments are managed and limited as part of the interest rate risks in the balance sheet.

The background to the investment portfolio is as follows: The debt securities in the financial investments are part of the bank's liquidity buffer. The participations relate in particular to companies in the financial market infrastructure.

In addition, Zürcher Kantonalbank provides start-up financing to promote young companies. The real estate position consists almost entirely of property in use by the bank. The purchase of financial investments and real estate as well as the acquisition of participations are subject to detailed regulations and responsibilities. The investment guidelines for the financial investments managed by Treasury are laid down in the risk tolerance requirements approved by the Risk Committee of the EB. Only debt securities with a first-class credit rating that are considered high-quality liquid assets (HQLA) may be purchased. There are rules on climate-related financial risks in line with Zürcher Kantonalbank's sustainability policy. Financial investments by Treasury must now meet not only exclusion criteria for issuers from critical industries, but also requirements regarding their carbon footprint (CO_2e emissions relative to revenue). The Risk unit is responsible for the measurement and monitoring of risk as well as independent reporting on investment portfolio risks.

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

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

Risk profile

The carrying amount of financial investments was CHF 7.7 billion as at 31 December 2025 (2024: CHF 5.2 billion). Of this, CHF 7.1 billion related to debt securities (2024: CHF 4.7 billion). The portfolio consists mainly of mortgage bonds and first-class bonds, which are diversified in terms of counterparty groups and countries. At CHF 0.6 billion in total, equity instruments, precious metals and real estate are insignificant in the overall context.

10.2 CR1: Credit risk: credit quality of assets

31.12.2025		a	b	c	d	e	f	g
in CHF million		Gross carrying values of		Value adjustments/ provisions	Of which ECL value adjustments/provisions for credit losses on			Net values (a + b – c)
		defaulted exposures	non-defaulted exposures		SA-BIS exposures in the category "specific"	SA-BIS exposures in the category "general"	IRB exposures	
1	Loans, excluding debt securities [1]	780	125,753	714	25	–	399	125,819
2	Debt securities [1]	–	7,093	3	3	–	0	7,090
3	Off-balance-sheet exposures	132	17,400	60	10	–	51	17,471
4	**Total**	**911**	**150,246**	**777**	**38**	**–**	**450**	**150,380**

1 According to DisO-FINMA, on-balance-sheet items have to 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 38,380 million are not included in this table.

30.6.2025		a	b	c	d	e	f	g
in CHF million		Gross carrying values of		Value adjustments/ provisions	Of which ECL value adjustments/provisions for credit losses on			Net values (a + b – c)
		defaulted exposures	non-defaulted exposures		SA-BIS exposures in the category "specific"	SA-BIS exposures in the category "general"	IRB exposures	
1	Loans, excluding debt securities [1]	723	124,921	720	25	–	410	124,924
2	Debt securities [1]	–	5,197	2	2	–	0	5,195
3	Off-balance-sheet exposures	152	17,078	57	11	–	47	17,173
4	**Total**	**875**	**147,196**	**779**	**37**	**–**	**457**	**147,291**

1 According to DisO-FINMA, on-balance-sheet items have to 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 36,642 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 regulatory 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.

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

31.12.2025 in CHF million		**a**
1	**Defaulted loans and debt securities[1] at end of the previous reporting period (30.6.2025)**	**723**
2	Loans and debt securities that have defaulted since the last reporting period	162
3	Returned to non-defaulted status	93
4	Amounts partially or fully written off	4
5	Other changes (+/-) [2]	−8
6	**Defaulted loans and debt securities at end of the reporting period (1+2−3−4+5)**	**780**

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 31 December 2025 increased by CHF 57 million compared to the figure recorded on 30 June 2025.

10.4 CRB: Credit risk: additional disclosure related to the credit quality of assets

Breakdown of exposures by geographical area

in CHF million	Carrying values 31.12.2025	Carrying values 31.12.2024
Switzerland	**126,404**	119,186
Rest of Europe	**3,281**	2,923
Americas	**1,954**	2,298
Asia and Oceania	**1,181**	1,116
Africa	**90**	86
Total exposures	**132,909**	**125,609**

Breakdown of exposures by industry

in CHF million	Carrying values 31.12.2025	Carrying values 31.12.2024
Agriculture	**761**	627
Manufacturing	**4,162**	5,080
Services	**55,883**	50,308
Individuals and other	**72,103**	69,594
Total exposures	**132,909**	**125,609**

Breakdown of exposures by residual maturity

in CHF million	Carrying values 31.12.2025	Carrying values 31.12.2024
Due up to 3 months	**16,321**	15,063
Due between 3 and 12 months	**17,657**	24,675
Due between 1 and 3 years	**23,488**	24,164
Due between 3 and 5 years	**29,457**	18,470
Due after more than 5 years	**45,986**	43,236
Total exposures	**132,909**	**125,609**

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.

Impaired loans amounted to CHF 564 million (2024: CHF 516 million). After deducting the estimated liquidation value of collateral, this equals net debt of CHF 315 million (2024: CHF 294 million).

Identification of impaired loans

Please refer to the section headed "Value adjustments" in table CRA starting from page 72.

Breakdown of impaired exposures by geographical area

in CHF million	Impaired exposures (gross debt) 31.12.2025	Allowances and write-offs 31.12.2025	Impaired exposures (gross debt) 31.12.2024	Allowances and write-offs 31.12.2024
Switzerland	**457**	**243**	451	221
Rest of Europe	**45**	**32**	51	36
Americas	**61**	**14**	14	14
Asia and Oceania	**0**	**0**	–	–
Africa	**–**	**–**	–	–
Total impaired exposures	**564**	**289**	**516**	**271**

Breakdown of impaired exposures by industry

in CHF million	Impaired exposures (gross debt) 31.12.2025	Allowances and write-offs 31.12.2025	Impaired exposures (gross debt) 31.12.2024	Allowances and write-offs 31.12.2024
Agriculture	**5**	**3**	7	4
Manufacturing	**215**	**95**	176	77
Services	**263**	**172**	253	170
Individuals and other	**80**	**19**	80	20
Total impaired exposures	**564**	**289**	**516**	**271**

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. The nominal value of non-performing loans amounted to CHF 178 million at the end of the reporting period (2024: CHF 147 million). Loans that were non-performing but not impaired amounted to CHF 34 million (2024: CHF 68 million). These are loans covered by collateral.

Ageing analysis of accounting past-due exposures

in CHF million	Past-due exposures (gross debt) 31.12.2025	Allowances and write-offs 31.12.2025	Past-due exposures (gross debt) 31.12.2024	Allowances and write-offs 31.12.2024
Past-due for 1 day to 3 months	**8**	**1**	66	41
Past-due for 3 to 6 months	**63**	**35**	30	3
Past-due for 6 to 9 months	**12**	**3**	6	2
Past-due for 9 months to 1 year	**27**	**17**	23	6
Past-due for 1 to 3 years	**55**	**19**	13	7
Past-due for 3 to 5 years	**7**	**2**	6	2
Past-due for more than 5 years	**8**	**7**	2	1
Total past-due exposures	**178**	**83**	**147**	**62**

Restructured exposures

Restructured exposures are all those on- or off-balance-sheet positions which are deemed in default and are being serviced by a dedicated team within the bank. Individual value adjustments or provisions are recognised for impaired default positions and off-balance-sheet positions with credit risk. Positions that have recovered are no longer flagged as being in default, but are generally only transferred from the dedicated team back to sales, once a degree of sustainability has been confirmed. Positions in sales do not count as restructured.

Breakdown of restructured exposures

in CHF million		Gross debt		
		Impaired	Not impaired	Total
Restructured exposures	**31.12.2025**	**476**	**558**	**1,033**
Restructured exposures	31.12.2024	443	628	1,070

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.

10.5 CRC: Credit risk: qualitative disclosure requirements related to credit risk mitigation techniques

Core features of policies and processes for on- and off-balance-sheet netting

For accounting purposes, with the exception of the following instances, no netting takes place. Payables and receivables are offset if all the conditions below are met:

- payables and receivables arise from the same type of transactions with the same counterparty;
- have the same or earlier maturity for the receivable;
- are in the same currency and
- cannot result in a counterparty risk.

Holdings of own bonds and cash bonds are offset against the corresponding liability items. Furthermore, positive and negative value adjustments with no income effect are offset in the compensation account.

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

Netting on the balance sheet as at 31 December 2025 amounted to CHF 15.0 billion (2024: CHF 20.0 billion). No off-balance-sheet netting takes place.

Core features of policies and processes for collateral evaluation and management

Bank guarantees are treated as other collateral. The loan-to-value ratio depends on the rating of the bank in question. Bank guarantees are checked by the sales unit for banks before acceptance. All other guarantees are classified simply as additional cover with no eligible collateral value (unsecured). Guarantees from other companies may only be taken into consideration where Risk Control has given its prior consent.

If the amount of a guarantee is a maximum including interest and other costs, it must be for at least 110 percent of the loan amount to be secured. The term of the credit exposure is measured in line with the maximum validity of the guarantee. The loan generally matures one month before the guarantee expires, so a claim can be made.

For the purposes of calculating capital adequacy, Zürcher Kantonalbank recognises bank guarantees (Zürcher Kantonalbank as direct beneficiary, callable on first request with no right of objection) using the substitution approach. State guarantees are also taken into account.

Information about market or credit risk concentrations under the credit risk mitigation instruments used (i.e. by guarantor type, collateral and credit derivative protection providers)

Guarantees taken into account for credit exposures are included in internal risk measurement under the guarantor's credit exposure. This means that the value of guarantees is included automatically in concentration risk monitoring at the level of client, region and sector.

10.6 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 90 onwards for IRB disclosures.

31.12.2025 in CHF million		**a** Unsecured exposures at book value	**b** Secured exposures at book value [1]	**c** of which: secured by collateral [2]	**d** of which: secured by financial guarantees [2]	**e** of which: secured by credit derivatives [2]
1	Loans, excluding debt securities	14,383	111,436	109,399	1,077	–
2	Debt securities	7,024	66	–	66	–
3	**Total**	**21,407**	**111,502**	**109,399**	**1,143**	**–**
4	– of which defaulted	390	117	87	18	–

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.

30.6.2025 in CHF million		**a** Unsecured exposures at book value	**b** Secured exposures at book value [1]	**c** of which: secured by collateral [2]	**d** of which: secured by financial guarantees [2]	**e** of which: secured by credit derivatives [2]
1	Loans, excluding debt securities	14,684	110,241	108,249	1,193	–
2	Debt securities	5,119	75	–	75	–
3	**Total**	**19,803**	**110,316**	**108,249**	**1,268**	**–**
4	– of which defaulted	330	122	88	22	–

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) decreased by CHF 301 million compared to 30 June 2025. The proportion of fully or partially secured exposures (excluding debt securities) as at 31 December 2025 was at 89 percent (30 June 2025: 88 percent). During the reporting period, there were no material changes in the extent to which credit risk mitigation techniques were used.

10.7 CRD: Credit risk: qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk

Capital adequacy requirements for credit risks are calculated using the IRB approach. However, some positions are still calculated using the international standard approach (SA-BIS). With respect to these positions, the risk weights of counterparties may be calculated on the basis of agency ratings.

For the corporate and public-sector entity categories, Zürcher Kantonalbank applies the ratings from the agencies Standard & Poor's and Moody's. The ratings of export credit agencies (ECAs) are not taken into account. For governments, Fitch ratings are also taken into account. With the finalisation of Basel III, banks must now use an external rating without taking government support into account; the Fitch XGS rating is used for this purpose. No ratings are used in the categories retail, equity securities and other positions. For securities, the issue-specific ratings from Standard & Poor's and Moody's are used.

If two or more ratings exist with different risk weights, those ratings which correspond to the two lowest risk weights are taken into consideration and the higher of the two risk weights is used. For debt securities, top priority is given to the issue rating and second priority to the issuer rating.

With the finalisation of Basel III, a due diligence check was introduced when using external ratings, under which the bank must assess whether the risk weighting applied is actually appropriate. For transactions with an external rating, the internal rating of the business partner is consulted and, if necessary, the rating class or risk weight is increased. The due diligence never leads to a lower risk weight compared to the external rating.

10.8 CR4: Credit risk: credit risk exposure and credit risk mitigation (CRM) effects under the SA-BIS

31.12.2025 in CHF million (unless stated otherwise)		**a** Exposures **before** CCF and CRM	**b**	**c** Exposures **post**-CCF and CRM	**d**	**e** RWA	**f** RWA density
	Asset class	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount		
1	Central governments, central banks and supranational organisations	2,197	0	2,684	6	2	0.1 %
2	Public-sector entities	1,925	3,482	1,925	586	1,077	42.9 %
3	Multilateral development banks	0	–	61	1	–	–
4	Banks	287	186	287	94	136	35.8 %
	– of which: account-holding investment firms and other financial institutions without a banking licence, but with equivalent regulation and supervision	–	–	–	–	–	–
5	Covered bonds	11	–	11	–	1	10.0 %
	– of which: Swiss Pfandbriefe	11	–	11	–	1	10.0 %
6	Corporates	4,537	10,868	3,938	2,523	4,565	70.7 %
	– of which: non-account-holding investment firms and other financial institutions not included in row 4	2,660	6,760	2,306	1,217	2,427	68.9 %
	– of which: specialised lending	573	1,223	569	235	784	97.6 %
7	Subordinated debt and equity instruments	271	317	271	317	1,645	279.6 %
8	Retail	825	743	235	43	291	104.6 %
9	Directly and indirectly secured real estate exposures	2,222	554	2,219	126	1,451	61.9 %
	– of which: self-used residential real estate (GRRE) [1]	346	112	345	12	114	31.9 %
	– of which: residential real estate (IPRRE)	960	78	958	10	405	41.9 %
	– of which: self-used commercial real estate (GCRE) [1]	132	11	132	4	100	73.9 %
	– of which: commercial real estate (IPCRE)	629	89	629	13	574	89.5 %
	– of which: construction loans and land acquisition loans [1]	156	264	156	87	258	105.9 %
10	Defaulted exposures	147	248	135	58	285	147.9 %
11	Other exposures	37,777	–	37,777	–	1,186	3.1 %
12	**Total**	**50,201**	**16,398**	**49,543**	**3,755**	**10,640**	**20.0 %**

1 The line “construction loans and land acquisition loans” only includes loans for non-self-used properties. Construction loans and land acquisition loans for self-used residential real estate are included in the line “self-used residential real estate (GRRE)” and construction loans and land acquisition loans for self-used commercial real estate are included in the line “self-used commercial real estate (GCRE)”.

30.6.2025		a	b	c	d	e	f
in CHF million (unless stated otherwise)		Exposures **before** CCF and CRM		Exposures **post**-CCF and CRM		RWA	RWA density
	Asset class	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount		
1	Central governments, central banks and supranational organisations	235	–	766	13	3	0.3 %
2	Public-sector entities	1,419	3,405	1,420	579	847	42.4 %
3	Multilateral development banks	0	–	50	0	–	–
4	Banks	297	193	297	95	132	33.8 %
	– of which: account-holding investment firms and other financial institutions without a banking licence, but with equivalent regulation and supervision	–	–	–	–	–	–
5	Covered bonds	31	–	31	–	3	10.0 %
	– of which: Swiss Pfandbriefe	31	–	31	–	3	10.0 %
6	Corporates	5,498	10,275	4,915	2,386	5,371	73.6 %
	– of which: non-account-holding investment firms and other financial institutions not included in row 4	2,730	6,265	2,390	1,113	2,733	78.0 %
	– of which: specialised lending	451	1,273	447	225	659	98.0 %
7	Subordinated debt and equity instruments	262	317	262	317	1,608	277.8 %
8	Retail	764	995	245	58	324	107.0 %
9	Directly and indirectly secured real estate exposures	2,768	501	2,763	95	1,714 [2]	60.0 % [2]
	– of which: self-used residential real estate (GRRE) [1]	401	130	401 [2]	14	142 [2]	34.1 %
	– of which: residential real estate (IPRRE)	1,299 [2]	69 [2]	1,295 [2]	10 [2]	527 [2]	40.4 % [2]
	– of which: self-used commercial real estate (GCRE) [1]	159	25	159	10	131	77.5 % [2]
	– of which: commercial real estate (IPCRE)	728 [2]	94 [2]	727 [2]	13 [2]	659 [2]	89.0 % [2]
	– of which: construction loans and land acquisition loans [1]	181 [2]	183 [2]	181 [2]	49 [2]	255 [2]	111.1 % [2]
10	Defaulted exposures	324	359	309	77	396	102.7 %
11	Other exposures	32,942	–	32,942	–	1,205	3.7 %
12	**Total**	**44,541**	**16,045**	**44,000**	**3,620**	**11,603** [2]	**24.4 %** [2]

1 The line "construction loans and land acquisition loans" only includes loans for non-self-used properties. Construction loans and land acquisition loans for self-used residential real estate are included in the line "self-used residential real estate (GRRE)" and construction loans and land acquisition loans for self-used commercial real estate are included in the line "self-used commercial real estate (GCRE)".

2 These key figures differ from the figures published for 30.6.2025. In the corresponding disclosure report as at 30.6.2025, credit risk RWA under the SA-BIS were understated by CHF 61 million. These figures also change as a result of the adjustment of RWA.

Compared with 30 June 2025, total on-balance-sheet amounts before CCF and CRM subject to credit risk under the SA-BIS were up by CHF 5,660 million. In particular, the on-balance-sheet amounts for central governments, central banks and supranational organisations as well as other exposures increased (+CHF 1,962 million and +CHF 4,835 million respectively). The largest decline was recorded in the corporates asset class (–CHF 961 million). Off-balance-sheet amounts rose CHF 353 million in the second half of 2025 (primarily in corporates, which was up CHF 592 million, offset by the decline in retail (–CHF 252 million). The average risk weight (RWA density in %) fell in the half-year under review, which is why total RWA are also lower compared to 30 June 2025 (–CHF 963 million).

10.9 CR5: Credit risk: exposures by exposure classes and risk weights under the SA-BIS

31.12.2025 in CHF million		a	b	c	d	e	f	g
	Exposure class/ risk weight	0 %	20 %	50 %	100 %	150 %	Other	Total[1]
1	Central governments, central banks and supranational organisations	2,687	–	1	2	–	–	2,690

1 Total credit exposure amount (post-CCF and post-CRM)

30.6.2025 in CHF million		a	b	c	d	e	f	g
	Exposure class/ risk weight	0 %	20 %	50 %	100 %	150 %	Other	Total[1]
1	Central governments, central banks and supranational organisations	776	–	–	3	–	–	779

1 Total credit exposure amount (post-CCF and post-CRM)

31.12.2025 in CHF million		a	b	c	d	e	f
	Exposure class/ risk weight	20 %	50 %	100 %	150 %	Other	Total[1]
2	Public-sector entities	678	1,785	48	–	–	2,512

1 Total credit exposure amount (post-CCF and post-CRM)

30.6.2025 in CHF million		a	b	c	d	e	f
	Exposure class/ risk weight	20 %	50 %	100 %	150 %	Other	Total[1]
2	Public-sector entities	612	1,324	63	–	–	1,998

1 Total credit exposure amount (post-CCF and post-CRM)

31.12.2025 in CHF million		a	b	c	d	e	f	g	h
	Exposure class/ risk weight	0 %	20 %	30 %	50 %	100 %	150 %	Other	Total[1]
3	Multilateral development banks	63	–	–	–	–	–	–	63

1 Total credit exposure amount (post-CCF and post-CRM)

30.6.2025 in CHF million		a	b	c	d	e	f	g	h
	Exposure class/ risk weight	0 %	20 %	30 %	50 %	100 %	150 %	Other	Total[1]
3	Multilateral development banks	50	–	–	–	–	–	–	50

1 Total credit exposure amount (post-CCF and post-CRM)

31.12.2025 in CHF million		a	b	c	d	e	f	g	h	i
	Exposure class/risk weight	20 %	30 %	40 %	50 %	75 %	100 %	150 %	Other	Total [1]
4	Banks	321	0	16	0	–	–	44	–	381
	– of which: account-holding investment firms and other financial institutions without a banking licence, but with equivalent regulation and supervision	–	–	–	–	–	–	–	–	–

1 Total credit exposure amount (post-CCF and post-CRM)

30.6.2025 in CHF million		a	b	c	d	e	f	g	h	i
	Exposure class/risk weight	20 %	30 %	40 %	50 %	75 %	100 %	150 %	Other	Total [1]
4	Banks	346	0	6	0	–	–	41	–	392
	– of which: account-holding investment firms and other financial institutions without a banking licence, but with equivalent regulation and supervision	–	–	–	–	–	–	–	–	–

1 Total credit exposure amount (post-CCF and post-CRM)

31.12.2025 in CHF million		a	b	c	d	e	f	g	h	i
	Exposure class/risk weight	10 %	15 %	20 %	25 %	35 %	50 %	100 %	Other	Total [1]
5	Covered bonds	11	–	–	–	–	–	–	–	11
	– of which: Swiss Pfandbriefe	11								11

1 Total credit exposure amount (post-CCF and post-CRM)

30.6.2025 in CHF million		a	b	c	d	e	f	g	h	i
	Exposure class/risk weight	10 %	15 %	20 %	25 %	35 %	50 %	100 %	Other	Total [1]
5	Covered bonds	31	–	–	–	–	–	–	–	31
	– of which: Swiss Pfandbriefe	31								31

1 Total credit exposure amount (post-CCF and post-CRM)

31.12.2025 in CHF million		a	b	c	d	e	f	g	h	i	j	k
	Exposure class/risk weight	20 %	50 %	65 %	75 %	80 %	85 %	100 %	130 %	150 %	Other	Total [1]
6	Corporates	1,606	1,128		183	–	9	3,536	–	–	–	6,461
	– of which: investment firms and other financial institutions not included in row 4	1,014	569		–		–	1,939		–	–	3,523
	– of which: specialised lending	–	–		78	–		725	–		–	804

1 Total credit exposure amount (post-CCF and post-CRM)

30.6.2025 in CHF million		a	b	c	d	e	f	g	h	i	j	k
	Exposure class/risk weight	20 %	50 %	65 %	75 %	80 %	85 %	100 %	130 %	150 %	Other	Total [1]
6	Corporates	1,796	876		214	–	13	4,402	–	–	–	7,302
	– of which: investment firms and other financial institutions not included in row 4	848	184		–		–	2,471		–	–	3,503
	– of which: specialised lending	–	–		54	–		618	–		–	672

1 Total credit exposure amount (post-CCF and post-CRM)

31.12.2025 in CHF million		a	b	c	d	e	f
	Exposure class/ risk weight	100 %	150 %	250 %	400 %	Other	Total[1]
7	Subordinated debt and equity instruments		–	472	116	–	588

1 Total credit exposure amount (post-CCF and post-CRM)

30.6.2025 in CHF million		a	b	c	d	e	f
	Exposure class/ risk weight	100 %	150 %	250 %	400 %	Other	Total[1]
7	Subordinated debt and equity instruments		–	472	107	–	579

1 Total credit exposure amount (post-CCF and post-CRM)

31.12.2025 in CHF million		a	b	c	d	e
	Exposure class/ risk weight	45 %	75 %	100 %	Other	Total[1]
8	Retail	–	74	204	–	278

1 Total credit exposure amount (post-CCF and post-CRM)

30.6.2025 in CHF million		a	b	c	d	e
	Exposure class/ risk weight	45 %	75 %	100 %	Other	Total[1]
8	Retail	–	82	222	–	303

1 Total credit exposure amount (post-CCF and post-CRM)

31.12.2025
in CHF million

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v
	Exposure class/risk weight	0%	20%	25%	30%	35%	40%	45%	50%	55%	60%	65%	70%	75%	85%	90%	100%	105%	110%	115%	150%	Other	Total[1]
9	Directly and indirectly secured real estate exposures	–	79	146	262	588	–	2	–	171	127		343	9	0		358		–	193	68	–	2,345
	– of which: self-used residential real estate[2]	–	79	146	–	125	–	2	–	–	–			6	0		0				–	–	357
	– of which: no loan splitting applied	–	79	146	–	125	–	2	–	–	–			6	0		0				–	–	357
	– of which: loan splitting applied (secured)																						
	– of which: loan splitting applied (unsecured)																						
	– of which: other residential real estate				262	462				171	40			1	–				–		30	–	967
	– of which: self-used commercial real estate[2]	–	–		–		–		–		87			2	–		46				–	–	135
	– of which: no loan splitting applied	–	–		–		–		–		87			2	–		46				–	–	135
	– of which: loan splitting applied (secured)																						
	– of which: loan splitting applied (unsecured)																						
	– of which: other commercial real estate												343				97			193	9	–	642
	– of which: construction loans and land acquisition loans[2]																214				29	–	243

1 Total credit exposure amount (post-CCF and post-CRM)
2 According to the DisO-FINMA, the line "construction loans and land acquisition loans" only includes loans for non-self-used properties. Construction loans and land acquisition loans for self-used residential real estate are included in the line "self-used residential real estate (GRRE)" and construction loans and land acquisition loans for self-used commercial real estate are included in the line "self-used commercial real estate (GCRE)".

30.6.2025
in CHF million

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v
	Exposure class/risk weight	0%	20%	25%	30%	35%	40%	45%	50%	55%	60%	65%	70%	75%	85%	90%	100%	105%	110%	115%	150%	Other	Total[1]
9	Directly and indirectly secured real estate exposures	–	66	158	549[3]	682[3]	–	–	–	157[3]	140[3]		390[3]	14	0		398[3]		0	198[3]	106[3]	–	2,858
	– of which: self-used residential real estate[2]	–	66	158	–	170	–	–	–	10	–			11[3]	0		0				–	–	415[3]
	– of which: no loan splitting applied	–	66	158	–	170	–	–	–	10	–			11[3]	0		0				–	–	415[3]
	– of which: loan splitting applied (secured)																						
	– of which: loan splitting applied (unsecured)																						
	– of which: other residential real estate				549[3]	511[3]				147[3]	47[3]			1	–				0		49	–	1,304[3]
	– of which: self-used commercial real estate[2]	–	–		–		–		–		93[3]			2	0		73[3]				–	–	169
	– of which: no loan splitting applied	–	–		–		–		–		93[3]			2	0		73[3]				–	–	169
	– of which: loan splitting applied (secured)																						
	– of which: loan splitting applied (unsecured)																						
	– of which: other commercial real estate												390[3]				144[3]			198[3]	8	–	740[3]
	– of which: construction loans and land acquisition loans[2]																181[3]				49[3]	–	229[3]

1 Total credit exposure amount (post-CCF and post-CRM)
2 According to the DisO-FINMA, the line "construction loans and land acquisition loans" only includes loans for non-self-used properties. Construction loans and land acquisition loans for self-used residential real estate are included in the line "self-used residential real estate (GRRE)" and construction loans and land acquisition loans for self-used commercial real estate are included in the line "self-used commercial real estate (GCRE)".
3 These key figures differ from the figures published for 30.6.2025. In the corresponding disclosure report as at 30.6.2025, credit risk RWA under the SA-BIS were understated by CHF 61 million. These figures also change as a result of the adjustment of RWA.

31.12.2025 in CHF million		**a**	**b**	**c**	**d**	**e**
	Exposure class/ risk weight	50 %	100 %	150 %	Other	Total [1]
10	Defaulted exposures		8	185	–	193

1 Total credit exposure amount (post-CCF and post-CRM)

30.6.2025 in CHF million		**a**	**b**	**c**	**d**	**e**
	Exposure class/ risk weight	50 %	100 %	150 %	Other	Total [1]
10	Defaulted exposures		364	21	–	385

1 Total credit exposure amount (post-CCF and post-CRM)

31.12.2025 in CHF million		**a**	**b**	**c**	**d**	**e**	**f**
	Exposure class/ risk weight	0 %	20 %	100 %	1,250 %	Other	Total [1]
11	Other exposures	36,591	–	1,186		–	37,777

1 Total credit exposure amount (post-CCF and post-CRM)

30.6.2025 in CHF million		**a**	**b**	**c**	**d**	**e**	**f**
	Exposure class/ risk weight	0 %	20 %	100 %	1,250 %	Other	Total [1]
11	Other exposures	31,737	–	1,205		–	32,942

1 Total credit exposure amount (post-CCF and post-CRM)

Presentation of exposure amounts and credit conversion factors (CCFs) applied according to risk weights

31.12.2025 in CHF million		a	b	c	d
	Risk weight	On-balance sheet exposure	Off-balance sheet exposure (pre-CCF)	Weighted average CCF[1]	Total[2]
1	Less than 40 percent	41,869	4,386	26.5 %	43,032
2	40 to 70 percent	2,867	2,947	23.9 %	3,572
3	75 percent	114	435	35.0 %	266
4	85 percent	5	26	15.7 %	9
5	90 to 100 percent	3,999	8,165	16.4 %	5,342
6	105 to 130 percent	191	9	20.1 %	193
7	150 percent	226	308	22.7 %	296
8	250 percent	155	317	100.0 %	472
9	400 percent	116	–	–	116
10	1,250 percent	–	–	–	–
11	Total	49,543	16,594	22.6 %	53,298

1 Weighting is based on off-balance sheet exposure (pre-CCF)
2 Total credit exposure amount (post-CCF and post-CRM)

Presentation of exposure amounts and credit conversion factors (CCFs) applied according to risk weights

30.6.2025 in CHF million		a	b	c	d
	Risk weight	On-balance sheet exposure	Off-balance sheet exposure (pre-CCF)	Weighted average CCF[1]	Total[2]
1	Less than 40 percent	35,627[3]	4,596[3]	25.6 %[3]	36,802[3]
2	40 to 70 percent	2,277[3]	2,571[3]	24.0 %[3]	2,894[3]
3	75 percent	145[3]	505	32.7 %	310
4	85 percent	9	21	21.0 %	14
5	90 to 100 percent	5,332[3]	8,134[3]	16.3 %[3]	6,656[3]
6	105 to 130 percent	196[3]	9[3]	19.0 %[3]	198[3]
7	150 percent	153[3]	72[3]	20.2 %[3]	167[3]
8	250 percent	155	317	100.0 %	472
9	400 percent	107	–	–	107
10	1,250 percent	–	–	–	–
11	Total	44,000	16,225	22.3 %	47,620

1 Weighting is based on off-balance sheet exposure (pre-CCF)
2 Total credit exposure amount (post-CCF and post-CRM)
3 These key figures differ from the figures published for 30.6.2025. In the corresponding disclosure report as at 30.6.2025, credit risk RWA under the SA-BIS were understated by CHF 61 million. These figures also change as a result of the adjustment of RWA.

The changes as at 31 December 2025 depicted in Table CR4 are also displayed in Table CR5 after CCF and CRM. On-balance sheet exposures with a risk weight of less than 40 percent increased (+ CHF 6,242 million). By contrast, on-balance sheet exposures with a risk weight of 90 to 100 percent are lower (– CHF 1,333 million). Neither the off-balance sheet exposures nor their weighted average credit conversion factors changed significantly in the reporting period.

10.10 CRE: IRB: qualitative disclosures related to IRB models

In an order dated 8 January 2018, Zürcher Kantonalbank received permission from FINMA to use the IRB approach retrospectively from 31 December 2017 to calculate the capital adequacy requirement for credit risk. Model governance sets out the internal duties, competences and responsibilities within model management as follows:

Model development

The model owner has the technical responsibility for developing and refining the model. Care must be taken to ensure it is appropriate for the area of use and that suitable allowance is made for model uncertainties. The model owner has the technical responsibility for regular model suitability tests to monitor that the model is methodologically appropriate (e.g. backtesting). Model suitability tests are defined in terms of method and procedure as part of model development, and are carried out on a regular basis.

Model validation

Model validation acts as a supervisory body that is independent from the model owner and the model users. It ensures that models are appropriate and that material model uncertainties are taken into account.

New models undergo initial validation before going into operation. Models are revalidated in operation, either regularly or as required. The frequency is determined by model validation, taking into account regulatory requirements.

Reporting on model validation is provided in the internal quarterly report from the CRO and annually in the summary report of activities submitted by the Risk Control unit to the Executive Board and the Board of Directors.

Authorisation of model approvals and model changes

When a new model goes into operation or a model is changed, depending on the situation, the model validators must give approval and the competency holder within the bank must also issue their authorisation. It may also be necessary to then seek authorisation from or inform FINMA.

Internal control system and models

The heads of specialist areas are responsible for identifying models in their areas. The model owner also carries out a further management control of the effectiveness of model risk management. The Head of Risk Control monitors the effectiveness of the model risk management through model validation. For details of the role of Audit, please refer to the information presented under section OVA on page 40.

Models

The rating models used for IRB purposes are:

Model name	Model type	Area of application
Bank rating model	**Statistical rating model**	The rating model for banks consists of two sequential sub-models. In a first step, the stand-alone model is used to categorise a bank according to its intrinsic financial strength. This involves determining a failure or stand-alone rating, which expresses the probability of the bank defaulting within a year. This takes no account of any potential external support from a banking group or government. Any rating improvement due to the willingness and ability of a banking group or government to provide support is only calculated in the second stage using the support model. When a support rating is calculated, this also takes the transfer and convertibility risk of the country of domicile into consideration. This may, however, lead to a lower rating. The end result is the final rating. Technically, the final stage is considered to form part of the support model. A shadow rating approach is used for the estimation and calibration of the standalone model, which takes agency ratings as target data. Replication is performed using a statistical regression model where the regression parameters for suitable influence factors are estimated (top-down approach). The support model, by contrast, is a mechanistic structural model that directly models the individual interactions (bottom-up approach).
Commercial rating model (Mini/Midi/Maxi)	**Statistical rating model**	The commercial rating model is used for SMEs (small and medium enterprises) and key account customers. The model consists of three sub-modules for companies with small, medium or high financing volumes. Different client information with different levels of detail is used for the rating calculation in the three segments. This includes quantitative, balance sheet factors such as profitability, debt and liquidity, qualitative factors such as the skills and stability of management as well as transaction and account information.
Retail client rating model	**Statistical rating model**	The retail client rating model is used for retail real estate financing. It uses various factors such as disposable income, net loan to value and profession to calculate an overall score, which is presented as a probability of default (PD) via a calibration function.
Real estate rating model	**Statistical rating model**	The real estate rating model is used for clients with rental property loans. The model consists of various sub-models (with the option to select various factors and weights) for different client groups: – Real estate balance sheet model/module 1: Profit-oriented companies (based on balance sheet data) – Real estate balance sheet model/module 2: Non-profit-oriented companies (e.g. cooperatives, based on balance sheet data) – Real estate tax model/module 3: Natural persons (based on tax return) These models also consist of a quantitative part with factors such as the debt ratio and the cost/income ratio, and a qualitative part that considers issues such as real estate expertise and management stability.

As at 31 December 2018 Zürcher Kantonalbank separated the calibration of internal and external ratings (PD). A through-the-cycle (TTC) calibration has been used since for the RWA calculations (external perspective); this is based on long-term average default rates.

Another major building block used by Zürcher Kantonalbank in the IRB universe is the loss given default (LGD) model in retail, where own LGD estimates are permitted. This model uses the following LGD drivers:

- Collateral recovery ratio: the percentage of the estimated value of collateral (e.g. real estate for a mortgage) that can be recovered on sale, reducing the loss; broken down by type of collateral and, for real estate, type of property.
- Unsecured recovery ratio: the percentage of the unsecured portion that can still be repaid by the borrower, reducing the loss.
- Cure rate: the percentage of cases where the borrower moves out of default status within a year without a write off, meaning there is ultimately no loss.
- Recovery costs: the cost of processing defaults, added to the loan loss.
- Calibration is in line with the requirements for a downturn, and hence are different from the calibration used internally. The internal collateral recovery ratio is reduced so the current portfolio has an average LGD equal to the maximum in the last real estate crisis.

Breakdown of EAD by different approaches as at 31 December 2025

EAD in percent	SA-BIS	IRB
Central governments and central banks	100 %	0 %
Banks	11 %	89 %
Other public-sector entities, multilateral development banks	100 %	0 %
Corporates	20 %	80 %
Retail: covered by mortgages	3 %	97 %
Retail: other retail exposures	100 %	0 %
Equity	100 %	0 %
Other exposures	100 %	0 %
Total	**15 %**	**85 %**

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

31.12.2025 in CHF million (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
› 3 Banks (F-IRB) by PD range												
0.00 to <0.15	607	673	58.0 %	1,409	0.1 %	101	45.0 %	1.6	345	24.5 %	0	
0.15 to <0.25	320	502	34.5 %	403	0.2 %	55	45.0 %	1.0	129	32.0 %	0	
0.25 to <0.50	170	54	35.6 %	187	0.4 %	48	45.0 %	1.0	100	53.8 %	0	
0.50 to <0.75	790	213	37.1 %	493	0.7 %	44	45.0 %	0.9	374	75.8 %	1	
0.75 to <2.50	529	41	21.4 %	397	1.2 %	44	45.0 %	1.0	326	82.0 %	2	
2.50 to <10.00	183	69	26.4 %	108	3.8 %	26	45.0 %	1.0	141	130.5 %	2	
10.00 to <100.00	58	76	20.3 %	43	13.3 %	36	45.0 %	0.8	82	191.6 %	3	
100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	
Sub-total	**2,657**	**1,628**	**47.7 %**	**3,040**	**0.7 %**	**354**	**45.0 %**	**1.3**	**1,497**	**49.2 %**	**9**	**–**
› 5 Corporates: specialised lending (F-IRB) by PD range												
0.00 to <0.15	1,398	1,853	12.6 %	1,631	0.1 %	22	25.0 %	2.1	226	13.8 %	0	
0.15 to <0.25	4,463	4,106	10.7 %	4,902	0.2 %	127	29.6 %	2.3	1,157	23.6 %	2	
0.25 to <0.50	16,226	6,884	16.6 %	17,372	0.3 %	855	25.7 %	2.5	5,617	32.3 %	15	
0.50 to <0.75	3,484	866	20.2 %	3,659	0.7 %	503	27.7 %	2.2	1,674	45.7 %	7	
0.75 to <2.50	3,187	753	24.0 %	3,367	1.2 %	735	29.5 %	2.2	2,068	61.4 %	12	
2.50 to <10.00	215	61	27.0 %	231	2.9 %	144	32.3 %	2.3	208	89.8 %	2	
10.00 to <100.00	0	0	10.0 %	0	10.3 %	1	40.0 %	1.0	1	158.1 %	0	
100.00 (Default)	61	–	–	53	–	6	–	–	53	100.0 %	–	
Sub-total	**29,034**	**14,524**	**15.1 %**	**31,216**	**0.4 %**	**2,393**	**26.9 %**	**2.4**	**11,003**	**35.2 %**	**38**	**8**
› 7 Corporates: other lending (F-IRB) by PD range												
0.00 to <0.15	1,774	3,515	26.1 %	2,692	0.1 %	143	36.7 %	1.9	550	20.4 %	1	
0.15 to <0.25	1,007	1,363	28.7 %	1,397	0.2 %	122	31.2 %	1.9	345	24.7 %	1	
0.25 to <0.50	3,745	3,809	25.1 %	4,693	0.4 %	1,561	28.3 %	1.8	1,518	32.4 %	5	
0.50 to <0.75	2,305	2,891	30.4 %	2,985	0.7 %	1,082	30.5 %	1.9	1,480	49.6 %	7	
0.75 to <2.50	3,252	2,154	32.8 %	3,951	1.5 %	2,160	32.7 %	1.7	2,621	66.3 %	19	
2.50 to <10.00	1,070	394	30.9 %	1,173	4.0 %	1,460	29.1 %	1.8	867	73.9 %	14	
10.00 to <100.00	60	5	31.2 %	60	15.4 %	93	22.8 %	2.0	51	84.1 %	2	
100.00 (Default)	358	77	24.2 %	181	–	232	–	–	181	100.0 %	–	
Sub-total	**13,571**	**14,208**	**28.0 %**	**17,133**	**0.9 %**	**6,853**	**31.0 %**	**1.8**	**7,613**	**44.4 %**	**49**	**190**
› 9 Retail: covered by mortgages by PD range												
0.00 to <0.15	22,323	2,025	36.0 %	23,051	0.1 %	36,910	15.2 %	2.7	679	2.9 %	3	
0.15 to <0.25	10,072	761	46.5 %	10,425	0.2 %	11,917	19.5 %	2.8	691	6.6 %	3	
0.25 to <0.50	22,969	1,819	55.2 %	23,973	0.3 %	22,878	23.0 %	2.8	3,243	13.5 %	19	
0.50 to <0.75	8,801	786	57.5 %	9,252	0.7 %	7,728	25.9 %	2.7	2,239	24.2 %	16	
0.75 to <2.50	7,845	696	56.9 %	8,241	1.2 %	6,653	26.6 %	2.7	3,140	38.1 %	27	
2.50 to <10.00	1,242	100	54.4 %	1,296	3.1 %	1,181	26.0 %	2.5	844	65.1 %	10	
10.00 to <100.00	17	1	11.2 %	17	11.7 %	15	31.6 %	2.0	25	151.2 %	1	
100.00 (Default)	152	8	26.3 %	146	–	166	–	–	146	100.0 %	–	
Sub-total	**73,420**	**6,196**	**48.3 %**	**76,402**	**0.4 %**	**87,448**	**20.9 %**	**2.8**	**11,006**	**14.4 %**	**79**	**8**
Total (all portfolios)	**118,682**	**36,556**	**27.2 %**	**127,791**	**0.5 %**	**97,048**	**21.9 %**	**2.5**	**31,119**	**24.4 %**	**175**	**206**

30.6.2025 in CHF million (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
› 3 Banks (F-IRB) by PD range												
0.00 to <0.15	1,099	659	60.2 %	1,821	0.1 %	112	45.0 %	1.5	440	24.2 %	1	
0.15 to <0.25	426	425	28.0 %	538	0.2 %	57	45.0 %	1.1	175	32.6 %	0	
0.25 to <0.50	176	41	47.3 %	204	0.4 %	55	45.0 %	1.1	107	52.5 %	0	
0.50 to <0.75	854	200	36.1 %	519	0.7 %	44	45.0 %	1.0	373	71.8 %	2	
0.75 to <2.50	650	56	21.3 %	480	1.2 %	46	45.0 %	1.0	411	85.6 %	3	
2.50 to <10.00	168	36	26.8 %	77	3.9 %	29	45.0 %	1.0	102	132.9 %	1	
10.00 to <100.00	77	37	20.3 %	55	12.5 %	29	45.0 %	0.9	105	190.5 %	3	
100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	
Sub-total	**3,450**	**1,454**	**47.9 %**	**3,694**	**0.6 %**	**372**	**45.0 %**	**1.2**	**1,713**	**46.4 %**	**10**	**–**
› 5 Corporates: specialised lending (F-IRB) by PD range												
0.00 to <0.15	1,678	1,209	11.7 %	1,820	0.1 %	22	27.3 %	2.1	273	15.0 %	0	
0.15 to <0.25	4,233	3,978	11.3 %	4,684	0.2 %	121	31.3 %	2.3	1,166	24.9 %	2	
0.25 to <0.50	15,379	5,415	16.3 %	16,262	0.3 %	796	25.9 %	2.6	5,257	32.3 %	14	
0.50 to <0.75	3,606	1,031	19.9 %	3,811	0.7 %	488	28.6 %	2.4	1,860	48.8 %	7	
0.75 to <2.50	2,911	604	23.0 %	3,050	1.2 %	685	29.4 %	2.3	1,906	62.5 %	11	
2.50 to <10.00	225	48	23.4 %	236	3.2 %	149	33.0 %	2.6	228	96.7 %	2	
10.00 to <100.00	8	–	–	8	16.4 %	1	40.0 %	1.6	16	192.9 %	1	
100.00 (Default)	57	–	–	49	–	5	–	–	49	100.0 %	–	
Sub-total	**28,099**	**12,284**	**14.9 %**	**29,920**	**0.4 %**	**2,267**	**27.5 %**	**2.5**	**10,755**	**35.9 %**	**38**	**9**
› 7 Corporates: other lending (F-IRB) by PD range												
0.00 to <0.15	2,017	3,410	27.5 %	2,954	0.1 %	146	37.2 %	2.0	632	21.4 %	1	
0.15 to <0.25	1,051	1,756	28.1 %	1,545	0.2 %	120	29.8 %	2.1	390	25.2 %	1	
0.25 to <0.50	3,552	3,577	25.6 %	4,461	0.4 %	1,525	28.8 %	1.8	1,458	32.7 %	5	
0.50 to <0.75	2,311	2,821	29.6 %	2,953	0.7 %	1,052	29.1 %	1.8	1,356	45.9 %	6	
0.75 to <2.50	3,505	2,372	33.1 %	4,279	1.5 %	2,157	31.6 %	1.8	2,700	63.1 %	20	
2.50 to <10.00	1,080	423	29.9 %	1,180	4.2 %	1,460	29.3 %	1.7	881	74.7 %	14	
10.00 to <100.00	62	5	36.7 %	62	14.6 %	100	24.6 %	2.2	57	91.7 %	2	
100.00 (Default)	278	79	26.0 %	123	–	209	–	–	123	100.0 %	–	
Sub-total	**13,856**	**14,443**	**28.5 %**	**17,557**	**1.0 %**	**6,769**	**30.9 %**	**1.8**	**7,596**	**43.3 %**	**50**	**169**
› 9 Retail: covered by mortgages by PD range												
0.00 to <0.15	21,725	1,982	35.1 %	22,420	0.1 %	36,752	15.2 %	2.8	659	2.9 %	3	
0.15 to <0.25	9,885	777	46.0 %	10,243	0.2 %	11,933	19.6 %	2.8	682 [1]	6.7 % [1]	3	
0.25 to <0.50	22,427	1,798	53.6 %	23,390	0.3 %	22,823	23.1 % [1]	2.9	3,177 [1]	13.6 % [1]	18	
0.50 to <0.75	8,657	754	58.9 %	9,102	0.7 %	7,782	26.0 %	2.7	2,219 [1]	24.4 % [1]	15	
0.75 to <2.50	7,997	644	61.8 %	8,395	1.2 %	6,802	27.1 % [1]	2.7	3,260 [1]	38.8 % [1]	28	
2.50 to <10.00	1,319	94	58.0 %	1,373	3.1 %	1,241	26.7 % [1]	2.5	913 [1]	66.5 % [1]	11	
10.00 to <100.00	16	2	96.3 %	18	11.6 %	14	32.0 %	2.1	28	152.6 %	1	
100.00 (Default)	151	9	23.4 %	146	–	161	–	–	146	100.0 %	–	
Sub-total	**72,178**	**6,061**	**48.1 %**	**75,087**	**0.4 %**	**87,508**	**21.1 % [1]**	**2.8**	**11,083 [1]**	**14.8 % [1]**	**80 [1]**	**8**
Total (all portfolios)	**117,582**	**34,242**	**27.9 %**	**126,258**	**0.5 %**	**96,916**	**22.0 %**	**2.5**	**31,147 [1]**	**24.7 % [1]**	**177**	**185**

1 These key figures differ from the figures published for 30.6.2025. In the corresponding disclosure report as at 30.6.2025, credit risk RWA under IRB were understated by CHF 44 million. These figures also change as a result of the adjustment of RWA.

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.

10.12 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.

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

31.12.2025		**a**
in CHF million		RWA amounts
1	**RWA as at end of previous reporting period (30.6.2025)**	**31,147** [1]
2	Asset size	184
3	Asset quality	−204
4	Model updates	–
5	Methodology and policy	–
6	Acquisitions and disposals	–
7	Foreign exchange movements	−9
8	Other	–
9	**RWA as at end of reporting period**	**31,119**

1 This key figure differs from the figure published for 30.6.2025. In the corresponding disclosure report as at 30.6.2025, credit risk RWA under IRB were understated by CHF 44 million.

Compared with 30 June 2025, the RWA of credit risk exposures under IRB sank by CHF 28 million. The slightly higher asset size was offset by improved asset quality.

10.14 CR9: IRB: back-testing of PD per portfolio

The average historical annual default rate in percent as per 31 December 2025 is based on the five-year average.

31.12.2025

a and b	**c**	**c**	**c**	**d**	**e**	**f**	**f**	**g**	**h**	**i**
	External rating equivalent			Weighted average PD in %	Arithmetic average PD by obligors in %	Number of obligors		Defaulted obligors in the year	of which: new defaulted obligors in the year	Average historical annual default rate in %
	S&P	Moody's	Fitch			End of previous year	End of the year			
› 3 Banks (F-IRB) by PD range										
0.00 to <0.15	AAA to A	Aaa to A2	AAA to A	0.1 %	0.1 %	112	101	–	–	–
0.15 to <0.25	A-	A3	A-	0.2 %	0.2 %	58	55	–	–	–
0.25 to <0.50	BBB+ / BBB	Baa1/Baa2	BBB+ / BBB	0.4 %	0.3 %	50	48	–	–	–
0.50 to <0.75	BBB-	Baa3	BBB-	0.7 %	0.7 %	34	44	–	–	0.7 %
0.75 to <2.50	BBB- neg/BB+	Baa3 neg/Ba1	BBB- neg/BB+	1.2 %	1.2 %	59	44	–	–	–
2.50 to <10.00	BB to B+	Ba2 to B1	BB to B+	3.8 %	3.8 %	27	26	–	–	–
10.00 to <100.00	B to C	B2 to C	B to C	13.3 %	15.3 %	27	36	–	–	0.5 %
100.00 (Default)	D	D	D	–	–	–	–	–	–	–
Subtotal				**0.7 %**	**1.1 %**	**367**	**354**	**–**	**–**	**0.1 %**
› 5 Corporates: specialised lending (F-IRB) by PD range										
0.00 to <0.15	AAA to A	Aaa to A2	AAA to A	0.1 %	0.1 %	25	22	–	–	–
0.15 to <0.25	A-	A3	A-	0.2 %	0.2 %	110	127	–	–	–
0.25 to <0.50	BBB+ / BBB	Baa1/Baa2	BBB+ / BBB	0.3 %	0.3 %	766	855	–	–	–
0.50 to <0.75	BBB-	Baa3	BBB-	0.7 %	0.7 %	482	503	–	–	0.0 %
0.75 to <2.50	BBB- neg/BB+	Baa3 neg/Ba1	BBB- neg/BB+	1.2 %	1.2 %	659	735	1	–	0.2 %
2.50 to <10.00	BB to B+	Ba2 to B1	BB to B+	2.9 %	3.0 %	139	144	–	–	0.4 %
10.00 to <100.00	B to C	B2 to C	B to C	10.3 %	10.3 %	1	1	–	–	–
100.00 (Default)	D	D	D	–	–	6	6	–	–	–
Subtotal				**0.4 %**	**0.5 %**	**2,188**	**2,393**	**1**	**–**	**0.1 %**
› 7 Corporates: other lending (F-IRB) by PD range										
0.00 to <0.15	AAA to A	Aaa to A2	AAA to A	0.1 %	0.1 %	129	143	–	–	0.2 %
0.15 to <0.25	A-	A3	A-	0.2 %	0.2 %	124	122	–	–	0.2 %
0.25 to <0.50	BBB+ / BBB	Baa1/Baa2	BBB+ / BBB	0.4 %	0.4 %	1,490	1,561	6	–	0.1 %
0.50 to <0.75	BBB-	Baa3	BBB-	0.7 %	0.7 %	1,027	1,082	5	–	0.2 %
0.75 to <2.50	BBB- neg/BB+	Baa3 neg/Ba1	BBB- neg/BB+	1.5 %	1.5 %	2,140	2,160	13	–	0.8 %
2.50 to <10.00	BB to B+	Ba2 to B1	BB to B+	4.0 %	4.4 %	1,480	1,460	43	–	2.7 %
10.00 to <100.00	B to C	B2 to C	B to C	15.4 %	15.0 %	123	93	8	–	7.0 %
100.00 (Default)	D	D	D	–	–	231	232	–	–	–
Subtotal				**0.9 %**	**1.6 %**	**6,744**	**6,853**	**75**	**–**	**1.0 %**
› 9 Retail: covered by mortgages by PD range										
0.00 to <0.15	AAA to A	Aaa to A2	AAA to A	0.1 %	0.1 %	36,468	36,910	9	–	0.0 %
0.15 to <0.25	A-	A3	A-	0.2 %	0.2 %	12,128	11,917	4	–	0.0 %
0.25 to <0.50	BBB+ / BBB	Baa1/Baa2	BBB+ / BBB	0.3 %	0.3 %	22,735	22,878	19	–	0.1 %
0.50 to <0.75	BBB-	Baa3	BBB-	0.7 %	0.7 %	7,859	7,728	10	–	0.1 %
0.75 to <2.50	BBB- neg/BB+	Baa3 neg/Ba1	BBB- neg/BB+	1.2 %	1.2 %	6,919	6,653	13	–	0.2 %
2.50 to <10.00	BB to B+	Ba2 to B1	BB to B+	3.1 %	3.1 %	1,275	1,181	6	–	0.4 %
10.00 to <100.00	B to C	B2 to C	B to C	11.7 %	11.6 %	14	15	1	–	0.7 %
100.00 (Default)	D	D	D	–	–	146	166	–	–	–
Subtotal				**0.4 %**	**0.4 %**	**87,544**	**87,448**	**62**	**–**	**0.1 %**
Total (all Portfolios)				**0.5 %**	**0.4 %**	**96,843**	**97,048**	**138**	**–**	**0.1 %**

The average historical annual default rate in percent as per 31 December 2024 is based on the five-year average.

31.12.2024

a and b	c	c	c	d	e	f	f	g	h	i
	External rating equivalent			Weighted average PD in %	Arithmetic average PD by obligors in %	Number of obligors		Number of defaulted obligors in the year	of which number of new defaulted obligors in the year	Average historical annual default rate in %
	S&P	Moody's	Fitch			End of previous year	End of the year			
› 3 Banks and securities firms (FIRB) by PD range										
0.00 to <0.15	AAA to A	Aaa to A2	AAA to A	0.1 %	0.1 %	96	112	–	–	–
0.15 to <0.25	A-	A3	A-	0.2 %	0.2 %	70	58	–	–	–
0.25 to <0.50	BBB+ / BBB	Baa1/Baa2	BBB+ / BBB	0.3 %	0.3 %	49	50	–	–	–
0.50 to <0.75	BBB-	Baa3	BBB-	0.7 %	0.7 %	29	34	–	–	0.7 %
0.75 to <2.50	BBB- neg/BB+	Baa3 neg/Ba1	BBB- neg/BB+	1.1 %	1.3 %	63	59	–	–	–
2.50 to <10.00	BB to B+	Ba2 to B1	BB to B+	5.6 %	5.7 %	30	27	–	–	–
10.00 to <100.00	B to C	B2 to C	B to C	13.1 %	13.6 %	40	27	–	–	1.0 %
100.00 (Default)	D	D	D	–	–	–	–	–	–	–
Subtotal				**0.8 %**	**1.0 %**	**377**	**367**	**–**	**–**	**0.2 %**
› 7 Corporates: specialised lending (FIRB) by PD range										
0.00 to <0.15	AAA to A	Aaa to A2	AAA to A	0.1 %	0.1 %	23	25	–	–	–
0.15 to <0.25	A-	A3	A-	0.2 %	0.2 %	109	110	–	–	–
0.25 to <0.50	BBB+ / BBB	Baa1/Baa2	BBB+ / BBB	0.3 %	0.3 %	754	766	–	–	–
0.50 to <0.75	BBB-	Baa3	BBB-	0.7 %	0.7 %	464	482	–	–	0.0 %
0.75 to <2.50	BBB- neg/BB+	Baa3 neg/Ba1	BBB- neg/BB+	1.2 %	1.2 %	589	659	1	–	0.2 %
2.50 to <10.00	BB to B+	Ba2 to B1	BB to B+	3.3 %	3.1 %	105	139	–	–	0.4 %
10.00 to <100.00	B to C	B2 to C	B to C	16.4 %	16.4 %	–	1	–	–	–
100.00 (Default)	D	D	D	–	–	9	6	–	–	–
Subtotal				**0.4 %**	**0.4 %**	**2,053**	**2,188**	**1**	**–**	**0.1 %**
› 9 Corporates: other lending (FIRB) by PD range										
0.00 to <0.15	AAA to A	Aaa to A2	AAA to A	0.1 %	0.1 %	103	129	1	–	0.2 %
0.15 to <0.25	A-	A3	A-	0.2 %	0.2 %	74	124	1	–	0.3 %
0.25 to <0.50	BBB+ / BBB	Baa1/Baa2	BBB+ / BBB	0.4 %	0.4 %	1,404	1,490	1	–	0.0 %
0.50 to <0.75	BBB-	Baa3	BBB-	0.7 %	0.7 %	1,118	1,027	4	–	0.1 %
0.75 to <2.50	BBB- neg/BB+	Baa3 neg/Ba1	BBB- neg/BB+	1.5 %	1.4 %	2,120	2,140	23	–	0.8 %
2.50 to <10.00	BB to B+	Ba2 to B1	BB to B+	4.0 %	4.4 %	1,456	1,480	37	1	2.7 %
10.00 to <100.00	B to C	B2 to C	B to C	14.7 %	15.0 %	131	123	9	–	7.7 %
100.00 (Default)	D	D	D	–	–	210	231	–	–	–
Subtotal				**0.8 %**	**1.5 %**	**6,616**	**6,744**	**76**	**1**	**1.0 %**
› 11 Retail: covered by mortgages by PD range										
0.00 to <0.15	AAA to A	Aaa to A2	AAA to A	0.1 %	0.1 %	36,121	36,468	7	–	0.0 %
0.15 to <0.25	A-	A3	A-	0.2 %	0.2 %	12,196	12,128	4	–	0.0 %
0.25 to <0.50	BBB+ / BBB	Baa1/Baa2	BBB+ / BBB	0.3 %	0.3 %	22,619	22,735	18	–	0.1 %
0.50 to <0.75	BBB-	Baa3	BBB-	0.7 %	0.7 %	7,874	7,859	9	–	0.1 %
0.75 to <2.50	BBB- neg/BB+	Baa3 neg/Ba1	BBB- neg/BB+	1.2 %	1.2 %	7,127	6,919	19	–	0.2 %
2.50 to <10.00	BB to B+	Ba2 to B1	BB to B+	3.1 %	3.1 %	1,335	1,275	4	–	0.4 %
10.00 to <100.00	B to C	B2 to C	B to C	12.0 %	11.0 %	13	14	–	–	0.5 %
100.00 (Default)	D	D	D	–	–	139	146	–	–	–
Subtotal				**0.4 %**	**0.4 %**	**87,424**	**87,544**	**61**	**–**	**0.1 %**
Total (all Portfolios)				**0.5 %**	**0.4 %**	**96,470**	**96,843**	**138**	**1**	**0.1 %**

There were no material changes in the back-testing of PD per portfolio compared with the previous period.

10.15 CR10: IRB: specialised lending under the slotting approach

Zürcher Kantonalbank does not use the supervisory slotting approach for special financing.

11 Counterparty credit risk

11.1 CCRA: Counterparty credit risk: qualitative disclosure related to counterparty credit risk

Relevant divisions

Trading activities at Zürcher Kantonalbank with counterparty credit risk include bilateral OTC derivatives, repos and SLB transactions. Zürcher Kantonalbank is also a clearing member of central counterparties for OTC derivatives, exchange traded derivatives (ETDs) and repos, and provides clearing services for clients. In some market segments, Zürcher Kantonalbank also uses access to central counterparties through a clearing broker. The client base includes financial institutions, corporates and public-sector entities.

Organisation, processes and methods

In procedural and organisational terms, management of counterparty credit risk is integrated into that of credit risk. Counterparty credit risk is managed at the level of individual counterparties using limits monitored in real time. Compliance can be examined with a pre-deal check before a transaction is executed. When calculating limit utilisation, both, current exposure and potential future exposure are taken into account.

Contractual collateralisation agreements are offset separately as risk reduction. In addition to the separate perspective, limit utilisation is also compared to all other credit exposures to a counterparty combined and to its overall credit risk limit. Counterparty credit risk is also included in credit risk measurement at portfolio level and in the calculation of capital at risk and expected loss in the Credit Risk Portfolio Management System. For central counterparties, both, potential future exposure and contributions to the default fund and the initial margin are also taken into account.

Risk mitigation techniques and wrong way risk

With bilateral OTC derivatives, Zürcher Kantonalbank aims for collateralisation by means of netting agreements and collateral support annexes (CSAs), especially when dealing with financial institutions and large corporates. Where this is not possible, alternative collateral is often agreed, e. g. in the form of mortgages. Conservative rules apply as regards currency, quality and overcollateralisation (haircut) for collateral that Zürcher Kantonalbank accepts for derivative, repo and SLB transactions. Counterparties are expressly forbidden from posting their own bonds or equities as collateral.

Impact of a rating downgrade on guarantees given

Zürcher Kantonalbank has been awarded the highest rating from the major rating agencies Standard & Poor’s, Moody’s and Fitch. A downgrade of Zürcher Kantonalbank would not mean an immediate and material increase in the collateral / guarantees demanded by counterparties in SLB, repo and derivatives business. Zürcher Kantonalbank mostly uses standard agreements for this business; these do not contain any clauses triggering the issue of more guarantees when the bank’s own rating deteriorates.

11.2 CCR1: Counterparty credit risk: analysis of exposures by approach

31.12.2025 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	Standardised approach for measuring counterparty credit risk for derivatives (SA-CCR)	1,444	3,861		1.4	7,426	3,864
2	Expected positive exposure model approach (for derivatives and SFTs)			–	–	–	–
3	Simple approach for SFTs					–	–
4	Comprehensive approach for SFTs					7,498	5,457
5	Value-at-risk (VaR) model approach for SFTs					–	–
6	**Total**						**9,321**

30.6.2025 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	Standardised approach for measuring counterparty credit risk for derivatives (SA-CCR)	1,697	3,500		1.4	7,276	3,522
2	Expected positive exposure model approach (for derivatives and SFTs)			–	–	–	–
3	Simple approach for SFTs					–	–
4	Comprehensive approach for SFTs					6,775	4,816
5	Value-at-risk (VaR) model approach for SFTs					–	–
6	**Total**						**8,338**

Replacement cost for derivatives decreased compared to 30 June 2025, while potential future exposure increased in the same period. As a result, EAD post-CRM for derivatives was CHF 150 million higher. The average risk weight of counterparties for derivative transactions has increased (from 48 percent to 52 percent), resulting in RWA of CHF 3,864 million (+ CHF 342 million compared to 30 June 2025). EAD post-CRM for SFTs rose (+ CHF 723 million). Together with the lightly higher average risk weight for SFTs (increase from 71 percent to 73 percent), RWA as at 31 December 2025 increased by CHF 641 million compared to 30 June 2025.

11.3 CCR3: Counterparty credit risk: exposures by exposure class and risk weights under the SA-BIS

31.12.2025 in CHF million		**a**	**b**	**c**	**d**	**e**	**f**	**g**	**h**	**i**	**j**	**k**	**l**	**m**	**n**	**o**	**p**	**q**	**r**
	Exposure class/risk weight	0 %	10 %	15 %	20 %	25 %	30 %	35 %	40 %	45 %	50 %	75 %	80 %	85 %	90 %	100 %	130 %	150 %	Total counter-party credit risk exposures
1	Central governments, central banks and supranational organisations	217	–	–	–	–	–	–	–	–	–	–	–	–	–	955	–	–	1,172
2	Other public sector entities	–	–	–	58	–	–	–	–	–	17	–	–	–	–	745	–	–	820
3	Multilateral development banks	0	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0
4	Banks	–	–	–	369	–	47	–	43	–	–	121	–	–	–	–	–	9	590
	– of which: account-holding investment firms and other financial institutions without a banking licence, but with equivalent regulation and supervision	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	Corporates	–	–	–	235	–	–	–	–	–	437	7	–	0	–	5,168	–	51	5,896
	– of which: non-account-holding investment firms and other financial institutions not included in row 4	–	–	–	219	–	–	–	–	–	419	1	–	–	–	4,962	–	–	5,601
6	Retail exposures	–	–	–	–	–	–	–	–	–	–	–	–	–	–	153	–	–	153
7	Other exposures [1]	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	**Total**	**217**	**–**	**–**	**662**	**–**	**47**	**–**	**43**	**–**	**454**	**128**	**–**	**0**	**–**	**7,021**	**–**	**60**	**8,631**

1 According to DisO-FINMA, exposures to central counterparties (CCP) must be excluded from these lines. We refer to table CCR8 for disclosures with respect to exposures to central counterparties.

30.6.2025 in CHF million		**a**	**b**	**c**	**d**	**e**	**f**	**g**	**h**	**i**	**j**	**k**	**l**	**m**	**n**	**o**	**p**	**q**	**r**
	Exposure class/risk weight	0 %	10 %	15 %	20 %	25 %	30 %	35 %	40 %	45 %	50 %	75 %	80 %	85 %	90 %	100 %	130 %	150 %	Total counter-party credit risk exposures
1	Central governments, central banks and supranational organisations	206	–	–	–	–	–	–	–	–	–	–	–	–	–	968	–	–	1,174
2	Other public sector entities	–	–	–	68	–	–	–	–	–	18	–	–	–	–	430	–	–	516
3	Multilateral development banks	1	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1
4	Banks	–	–	–	294	–	59	–	2	–	–	245	–	–	–	–	–	12	612
	– of which: account-holding investment firms and other financial institutions without a banking licence, but with equivalent regulation and supervision	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	Corporates	–	–	–	249	–	–	–	–	–	268	4	–	–	–	4,417	–	–	4,938
	– of which: non-account-holding investment firms and other financial institutions not included in row 4	–	–	–	237	–	–	–	–	–	–	251	–	–	–	–	–	–	489
6	Retail exposures	–	–	–	–	–	–	–	–	–	–	–	–	–	–	163	–	–	163
7	Other exposures [1]	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	**Total**	**207**	**–**	**–**	**612**	**–**	**59**	**–**	**2**	**–**	**286**	**249**	**–**	**–**	**–**	**5,978**	**–**	**12**	**7,405**

1 According to DisO-FINMA, exposures to central counterparties (CCP) must be excluded from these lines. We refer to table CCR8 for disclosures with respect to exposures to central counterparties.

Counterparty credit risk exposures under the SA-BIS rose by CHF 1,226 million compared to 30 June 2025. In particular, the items in the corporate (+ CHF 958 million) and other public sector entities (+ CHF 304 million) exposure classes are higher compared to mid-2025. The majority of the increase in exposures is subject to a risk weight of 100 percent (+ CHF 1,043 million).

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

31.12.2025 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 (F-IRB) by PD range							
0.00 to <0.15	4,165	0.1 %	99	45.0 %	1.0	762	18.3 %
0.15 to <0.25	666	0.2 %	46	45.0 %	1.0	201	30.2 %
0.25 to <0.50	158	0.3 %	70	45.0 %	1.4	76	48.0 %
0.50 to <0.75	32	0.7 %	36	45.0 %	1.1	21	66.6 %
0.75 to <2.50	47	1.6 %	21	45.0 %	1.0	42	88.2 %
2.50 to <10.00	48	3.9 %	26	45.0 %	1.0	65	135.3 %
10.00 to <100.00	3	15.4 %	12	45.0 %	1.0	6	216.1 %
100.00 (Default)	–	–	–	–	–	–	–
Sub-total	**5,120**	**0.2 %**	**310**	**45.0 %**	**1.0**	**1,173**	**22.9 %**
› 5 Corporates: specialised lending (F-IRB) by PD range							
0.00 to <0.15	1	0.1 %	1	40.0 %	5.0	0	30.0 %
0.15 to <0.25	103	0.2 %	5	40.9 %	4.3	50	48.6 %
0.25 to <0.50	85	0.3 %	26	40.0 %	4.7	59	69.2 %
0.50 to <0.75	16	0.7 %	7	40.0 %	4.6	14	92.0 %
0.75 to <2.50	5	1.0 %	4	40.0 %	4.6	5	106.9 %
2.50 to <10.00	–	–	–	–	–	–	–
10.00 to <100.00	–	–	–	–	–	–	–
100.00 (Default)	–	–	–	–	–	–	–
Sub-total	**210**	**0.3 %**	**43**	**40.5 %**	**4.5**	**129**	**61.5 %**
› 7 Corporates: other lending (F-IRB) by PD range							
0.00 to <0.15	466	0.1 %	41	41.8 %	3.0	131	28.1 %
0.15 to <0.25	56	0.2 %	22	41.1 %	2.6	22	40.0 %
0.25 to <0.50	314	0.3 %	71	43.7 %	0.7	126	40.0 %
0.50 to <0.75	53	0.7 %	37	40.6 %	1.2	33	62.6 %
0.75 to <2.50	49	1.3 %	66	40.3 %	1.3	38	77.5 %
2.50 to <10.00	15	5.1 %	23	41.5 %	2.9	21	141.6 %
10.00 to <100.00	–	–	–	–	–	–	–
100.00 (Default)	0	–	1	–	–	0	100.0 %
Sub-total	**952**	**0.3 %**	**261**	**42.2 %**	**2.0**	**371**	**38.9 %**
› 9 Retail: covered by mortgages by PD range							
0.00 to <0.15	5	0.1 %	42	77.5 %	1.0	1	13.7 %
0.15 to <0.25	0	0.2 %	5	77.5 %	1.0	0	26.3 %
0.25 to <0.50	5	0.3 %	19	77.5 %	1.9	2	45.2 %
0.50 to <0.75	0	0.7 %	6	77.5 %	1.0	0	72.5 %
0.75 to <2.50	0	1.1 %	3	77.5 %	1.0	0	102.3 %
2.50 to <10.00	–	–	–	–	–	–	–
10.00 to <100.00	–	–	–	–	–	–	–
100.00 (Default)	–	–	–	–	–	–	–
Sub-total	**10**	**0.2 %**	**75**	**77.5 %**	**1.4**	**3**	**29.7 %**
Total all portfolios	**6,293**	**0.2 %**	**689**	**47.2 %**	**1.3**	**1,676**	**26.6 %**

30.6.2025 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 (F-IRB) by PD range							
0.00 to <0.15	4,696	0.1 %	98	45.0 %	1.0	904	19.2 %
0.15 to <0.25	551	0.2 %	45	45.0 %	0.9	160	29.0 %
0.25 to <0.50	153	0.3 %	67	45.0 %	1.5	77	50.1 %
0.50 to <0.75	71	0.7 %	39	45.0 %	1.1	50	69.6 %
0.75 to <2.50	64	1.6 %	27	45.0 %	1.0	56	88.3 %
2.50 to <10.00	36	4.0 %	28	45.0 %	1.0	51	140.3 %
10.00 to <100.00	5	16.0 %	13	45.0 %	1.0	11	231.3 %
100.00 (Default)	–	–	–	–	–	–	–
Sub-total	**5,576**	**0.2 %**	**317**	**45.0 %**	**1.0**	**1,308**	**23.5 %**
› 5 Corporates: specialised lending (F-IRB) by PD range							
0.00 to <0.15	1	0.1 %	1	40.0 %	5.0	0	30.0 %
0.15 to <0.25	32	0.2 %	5	42.5 %	2.8	12	38.6 %
0.25 to <0.50	102	0.3 %	26	40.0 %	4.8	71	69.6 %
0.50 to <0.75	19	0.7 %	6	40.0 %	4.5	17	91.1 %
0.75 to <2.50	7	1.0 %	6	40.0 %	4.1	7	101.6 %
2.50 to <10.00	–	–	–	–	–	–	–
10.00 to <100.00	–	–	–	–	–	–	–
100.00 (Default)	–	–	–	–	–	–	–
Sub-total	**162**	**0.2 %**	**44**	**40.5 %**	**4.3**	**109**	**67.1 %**
› 7 Corporates: other lending (F-IRB) by PD range							
0.00 to <0.15	323	0.1 %	39	40.1 %	4.0	114	35.5 %
0.15 to <0.25	100	0.2 %	23	41.3 %	3.2	44	44.3 %
0.25 to <0.50	350	0.3 %	79	44.0 %	0.8	145	41.5 %
0.50 to <0.75	49	0.7 %	56	40.7 %	1.8	33	67.5 %
0.75 to <2.50	48	1.4 %	82	40.8 %	1.6	41	84.2 %
2.50 to <10.00	13	5.6 %	34	41.5 %	2.6	19	143.9 %
10.00 to <100.00	0	23.5 %	2	40.0 %	1.0	0	161.2 %
100.00 (Default)	0	–	1	–	–	0	100.0 %
Sub-total	**884**	**0.4 %**	**316**	**41.9 %**	**2.4**	**397**	**44.9 %**
› 9 Retail: covered by mortgages by PD range							
0.00 to <0.15	19	0.1 %	57	77.5 %	1.0	2	11.5 %
0.15 to <0.25	1	0.2 %	8	77.5 %	1.0	0	26.3 %
0.25 to <0.50	5	0.3 %	25	77.5 %	1.9	2	46.2 %
0.50 to <0.75	0	0.7 %	7	77.5 %	1.0	0	72.5 %
0.75 to <2.50	0	1.2 %	5	77.5 %	1.0	0	107.1 %
2.50 to <10.00	–	–	–	–	–	–	–
10.00 to <100.00	–	–	–	–	–	–	–
100.00 (Default)	–	–	–	–	–	–	–
Sub-total	**25**	**0.1 %**	**102**	**77.5 %**	**1.2**	**5**	**20.1 %**
Total all portfolios	**6,646**	**0.2 %**	**779**	**47.7 %**	**1.3**	**1,819**	**27.4 %**

CCR exposures under the IRB approach did not change materially over the period (– CHF 353 million). Together with the lightly lower average risk weight in the second half of the year 2025, RWA were lower than as at 30 June 2025 (– CHF 143 million).

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

31.12.2025 in CHF million	a	b	c	d	e	f
	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash – CHF	–	1,371	–	1,129	–	9,169
Cash – other currencies	–	1,387	–	818	9,510	11,112
Swiss Confederation sovereign debt	–	1,037	–	442	4,606	4,740
Other sovereign debt	–	2,089	–	637	32,597	27,918
Government agency debt		141		19	707	387
Corporate bonds	–	1,178	–	479	17,147	13,959
Equity securities	–	704	–	401	23,444	21,295
Other collateral	–	–	–	–	–	–
Total	**–**	**7,907**	**–**	**3,925**	**88,010**	**88,580**

30.6.2025 in CHF million	a	b	c	d	e	f
	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash – CHF	–	1,643	–	2,066	–	10,492
Cash – other currencies	–	2,492	–	853	7,426	11,496
Swiss Confederation sovereign debt	–	598	–	434	5,191	4,671
Other sovereign debt	–	625	–	427	26,648	21,891
Government agency debt	–	162	–	2	433	369
Corporate bonds	–	1,042	–	346	17,790	14,352
Equity securities	–	729	–	341	19,959	14,750
Other collateral	–	–	–	–	–	–
Total	**–**	**7,291**	**–**	**4,469**	**77,448**	**78,021**

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

11.6 CCR6: Counterparty credit risk: credit derivatives exposures

in CHF million	a **Protection bought** **31.12.2025**	b **Protection sold** **31.12.2025**	a Protection bought 30.6.2025	b Protection sold 30.6.2025
› Notionals				
Single-name credit default swaps (CDS)	**–**	**–**	–	–
Index-CDSs	**321**	**168**	423	161
Total return swaps	**–**	**–**	–	–
Credit options	**–**	**–**	–	–
Other credit derivatives	**–**	**–**	–	–
Total notionals	**321**	**168**	**423**	**161**
› Fair values				
Positive replacement value (asset)	**–**	**8**	–	5
Negative replacement value (liability)	**11**	**–**	12	–

Both the notinal amounts and fair values of protection bought have fallen compared to 30 June 2025, while those of protection sold have risen slightly.

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

Zürcher Kantonalbank does not use the IMM approach.

11.8 CCR8: Counterparty credit risk: exposures to central counterparties (CCP)

	in CHF million	a **EAD post-CRM** **31.12.2025**	b **RWA** **31.12.2025**	a EAD post-CRM 30.6.2025	b RWA 30.6.2025
1	**Exposures to QCCPs: total**		**113**		**110**
2	Exposures for trades at QCCPs excluding initial margin and default fund contributions	**1,587**	**36**	1,724	37
3	– of which over-the-counter (OTC) derivatives	**704**	**14**	744	15
4	– of which exchange-traded derivatives	**637**	**17**	575	14
5	– of which securities financing transactions (SFTs)	**246**	**5**	406	8
6	– of which netting sets, where cross-product netting has been approved	**–**	**–**	–	–
7	Segregated initial margin	**–**		–	
8	Non-segregated initial margin	**1,851**	**37**	1,448	29
9	Pre-funded default fund contributions	**126**	**40**	144	44
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 is around 2 percent. Therefore, the change in RWA is essentially 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 31 December 2025 decreased by CHF 18 million. The average risk weights of the positions delivered to the default fund as at the reporting date are lightly higher than as at 30 June 2025 (up from 31 to 32 percent). In combination, this results in a CHF 4 million decrease in RWA.

12 Securitisation

12.1 SECA: Securitisations: qualitative disclosure requirements related to securitisation exposures

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

The bank holds securitisation positions in the trading book. These are solely positions arising from issuing securitisations for clients, as investments for money raised from issuing structured products and from market making. The maximum volume for total securitisation positions in the trading book is specifically limited. Zürcher Kantonalbank acts only as an investor in such cases. All positions are traditional securitisations where the assets to be securitised are actually sold to the issuing company, the special purpose vehicle (SPV).

The positions are carried in the bank's trading portfolio. As with other trading transactions, they are therefore recognised at fair value. This is defined as the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing and independent parties. This corresponds to the price set on a price-efficient and liquid market or a theoretical price determined on the basis of a valuation model. The conditions for calculating a price in this manner are listed in Table LIA on page 66. Where, as an exception, no fair value is ascertainable, valuation and recognition follow the principle of the lower of cost or market value. Valuation differences are recognised in the income statement.

12.2 SEC1: Securitisations: exposures in the banking book

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

12.3 SEC2: Securitisations: exposures in the trading book

		a	b	c	d	e	f	g	h	i	j	k	l
31.12.2025		**Bank acts as originator**				**Bank acts as sponsor**				**Banks acts as investor**			
in CHF million		Traditional	of which simple, transparent and comparable	Synthetic	Sub-total	Traditional	of which simple, transparent and comparable	Synthetic	Sub-total	Traditional	of which simple, transparent and comparable	Synthetic	Sub-total
› **1**	**Retail (total) – of which**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1**	**1**	**–**	**1**
2	– residential mortgage	–	–	–	–	–	–	–	–	0	0	–	0
3	– credit card	–	–	–	–	–	–	–	–	–	–	–	–
4	– other retail exposures	–	–	–	–	–	–	–	–	0	0	–	0
5	– re-securitisation	–		–	–	–		–	–	–		–	–
› **6**	**Wholesale (total) – of which**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
7	– loans to corporates	–	–	–	–	–	–	–	–	–	–	–	–
8	– commercial mortgage	–	–	–	–	–	–	–	–	–	–	–	–
9	– lease and receivables	–	–	–	–	–	–	–	–	–	–	–	–
10	– other wholesale	–	–	–	–	–	–	–	–	–	–	–	–
11	– re-securitisation	–		–	–	–		–	–	–		–	–

	a	b	c	d	e	f	g	h	i	j	k	l
30.6.2025	**Bank acts as originator**				**Bank acts as sponsor**				**Banks acts as investor**			
in CHF million	Traditional	of which simple, transparent and comparable	Synthetic	Sub-total	Traditional	of which simple, transparent and comparable	Synthetic	Sub-total	Traditional	of which simple, transparent and comparable	Synthetic	Sub-total
› 1 Retail (total) – of which	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**4**	**4**	**–**	**4**
2 – residential mortgage	–	–	–	–	–	–	–	–	2	2	–	2
3 – credit card	–	–	–	–	–	–	–	–	2	2	–	2
4 – other retail exposures	–	–	–	–	–	–	–	–	1	1	–	1
5 – re-securitisation	–		–	–	–		–	–	–		–	–
› 6 Wholesale (total) – of which	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
7 – loans to corporates	–	–	–	–	–	–	–	–	–	–	–	–
8 – commercial mortgage	–	–	–	–	–	–	–	–	–	–	–	–
9 – lease and receivables	–	–	–	–	–	–	–	–	–	–	–	–
10 – other wholesale	–	–	–	–	–	–	–	–	–	–	–	–
11 – re-securitisation	–		–	–	–		–	–	–		–	–

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

12.4 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.

12.5 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.

13 Market risk

13.1 MRA: Market risk: general qualitative disclosure

Market risks in the trading book

Strategy and processes

In the trading business, Zürcher Kantonalbank pursues a strategy focused on client transactions. The individual desks hold trading mandates approved by the Risk Committee of the Executive Board (EB). These set out the basic conditions in terms of the objectives pursued, instruments used for underlying and hedging transactions, the form of risk management, and the holding period. The risk-taking organisational units are responsible for monitoring exposures for compliance with the trading mandates. The Market Risk unit, which is independent of trading, monitors compliance with the trading mandates both preventively as part of the pre-deal consultation process and subsequently by means of regular monitoring focused on the approved instruments. In addition, Market Risk prepares an annual report on compliance with the trading mandates for the attention of the Risk Committee of the EB.

For regulatory purposes, all exposures are allocated to either the trading book or the banking book. This allocation of an exposure affects its regulatory treatment, in particular calculation of the capital requirement. For positions allocated to the trading book, capital adequacy is determined in accordance with the FINMA Ordinance on the Market Risks of Banks and Securities Firms (MarO-FINMA). The criteria for allocating exposures to the trading or banking book, different initial allocations and reclassifications are set out in an internal directive based on the applicable requirements pursuant to Art. 2 to 9 of the FINMA Ordinance on the Trading Book and Banking Book and Eligible Capital of Banks and Securities Firms (TBEO-FINMA) in conjunction with Art. 4b to 5a of the CAO.

At initial allocation, exposures can be allocated to the banking book instead of the trading book as an exception. Deviating initial allocations must be documented. Any deviating initial allocations must be reported to FINMA on a quarterly basis. Deviating initial allocations arise primarily from the acquisition of financial assets in accordance with the decision of the EB or in connection with financing start-ups. The market value of the exposures concerned as at 31 December 2025 amounted to CHF 26.8 million.

As part of the ongoing processes to ensure that the allocation of positions to the trading book complies with the above-mentioned internal guidelines, Market Risk carries out a documented review of the classification of positions on a quarterly basis.

Transfers between the trading and banking books are documented and require prior authorisation from the Risk Committee of the Executive Board and FINMA. This does not apply to reclassifications, which are explicitly permitted in accordance with internal guidelines. Any reclassifications must be reported to FINMA on a quarterly basis. If a reclassification leads to a reduction in the minimum capital requirements calculated across all trading and banking book positions, the difference must be treated as a surcharge on the minimum capital requirements in accordance with Art. 5a(1) CAO. In 2025, one bond that no longer met the requirements for allocation to the trading book due to the default of the issuer was written off in full and reclassified to the banking book with a value of CHF 0. The reclassification does not result in any surcharge on the minimum capital requirements.

Internal risk transfer can be used to hedge interest rate, credit and equity risks from the banking book via the trading book. The rules for internal risk transfer are set out in an internal directive based on the applicable requirements pursuant to Art. 10 to 15 TBEO-FINMA in conjunction with Art. 5a CAO. Zürcher Kantonalbank allows general interest rate risk to be transferred from the banking book to the trading book. The transfer takes place via a trading desk that is used solely for the internal risk transfer of general interest rate risk from the banking book to the trading book, the Internal Risk Transfer desk (IRT desk). The risk and minimum capital requirement for the IRT desk must be calculated separately from all other trading book positions. If the IRT desk purchases an internal hedge from another trading desk for the internal risk transfer, this internal hedge is only taken into account when calculating the minimum capital requirement if the other trading desk purchases exactly the same external hedge from a counterparty so the risks are completely cancelled out.

Organisation of the market risk management function

The risk management and risk control functions of the Risk unit are separate from the risk management of the sales units at the EB level. The responsibilities of the risk management function, which is independent of Trading, and the risk control function downstream of it, include the monitoring of compliance with risk limits and trading mandates, the calculation and analysis of the result from trading activities (P&L) and risk figures, as well as the preventative analysis of potentially high-risk transactions. The risk organisation is also responsible for defining and implementing methods of risk measurement, their independent validation, the calculation of the minimum capital requirements and internal and external risk reporting.

In addition to the ongoing contact between Trading and the risk management units, there are also regular meetings which provide an institutionalised platform for communications between Trading, Risk and Compliance. In these meetings, the risk profile is scrutinised and trends in the P&L, the breakdown of the P&L and the positioning of Trading are discussed. Monitoring issues are also considered, such as compliance with limits or the checking of valuation parameters.

Risk measurement and limitation

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

The “trading market risks” capital at risk corresponds to the assigned risk capital for the market risks of trading transactions on a one-year horizon and at a confidence level of 99.9 percent. The modelling is based on a stressed value at risk (stressed VaR). Besides general market risks, the model also takes into account issuer default risks.

Zürcher Kantonalbank calculates value at risk for a 10-day period and at a confidence level of 99 percent using a Monte Carlo simulation. The loss distribution is arrived at from the valuation of the portfolio using a large number of scenarios (full valuation). The necessary parameters for determining the scenarios are estimated on the basis of historical market data, with more recent observations being accorded a higher weighting for the forecasting of volatility than less recent ones. As a result, value at risk responds rapidly to any changes in volatility on the markets. Value at risk is calculated on a daily basis for the entire trading book. The four groups of risk factors – commodities, currencies, interest rates and equities – are calculated and shown both separately and on a combined basis.

The bank uses different types of scenarios for stress-testing. A distinction is made between scenarios relevant to benchmarks and pure analysis scenarios. Scenarios relevant to benchmarks are historical and hypothetical scenarios that are used to estimate the loss that could result from extreme but plausible macroeconomic stress events. Each one is based on the expected development of market indicators for the corresponding scenario. In this way the bank can identify potential vulnerabilities and risk concentrations, analyse them better and then take action. The additional analysis scenarios used in market risk monitoring do not have a limiting function, in contrast to the scenarios relevant for benchmarks. These scenarios are used solely for risk analysis in that their focus is on individual risk factors (e.g. interest rates), which helps to illuminate the risk profile from different perspectives.

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

The bank performs daily back-testing for the purpose of examining the forecast accuracy of the value at risk. Back-testing is based on a comparison of the value at risk for a holding period of one day with the back-testing result. If the number of breaches exceeds expectations, the reasons for the imprecise estimates of the risk aggregation model are investigated.

The market risk model is validated on a regular basis. The validation comprises both standardised quantitative analyses, such as backtesting, and in-depth examinations in selected focus areas. In addition, risks not modelled in the value at risk are periodically analysed in a separate process and monitored with regard to materiality.

Reporting

The CRO report is a quarterly report from the risk organisation, produced independently of the risk managers, informing the Executive Board and Board of Directors of events, the risk profile and market risk monitoring. Information is provided in tables, graphs and commentaries on trends in the individual sub-portfolios and risk factors as well as overall market risk in trading. In addition to management reporting, there are also special reports on selected issues of special relevance and/or topicality. These reports are also seen by FINMA and the external auditor. In addition, every year, the Executive Board and Board of Directors receive reports on the suitability and effectiveness of internal controls in market risk management. When special developments or events occur, the Executive Board and Board of Directors are informed on an ad hoc basis of changes in the risk profile in additional reports and analyses.

Apart from the management reporting, there are also various monitoring reports on the P&L and market risk measurement. These support risk monitoring in the Risk unit and in Trading. Unlike the management reporting, the monitoring reports focus on a limited presentation of specific risks or portfolios. Depending on their subject, these monitoring reports are produced at shorter intervals (in some cases several times a day), as the production of monitoring reports is often more automated than for the management reporting described above.

Risk measurement systems

Details of the systems used are given in Table OVA starting from page 37.

Market risks in the banking book

For further information on the market risks in the banking book, please see the IRRBB Tables on page 118.

13.2 MR1: Market risk: minimum capital under the standardised approach

in CHF million		a **Capital requirement in standardised approach** **31.12.2025**	a Capital requirement in standardised approach 30.6.2025
1	General interest rate risk	**55**	53
2	Equity risk	**85**	75
3	Commodity risk	**48**	47
4	Foreign exchange risk	**16**	42 [1]
5	Credit spread risk – non-securitisations	**43**	59
6	Credit spread risk – securitisations (non-correlation trading portfolio)	**0**	1
7	Credit spread risk – securitisation (correlation trading portfolio)	**–**	–
8	Default risk – non-securitisations	**23**	23
9	Default risk – securitisations (non-correlation trading portfolio)	**1**	4
10	Default risk – securitisations (correlation trading portfolio)	**–**	–
11	Residual risk add-on	**11**	13
12	**Total**	**282**	**316** [1]

1 These key figures differ from the figures published for 30.6.2025. In the corresponding disclosure report as at 30.6.2025, the minimum capital required under the standardised approach for market risk was understated by CHF 34 million.

In the second half of 2025, the minimum capital required under the standardised approach for market risk fell by CHF 34 million. The decline is mainly due to the reduction in currency risk in the third quarter.

13.3 MRB: Market risk: qualitative disclosures for banks using the model approach

Zürcher Kantonalbank does not use the market risk model approach.

13.4 MR2: Market risk: minimum capital under the model approach

Zürcher Kantonalbank does not use the market risk model approach.

13.5 MR3: Market risk: minimum capital under the simplified standardised approach

Zürcher Kantonalbank does not use the simplified market risk standardised approach.

14 Credit valuation adjustment risk

14.1 CVAA: CVA risk: general qualitative information related to CVA risk management

Zürcher Kantonalbank has a prototype for regularly calculating and monitoring CVA key figures. The Market Risk unit, which is independent of trading, reviews new transactions with high CVA risk on a preventive basis as part of the pre-deal consultation process. Zürcher Kantonalbank has decided not to actively hedge CVA risk.

The gross notional amount of all derivatives not traded via a central counterparty exceeds the limit of CHF 125 billion, which means Zürcher Kantonalbank is not entitled to apply the simplified approach for CVA risk. Zürcher Kantonalbank calculates the minimum capital to cover CVA risk in accordance with the reduced basic approach for CVA risk.

14.2 CVA1: CVA risk: reduced basic approach for CVA (BA-CVA)

in CHF million		a	b	a	b
		Components	BA-CVA RWA	Components	BA-CVA RWA
		31.12.2025	31.12.2025	30.6.2025	30.6.2025
1	Aggregation of systematic components of CVA risk	506		519	
2	Aggregation of idiosyncratic components of CVA risk	50		56	
3	Total		2,083		2,145

During the reporting period, there were no significant changes to the components used for calculating the RWA for CVA risk under the reduced basic approach for CVA (BA-CVA).

Zürcher Kantonalbank does not hedge CVA risk, so there are no hedging types to describe.

14.3 CVA2: CVA risk: full basic approach for CVA (BA-CVA)

Zürcher Kantonalbank does not use the full basic approach for CVA.

14.4 CVA3: CVA risk: quantitative disclosures for the standardised approach for CVA (SA-CVA)

Zürcher Kantonalbank does not use the standardised approach for CVA.

14.5 CVA3: CVA risk: quantitative disclosures for the standardised approach for CVA (SA-CVA)

Zürcher Kantonalbank does not use the standardised approach for CVA.

14.6 CVA4: CVA risk: RWA flow statements of CVA risk exposures under SA-CVA

Zürcher Kantonalbank does not use the standardised approach for CVA.

15 Operational risk

15.1 ORA: Operational risk: qualitative disclosure requirements related to operational risk management

Strategy

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

Organisation and processes

The principles governing the management of operational risk require, among other things, that operational risks are measured and managed based on uniform, binding objectives, and that they are accepted and controlled sustainably in a reasonable relationship to the bank's risk capacity. An appropriate and effective ICS plays an important part in ensuring that losses from operational risk remain low.

Operational Risk, part of the Risk unit, specifies the processes and methods, and provides tools for monitoring the internal control system (ICS). Operational Risk is part of the bank's risk control function within the meaning of FINMA Circular 2017/1 "Corporate Governance – Banks". The unit's Analysis Team analyses the risk profile and prepares the independent reporting, monitors the management of operational risk and coordinates the dialogue with the other business units in the OpRisk Committee. The Engineering Team is responsible for refining systems, tools and methods.

With regard to IT security and business continuity management (BCM), a corresponding specialist unit is responsible for defining specifications. The specialist unit moved from IT, Operations & Real Estate to Operational Risk in the Risk unit on 1 January 2026. The unit sets the security rules for individuals, systems and procedures. The greater the risk or risk classification, the more extensive the security rules that have to be implemented. The specialist unit for security supports line managers where required, providing advice on implementing technical security requirements. It also provides training and raises staff awareness of rules of conduct relating to security (security awareness).

In the event of an operational crisis, the bank has an emergency organisation consisting of two levels. The first tier is the divisional emergency response organisations, comprising the Real Estate emergency organisation and the IT emergency organisation. The IT emergency organisation aims to maintain the operation of IT services even in critical situations and ensure timely recovery of the service operations process in accordance with the IT business continuity plan. The divisional emergency response organisations support the Zürcher Kantonalbank emergency response organisation (NOFOR) as a second tier in crisis management. NOFOR is chaired by the Head of IT, Operations & Real Estate. Other NOFOR members include the representatives of the other business units, Corporate Communications and the NOFOR organisation staff.

The corresponding risk inventory constitutes the basis for the management of operational risk. An application supports OpRisk Management in defining and managing risks. In the application, the risks and risk mitigation controls are centrally documented, attested and independently tested by Operational Risk. It is also a monitoring instrument for dealing with issues, measures and outstanding items. The minimum capital required for operational risk is calculated by Finance outside of the application mentioned above.

The measurement of operational risks is based on an estimate of potential claims and the probability of occurrence. To calculate the operational residual risks, inherent risks are set against existing risk-mitigating measures. If the residual risks exceed the risk tolerance, additional risk-mitigating measures are defined and implemented. Where there is a need and it makes economic sense, insurance is used to reduce the potential loss. The adequacy and effectiveness of the risk-mitigating measures are monitored as part of the bank-wide internal control system (ICS).

Besides periodic and systematic assessments, operational risks are assessed, managed and monitored on an event-driven basis as well. Operational risks are divided into ten categories:

- 1. Offences (external)
- 2. Physical security
- 3. Business interruption
- 4. Processing and execution errors
- 5. Information technology (IT)
- 6. Third parties
- 7. Information security (incl. cyber)
- 8. Data management
- 9. Models
- 10. Offences (internal).

The risk organisation reviews the management of operational risks in an annual structured process. The business units and group companies provide evidence of the appropriateness and effectiveness of the ICS in their area by submitting annual ICS reports to the Executive Board and the Board of Directors; the report structure is specified by the risk control function (Operational Risk). Another key element of independent reporting on operational risk is the CRO's quarterly report to the Board of Directors, the Executive Board and the second management level of the bank. In this quarterly report, special events, changes in the risk profile of operational risk and the monitoring results of OpRisk requirements are transparently presented and explained. In addition, the risk control function informs the Board of Directors and the Executive Board annually in separate reports on its activities and on the operational resilience of the bank. The reports are presented and discussed at Executive Board and Board of Directors level and in the relevant committees.

Risk profile

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

In the combined analysis of loss potential and probability of occurrence, five of the ten operational risk categories mentioned above are in the key risk area and hence are material risks: information technology (IT), processing and execution errors, business interruption, information security (including cyber) and data management. As society and the economy continue to become digitally connected and complexity increases, these risks remain high. The management of these risks therefore continues to receive corresponding attention.

The information technology (IT) risk category includes possible failure of software, hardware and networks. Reasons for this may include incorrect settings, limited capacities or mechanical failures. The risk profile is increasingly shifting from manual specialised processes to automated processes. The importance of tests in change projects is increasing accordingly. The bank reduces the relevant risks by pursuing a strategy to standardise the use of technologies as a means to manage IT complexity, defining clear IT architecture specifications and monitoring of IT.

Risk management of processing and execution risks is primarily performed by the organisational units. In addition, risks along the process chains are reviewed in an end-to-end process context. When doing so, special attention is paid to the interfaces in the process flows and operational resilience is taken into account. Where possible and reasonable, execution errors are avoided by using control activities focused on anomaly detection.

Data management focuses in particular on the risks associated with critical data used and required for transaction processing and reporting. The corresponding risks relate to data availability and data quality, which are necessary for the bank to provide its services. To reduce the risks, a data governance system is in place with guidelines on data storage, data erasure and data protection.

To reduce the risk of business interruption, the plans for resuming normal operations of critical business processes in the event of an operational crisis (business continuity plans) are regularly reviewed and tested during emergency exercises. The critical business processes according to the business impact analysis as well as the business continuity plans are part of

Zürcher Kantonalbank's BCM as implemented in accordance with regulatory requirements.

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

Calculation approach for capital requirements for operational risk

To determine the capital requirement for operational risk, Zürcher Kantonalbank uses the standardised approach, with the internal loss multiplier calculated on the basis of internal loss data.

15.2 OR1: Operational risk: Historical losses

31.12.2025 in CHF million	a 2025	b 2024	c 2023	d 2022	e 2021	f 2020	g 2019	h 2018	i 2017	j 2016	k Ten-year average
› Using CHF 25,000 threshold											
1 Total amount of operational losses net of recoveries (no exclusions)	7	2	–	10	2	4	6	3	3	1	4
2 Total number of operational risk losses	20	13	20	21	20	38	24	22	24	12	21
3 Total amount of excluded operational risk losses	–	–	–	–	–	–	–	–	–	–	–
4 Total number of exclusions	–	–	–	–	–	–	–	–	–	–	–
5 Total amount of operational losses net of recoveries and net of excluded losses	7	2	–	10	2	4	6	3	3	1	4
› Using CHF 125,000 threshold[1]											
6 Total amount of operational losses net of recoveries (no exclusions)	7	1	–	11	1	2	6	2	3	1	3
7 Total number of operational risk losses	9	2	12	12	13	21	12	9	11	6	11
8 Total amount of excluded operational risk losses	–	–	–	–	–	–	–	–	–	–	–
9 Total number of exclusions	–	–	–	–	–	–	–	–	–	–	–
10 Total amount of operational losses net of recoveries and net of excluded losses	7	1	–	11	1	2	6	2	3	1	3
› Details of operational risk capital calculation											
11 Are losses used to calculate the internal loss multiplier ILM (yes/no)?	Yes										
12 If "no" in row 11, is the exclusion of internal loss data due to non-compliance with the minimum loss data standards (yes/no)?	n/a										
13 Information on loss events in 2025 deemed significant by the bank	In 2025, there were no loss events that were deemed significant.										

1 The following values with a threshold of CHF 125,000 are a subset of the values with a threshold of CHF 25,000.

The historical losses do not contain any excluded losses. There is no other material information about past losses or recovery thereof that would need to be disclosed here.

15.3 OR2: Operational risk: Business indicator and subcomponents

in CHF million		a 2025	b 2024	c 2023
› BI and its subcomponents				
1	Interest, lease and dividend component	1,779		
1a	– Interest and lease income	3,323	4,378	4,044
1b	– Interest and lease expense	1,631	2,642	2,176
1c	– Interest earning assets	158,843	159,013	154,318
1d	– Dividend income	14	14	13
2	Services component	1,399		
2a	– Fee and commission income	69	18	8
2b	– Fee and commission expense	9	5	18
2c	– Other operating income	1,471	1,377	1,254
2d	– Other operating expense	390	353	314
3	Financial component	1,010		
3a	– Net P&L on the trading book	785	653	683
	– Net P&L on the banking book, relevant for calculating the minimum capital requirements for operational risk	–352	–287	–269
4	Business indicator (BI)	4,188		
5	Business indicator component (BIC)	591		
› Disclosure on the BI		**a**		
6a	BI gross of excluded divested activities	4,188		
6b	Reduction in BI due to excluded divested activities	–		

Table OR2 showing the business indicator and its subcomponents, which are included in the calculation of minimum capital requirements for operational risk, is being published for the first time as at 31 December 2025. Comparative information including an explanation of the significant changes during the reporting period is therefore not available as at the reporting date.

15.4 OR3: Operational risk: Minimum required capital

in CHF million		**a** **2025**	a 2024
1	Business indicator component (BIC)	**591**	n/a
2	Internal loss multiplier (ILM)	**0.63**	n/a
3	Minimum required operational risk capital (ORC)	**372**	n/a
4	**Operational risk RWA**	**4,652**	**n/a**

16 Interest rate risk

16.1 IRRBBA: Interest rate risk: interest rate risk in the banking book (IRRBB) risk management objective and policies

Description of how the bank defines IRRBB for the purposes of managing and measuring risk

Balance sheet interest rate risk is the risk that changes in market interest rates will impact negatively on the financial situation of the banking book. Interest rate risk management takes into account both net present value (change in the economic value of equity – ΔEVE) and prospective earnings (change in net interest income – ΔNII). In managing interest rate risk in the banking book (IRRBB), Zürcher Kantonalbank pursues a strategy focussed on medium-term optimisation of net interest income. The interest rate risk is managed based on the market interest method. For client deposits and loans with a variable interest rate, the interest rate risk is determined by taking into account the bank's presumed future condition-setting behaviour and client behaviour. Product modelling is subject to an annual review and is approved by the Risk Committee of the Executive Board.

Description of the overall strategy of the bank to manage and mitigate IRRBB

Interest rate risk in the banking book is managed in strategic terms by the Board of Directors and in tactical terms by the CFO and Treasury. Treasury has delegated operational management of interest rate and currency risk for periods of less than one year to Money Market Trading, which is also assigned to the banking book. The strategic interest rate risk position is set by the Board of Directors on a periodic basis in the form of an investment strategy for equity (equity benchmark). The CFO and Treasury manage the deviation of the interest rate risk position in the banking book from the equity benchmark within the risk limits set by the Board of Directors. From the net present value perspective (EVE), interest rate risks are managed by allocating risk capital in accordance with the capital at risk approach (risk horizon one year, confidence level 99.9 percent) and by using value at risk limits (holding period 20 trading days, confidence level 99 percent). In addition, stress scenarios are simulated in order to analyse and limit the impact of extraordinary changes in the interest rate environment. Potential stress losses are limited by the Board of Directors by means of benchmarks.

From the prospective earnings perspective (NII), stress tests provide an indication of the change in the structural contribution from the CFO, Treasury and Money Market Trading position in the event of extraordinary changes in market interest rates with unchanged positioning over a one-year period. Potential losses of earnings are limited by the Executive Board. Besides the structural contribution, margin effects are particularly significant for client deposits with variable interest rates. The effects of multi-year (stress) scenarios on interest income and margin trends are analysed in depth as part of budget planning and analysis of potential losses (internally and in accordance with FINMA requirements).

At the weekly balance sheet meeting, Treasury discusses expected moves in interest rates, assesses the tactical interest rate positioning and sets hedging programmes. For hedging decisions, representatives of the Risk unit are consulted; for interest rate forecasts, the analysts in the internal research team of Zürcher Kantonalbank are consulted.

Risk measurement and monitoring and independent reporting of interest rate risk is the responsibility of the Risk unit, which is organisationally independent of the people managing the risk.

The Treasury Committee is a specialist body of the Risk Committee of the Executive Board, which regularly reviews the quality and appropriateness of asset-liability management. Chaired by the Head of Treasury, the Treasury Committee comprises people managing risk, representatives of sales, product management and controlling and members of the risk organisation.

Model Validation in the Risk unit acts as an independent controller to ensure that models are appropriate and that material model uncertainties are taken into account. The modelling of variable products is subject to an annual review by Treasury as the model owner together with model validation, and approved by the Risk Committee of the Executive Board via the Treasury Committee.

Frequency of calculation of the bank's IRRBB metrics and description of the specific metrics the bank uses to estimate its sensitivity to IRRBB

Value at risk and capital at risk in the CFO and Treasury position are calculated weekly and monthly and compliance with limits is checked. Monthly reports cover compliance with the stress test requirements. Within Money Market Trading, limits and stress test rules are monitored daily. The measure of sensitivity used by Zürcher Kantonalbank is the net present gain or loss for a reduction of one basis point in the interest rate in each maturity band. These key rate sensitivities are calculated for all relevant levels of aggregation, such as the banking book, CFO and Treasury, etc.

Description of the interest rate shock and stress scenarios the bank uses to estimate changes in economic value and earnings

In the net present value perspective, historical and hypothetical scenarios are used to estimate the loss that could result from extreme but plausible macroeconomic stress events. Each scenario is based on the expected performance of market indicators for the scenario in question. In the return perspective, the scenarios are based on historic scenarios observed over a twelve-month period in the past. In addition, the six standardised interest rate shock scenarios in FINMA Circular 2019/2 "Interest rate risk – banks" are used in the net present value perspective and the two parallel standard shock scenarios in the earnings perspective.

Significant differences between the model assumptions used in the bank's internal interest rate risk measurement system and the model assumptions prescribed for disclosure in Table IRRBB1 in the ΔEVE calculation

No model assumptions used in the bank's internal interest rate risk management to calculate net present value figures (ΔEVE) differ significantly from the model assumptions prescribed for disclosure. In terms of positions included, the following differences occur: unlike for the EVE figure for disclosure, the internal interest rate risk system considers all subordinated bonds (Tier 1 bonds and Tier 2 bonds) and not only Tier 2 bonds alone as interest rate-sensitive funding instruments under bonds and central mortgage institution loans.

Manner of how the bank hedges its IRRBB, as well as the associated accounting treatment

Contractually agreed client transactions, financial investments and debt financing in the banking book qualify as underlying transactions. Appropriate derivative financial instruments (mainly interest rate swaps) are used to hedge interest rate risk as part of asset-liability management. For each hedging relationship, a review is undertaken to determine whether it meets the conditions for the application of hedge accounting (e. g. the hedging transactions must be concluded with an external counterparty). The gain on effective hedging derivatives is recognised in the balance sheet in the settlement account with no income effect. The net balance of the settlement account is included under Other assets or Other liabilities. In the case of ineffective hedging transactions, the excess portion of the derivative is treated as a trading transaction. Refinancing transactions in EUR are fully swapped into Swiss francs in a micro hedge using EUR/CHF cross currency swaps, so the foreign currency risk is fully eliminated.

Description of the main modelling and parameter assumptions used to calculate ΔEVE and ΔNII in table IRRBB1, with reference to the items and currencies shown in table IRRBBA1

1	Change in net present value of capital (ΔEVE)	**Calculation of cash flows: Recognition of interest rate margins and other components**	Cash flows include principal and interest payments. For all exposures, the main margin payments and credit spread components of the original client transactions are excluded from cash flows, as Zürcher Kantonalbank has implemented a profit-splitting system (internal interest rate perspective) in interest rate management.
2		**Mapping: Description of the cash flow mapping used**	Cash flows are allocated to maturity bands using the interest rate reset date. While the interest rate reset period for fixed interest rate instruments corresponds to the remaining term of the nominal payment flow, the interest rate is reset daily for money market mortgages on the basis of the agreed reference interest rate, which in Swiss francs is based on SARON (the Swiss Average Rate Overnight). Cash flows on variable products match those on the replicating synthetic fixed-rate products.
3		**Discount rates: Description of the (product-specific) discount rates or interpolation assumptions**	The CHF yield curve is based on SARON swap spreads plus regularly fixed money market spreads for less than a year and capital market spreads for more than a year which reflect the funding conditions of Zürcher Kantonalbank. The EUR yield curve corresponds to the EURIBOR swap curve and the USD curve to the SOFR swap curve.
4	Changes to planned income (ΔNII)	**Description of the procedure and central assumptions in the model for calculating future income**	As part of the steady-state asset-liability assumptions, transactions maturing in the next twelve months, with the exception of hedges, are renewed at the same term and volume. For customer transactions, the same margin payments and credit spread components are used as in the original transaction. When calculating the original margin, a floor is set for negative market interest rates. For variably modelled products, the maturing replication tranches are replaced in the basic and interest rate scenarios according to model rules. Their margins in the base scenario are based on current or already announced future adjustments to client conditions, while those in the stress scenarios are based on internal bank expert estimates for setting conditions. An internal interest rate forecast is chosen as the bank's basic scenario that corresponds to the constant current yield curves over time.
5	Variable exposures	**Description of the procedure including central assumptions and parameters for determining the interest rate reset date and cash flows of variable exposures**	Modelling of variable products is based on econometric analyses and expert estimates as regards the setting of conditions and volume trends under interest rate scenarios. As a result, these products, which are not contractually fixed in terms of interest or principal, are replicated by synthetic products with a set fixed term. A key component of this modelling approach is the definition of a "floor", which can be considered a non-interest-rate-sensitive partial volume in terms of capital commitment. Excess volumes above the floor are modelled using a short-term core/volatile approach.
6	Exposures with repayment options	**Description of the assumptions and procedures for recognising behaviour-related early repayment options**	Zürcher Kantonalbank currently has no exposures with behaviour-related early repayment options in the banking book.

7	Term deposits	**Description of the assumptions and procedures for recognising behaviour-related early withdrawals**	Zürcher Kantonalbank offers callable investment accounts and money market deposits with no term agreed for various notice periods. The products are treated like fixed deposits based on their first call date, with no behaviour-related modelling.
8	Automatic interest rate options	**Description of the assumptions and procedures for recognising automatic, behaviour-independent interest rate options**	Zürcher Kantonalbank currently has no automatic, behaviour-independent interest rate options in the banking book.
9	Derivative exposures	**Description of purpose, assumptions and procedure for linear and non-linear interest rate derivatives**	Zürcher Kantonalbank currently has no non-linear interest rate derivatives in the banking book. Payer/receiver interest rate swaps, cross currency swaps, forward rate agreements and FX swaps are currently used to hedge against interest rate risk in the banking book.
10	Other assumptions	**Description of other assumptions and procedures affecting the calculation of figures in Tables IRRBBA1 and IRRBB1, e.g. aggregation across currencies and correlation assumptions for interest rates**	In table IRRBBA1, volumes are shown aggregated across all currencies, for CHF and aggregated for EUR and USD as material currencies.

16.2 IRRBBA1: Interest rate risk: quantitative information on exposure structure and repricing

31.12.2025		**Volume in CHF million**			**Average interest rate reset period, in years**		**Maximum interest rate reset period in years, for exposures with modeled (not determined) interest rate reset dates**	
		Total	of which in CHF	of which in other significant currencies[1]	Total	of which in CHF	Total	of which in CHF
Defined interest rate reset date	Amounts due from banks	45,994	8,741	25,385	0.03	0.02		
	Amounts due from customers	16,302	13,078	3,182	0.74	0.88		
	Money market mortgage loans	26,025	26,025	–	0.02	0.02		
	Fixed-rate mortgage loans	84,931	84,745	187	3.67	3.68		
	Financial investments	7,011	6,815	195	3.85	3.78		
	Other receivables	–	–	–	–	–		
	Receivables from interest-rate derivatives[2]	161,280	73,392	79,742	0.46	0.70		
	Amounts due to banks	−68,553	−15,699	−37,214	0.09	0.04		
	Amounts due in respect of customer deposits	−20,463	−12,514	−7,518	0.52	0.21		
	Cash bonds	−210	−210	–	2.92	2.92		
	Bond issues and central mortgage institution loans	−22,401	−20,075	−2,326	4.67	4.93		
	Other payables	–	–	–	–	–		
	Payables to interest-rate derivatives[2]	−160,738	−93,791	−63,030	0.46	0.74		
Undefined interest rate reset date	Amounts due from banks	–	–	–	–	–		
	Amounts due from customers	639	609	30	0.08	0.08		
	Mortgage loans with floating rates	222	222	–	0.08	0.08		
	Other receivables	–	–	–	–	–		
	Payables on demand from personal accounts and current accounts	−58,616	−56,245	−2,371	1.59	1.62		
	Other payables	–	–	–	–	–		
	Payables arising from client deposits, terminable, but not transferable (savings)	−34,304	−34,304	–	1.81	1.81		
	Total	**−22,880**	**−19,209**	**−3,738**	**1.12**	**1.66**	**8.00**	**8.00**

1 Currencies comprising more than 10 % of balance sheet assets or liabilities (as at 31.12.2025: EUR and USD).
2 In the case of receivables from and payables to interest rate derivatives, derivatives volumes are shown under both receivables and payables for technical reasons.

31.12.2024		Volume (in CHF million)			Average interest rate reset period (in years)		Maximum interest rate reset period for exposures with modeled (not determined) interest rate reset dates (in years)	
		Total	of which in CHF	of which in other significant currencies[1]	Total	of which in CHF	Total	of which in CHF
Defined interest rate reset date	Amounts due from banks	25,459	8,060	17,319	0.04	0.04		
	Amounts due from customers	14,841	11,859	2,941	0.72	0.84		
	Money market mortgage loans	22,906	22,906	–	0.01	0.01		
	Fixed-rate mortgage loans	83,475	83,297	178	3.75	3.76		
	Financial investments	4,658	4,527	131	4.77	4.77		
	Other receivables	–	–	–	–	–		
	Receivables from interest-rate derivatives[2]	56,080	30,831	20,541	1.03	1.31		
	Amounts due to banks	–37,822	–8,619	–26,997	0.13	0.15		
	Amounts due in respect of customer deposits	–27,818	–19,349	–8,036	0.47	0.20		
	Cash bonds	–263	–263	–	2.30	2.30		
	Bond issues and central mortgage institution loans	–20,672	–19,265	–1,408	4.54	4.72		
	Other payables	–	–	–	–	–		
	Payables to interest-rate derivatives[2]	–55,056	–54,393	–663	1.38	1.39		
Undefined interest rate reset date	Amounts due from banks	–	–	–	–	–		
	Amounts due from customers	384	310	73	0.08	0.08		
	Mortgage loans with floating rates	218	218	–	0.08	0.08		
	Other receivables on demand	–	–	–	–	–		
	Payables on demand from personal accounts and current accounts	–45,282	–43,090	–2,192	1.85	1.90		
	Other payables on demand	–	–	–	–	–		
	Payables arising from client deposits, terminable but not transferable (savings)	–32,254	–32,254	–	1.92	1.92		
	Total	**–11,146**	**–15,225**	**1,888**	**1.76**	**2.10**	**8.00**	**8.00**

1 Currencies comprising more than 10 % of balance sheet assets or liabilities (as at 31.12.2024: EUR and USD).
2 In the case of receivables from and payables to interest rate derivatives, derivatives volumes are shown under both receivables and payables for technical reasons.

16.3 IRRBB1: Interest rate risk: quantitative information on IRRBB

	ΔEVE (change in the economic value of equity)		ΔNII (change in net interest income)	
in CHF million	**2025**	2024	**2025**	2024
Parallel up	**–1,165**	–1,179	**450**	182
Parallel down	**1,313**	1,337	**–315**	–334
Fall in short-term interest rates combined with rise in long-term interest rates (steepener shock)	**–424**	–503		
Rise in short-term interest rates combined with fall in long-term interest rates (flattener shock)	**205**	277		
Short rate up	**–242**	–186		
Short rate down	**248**	190		
Maximum	**–1,165**	**–1,179**	**–315**	**–334**
in CHF million	**31.12.2025**	31.12.2024	**31.12.2025**	31.12.2024
Core capital (Tier 1); systemically important banks that use core capital to meet gone-concern requirements: additionally, the corresponding reduced core capital in accordance with appendix 3	**16,523**	**15,689**	**16,523**	**15,689**

The losses of economic value of equity at the end of 2025 indicate a significant recipient position in the banking book, which decreased in relation to Tier 1 capital over the course of the year. As a result of the SNB benchmark interest rate falling to 0 percent in mid-2025, net interest income when interest rates rise in the income simulations went up compared to the previous year, while the decrease in the net interest income when interest fall went down slightly. This asymmetrical development mainly reflects the assumptions regarding changes in client terms and conditions for variable exposures, where the liability margin increases disproportionately more when interest rates rise than when they fall.

Measurement, management, monitoring and controlling of interest rate risk in the banking book is not carried out at group level but at the level of the parent company, including the subsidiary Zürcher Kantonalbank Finance (Guernsey) Ltd. The interest rate risk taken by the other group companies is relatively immaterial. Treasury performs a corresponding materiality check of group companies semi-annually. In accordance with margin no. 3 of FINMA Circular 2019/2 "Interest rate risk – banks", Zürcher Kantonalbank has received approval from the auditor. Group rules are also in place on permitted business activity, risk-taking and limits on interest rate positions.

In accordance with FINMA Circular 2019/2 "Interest rate risk – banks", the above scenarios are used in addition to internal scenarios to estimate changes in economic value and income. They form part of the internal interest rate risk measurement system. There were no material changes compared with 31 December 2024.

17 Extended countercyclical buffer, provided the bank fulfils the criteria in accordance with Article 44a CAO

17.1 CCyB1: Geographical distribution of credit exposures used for the countercyclical capital buffer

31.12.2025 in CHF million (unless stated otherwise)	a Counter-cyclical capital buffer rate (in %)	c RWA used in the computation of the extended countercyclical capital buffer	d Bank-specific counter-cyclical capital buffer rate (in %)	e Countercyclical capital buffer amount
› Country				
Australia	1.00 %	6		
Belgium	1.00 %	82		
Germany	0.75 %	480		
France	1.00 %	105		
Hong Kong	0.50 %	4		
Korea	1.00 %	0		
Luxembourg	0.50 %	1,399		
Netherlands	2.00 %	36		
Sweden	2.00 %	3		
Spain	0.50 %	6		
United Kingdom	2.00 %	586		
Subtotal	**–**	**2,707**		
Other countries		49,317		
Total RWA of credit exp. used in the countercyclical capital buffer [1]		**52,024**		
Total RWA [2]		**72,359**	**0.05 %**	**35**

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.

30.6.2025 in CHF million (unless stated otherwise)	a Counter-cyclical capital buffer rate (in %)	c RWA used in the computation of the extended countercyclical capital buffer	d Bank-specific counter-cyclical capital buffer rate (in %)	e Countercyclical buffer amount
› Country				
Australia	1.00 %	7		
Belgium	1.00 %	87		
Germany	0.75 %	620		
France	1.00 %	114		
Hong Kong	0.50 %	5		
Korea	1.00 %	6		
Luxembourg	0.50 %	1,538		
Netherlands	2.00 %	117		
Sweden	2.00 %	12		
United Kingdom	2.00 %	500		
Subtotal	**–**	**3,004**		
Other countries		49,197 [3]		
Total RWA of credit exp. used in the countercyclical capital buffer [1]		**52,201 [3]**		
Total RWA [2]		**71,680 [3]**	**0.05 %**	**34 [3]**

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.
3 These key figures differ from the figures published for 30.6.2025. In the corresponding disclosure report as at 30.6.2025, total RWA were understated in total by CHF 1,207 million. These figures also change as a result of the adjustment of RWA.

Since 30 June 2025, Spain has raised the countercyclical capital buffer rate for the relevant exposures from 0.00 percent to 0.50 percent. Apart from this, the extended countercyclical buffer (eCCB) under Art. 44a CAO saw no material change.

18 Leverage Ratio

18.1 LR1: Leverage Ratio: summary comparison of accounting assets vs leverage ratio exposure measure

in CHF million		a 31.12.2025	a 30.6.2025
1	Total assets as per published financial statements	206,177	199,811
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, as well as adjustment for assets deducted from Tier 1 capital	–	–
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	–	–
4	Adjustments for temporary exemption of central bank reserves (if applicable)	–	–
5	Adjustment for fiduciary assets recognised on the balance sheet for accounting purposes, but excluded from the leverage ratio exposure measure	–	–
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	–	–
7	Adjustments for eligible cash pooling transactions	–	–
8	Adjustment for derivative financial instruments	8,496	8,159
9	Adjustment for securities financing transactions (SFT)	3,560	3,727
10	Adjustment for off-balance-sheet items (conversion to credit equivalent amounts of off-balance sheet exposures)	11,684	11,252
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	–	–
12	Other adjustments	−3	−3
13	**Leverage ratio exposure (sum of Rows 1 to 12)**	**229,914**	**222,945**

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

18.2 LR2: Leverage Ratio: detailed disclosure

in CHF million		a 31.12.2025	b 30.6.2025
› On-balance-sheet exposures			
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral[1]	**184,950**	177,497
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	**1,443**	2,400
3	Deductions of receivable assets for cash variation margin provided in derivatives transactions	**–1,141**	–1,984
4	Adjustment for securities received under securities financing transactions that are recognised as an asset	**–**	–
5	Specific and general provisions associated with on-balance sheet exposures deducted from Tier 1 capital	**–**	–
6	Asset amounts deducted in determining Tier 1 capital and regulatory adjustments	**–3**	–3
7	**Total on-balance sheet exposures within the leverage ratio framework, excluding derivatives and SFTs (sum of rows 1 to 6)**	**185,250**	**177,910**
› Derivatives			
8	Replacement values associated with all derivatives transactions, including those with CCPs, taking into account the margin payments received and netting agreements	**1,625**	1,974
9	Add-on amounts for PFE associated with all derivatives transactions	**7,957**	7,376
10	Deduction relating to exposures to QCCPs if there is no obligation to reimburse the client in the event of the QCCP defaulting	**–367**	–385
11	Adjusted effective notional amount of written credit derivatives, after deduction of negative replacement values	**168**	161
12	Adjusted effective notional offsets of bought/written credit derivatives and add-on deductions for written credit derivatives	**–168**	–161
13	**Total derivative exposures (sum of rows 8 to 12)**	**9,215**	**8,965**
› SFT			
14	Gross SFT assets with no recognition of netting (except in the case of novation with a QCCP) after adjustment for sale accounting transactions	**20,243**	21,943
15	Netted amounts of cash payables and cash receivables relating to SFT	**–**	–
16	Counterparty credit risk exposure for SFT assets	**3,522**	2,876
17	Agent transaction exposures	**–**	–
18	**Total securities financing transaction exposures (sum of rows 14 to 17)**	**23,765**	**24,819**
› Other off-balance-sheet exposures			
19	Off-balance-sheet exposure at gross notional amounts before application of credit conversion factors	**53,003**	50,315
20	Adjustments for conversion to credit equivalent amounts	**–41,319**	–39,063
21	Specific and general provisions associated with off-balance sheet exp. deducted in determining Tier 1 capital	**–**	–
22	**Total off-balance-sheet items (sum of rows 19 to 21)**	**11,684**	**11,252**
› Eligible capital and total exposures			
23	Tier 1 capital	**16,400**	15,853
24	Total exposures (sum of rows 7, 13, 18 and 22)	**229,914**	222,945
› Leverage ratio			
25	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	**7.1%**	7.1%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	**7.1%**	7.1%
26	Leverage ratio minimum requirement	**3.0%**	3.0%
27	Applicable leverage ratio buffers	**1.5%**	1.5%
› Disclosure of mean values			
28	Mean value of daily gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	**25,203**	22,613
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	**23,765**	24,819
30	Total exposures (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28	**231,352**	220,740
30a	Total exposures (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28	**231,352**	220,740
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28	**7.1%**	7.2%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28	**7.1%**	7.2%

1 Balance sheet items are equal to total assets as reported less amounts due from securities transactions and the positive replacement value of derivative financial instruments.

Compared to 30 June 2025, total on-balance-sheet exposures (excluding derivatives and securities financing transactions) rose CHF 7,340 million, exposures from derivatives CHF 250 million and off-balance-sheet exposures CHF 432 million. Only securities financing transaction exposures moved in the opposite direction (–CHF 1,054 million). The increase in Tier 1 capital compensated the effect of the higher total exposure (+CHF 6,969 million (rounded number)) in the calculation of the leverage ratio, resulting in an unchanged leverage ratio of 7.1 percent as at 31 December 2025.

There is no temporary exception for central bank reserves. The exposures in relation to SFT do not differ significantly with and without taking mean values into account. As a result, the leverage ratio taking mean values as at 31 December 2025 into account (7.1 percent) is the same as without taking them into account (7.1 percent).

19 Liquidity

19.1 LIQA: Liquidity: liquidity risk management

Qualitative disclosures

Strategy

The aim of liquidity risk management is to ensure solvency, even under bank-specific or market-specific stress conditions. Zürcher Kantonalbank pursues a long-term refinancing policy that includes both cost and risk aspects.

Refinancing risks are managed via diversification in terms of maturities, refinancing instruments used and related markets. This diversification limits dependence on funding sources. For this purpose, Treasury uses both short- and long-term instruments, which are placed on the domestic and international markets. The diversified refinancing base is reflected in a broad product portfolio, comprising client deposits, bank deposits and money and capital market refinancing. In addition, the regulatory net stable funding ratio (NSFR) is used to measure, manage and control structural liquidity.

Organisation and processes

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

The measurement, management and control of short-term liquidity risks are based on both an internal model and on the liquidity coverage ratio (LCR), a regulatory liquidity indicator. In addition to the LCR requirements, the bank is also obliged to fulfil the special provisions for systemically important banks (too-big-to-fail regulations, TBTF).

Over a 90-day stress or restructuring horizon, the TBTF requirements set both basic requirements and additional institution-specific requirements so a minimum level of liquidity is still available on day 90. In addition to the regulatory stress scenario, Zürcher Kantonalbank uses internal stress scenarios based on the liquidity risk measurement system (LRS). The result of the liquidity risk measurement under the internal bank-specific stress scenario is calculated daily. This result is presented in a fully automated report. It contains information on the availability of liquid assets and unencumbered high-quality liquid assets (HQLA) in financial investments and trading positions, liquidity inflows and outflows under the stress scenario, and the liquidity position left after the stress scenario. The contingency plan also constitutes a significant element of liquidity risk management. This supports the situationally appropriate conduct of the relevant functions in a crisis, in which they can rely on various prepared measures for managing liquidity. These measures are also documented in the bank's recovery and contingency plan.

When calculating the regulatory LCR, the bank uses an internal model to divide wholesale deposits into operational and non-operational categories. Net outflows of funds from the collateralisation of derivatives due to changes in market values are calculated using the look-back method. Besides Swiss francs, which make up by far the largest part of the balance sheet of Zürcher Kantonalbank, the LCR is also monitored and periodically reported in other major currencies.

Quantitative disclosures

The following table shows inflows and outflows in items on and off balance sheet with a fixed term by maturity band in the group and compares these to holdings of high-quality liquid assets (HQLA) as at 31 December 2025. Unlike the data used to calculate the liquidity cover ratio (LCR), this table also includes unweighted inflows and outflows beyond 30 days. Business with no set maturity, such as savings deposits and sight deposits, are not included.

31.12.2025

in CHF million

M = month(s), Y = year

	Inventory	≤ 1M	> 1M ≤ 3M	> 3M ≤ 6M	> 6M ≤ 1Y	> 1Y	Total
› Outflows							
Outflow from own bonds issued		791	597	1,566	2,654	20,795	26,403
Outflow from unsecured financing		13,062	19,331	9,925	1,241	1,447	45,005
Outflow from securities financing transactions/secured financing		6,264	0	–	–	70	6,334
Additional outflows[1]		6,956	3,236	2,843	6,038	7,657	26,729
Total outflows		**27,074**	**23,163**	**14,334**	**9,932**	**29,968**	**104,472**
› Inflows							
Inflow from lending		6,737	5,736	4,861	9,240	71,605	98,179
Inflow from securities financing transactions		10,512	1,271	1,228	1,204	3,090	17,305
Additional inflows[2]		6,817	3,242	2,809	3,403	4,883	21,154
Total inflows		**24,066**	**10,249**	**8,898**	**13,847**	**79,578**	**136,638**
› HQLA	**Inventory**						
HQLA after netting of outflows and inflows	**49,281**	**46,273**	**33,358**	**27,922**	**31,837**	**81,447**	

1 Outflows from irrevocable lending commitments and derivatives
2 Inflows from trading securities and derivatives

31.12.2024

in CHF million

M = month(s), Y = year

	Inventory	≤ 1M	> 1M ≤ 3M	> 3M ≤ 6M	> 6M ≤ 1Y	> 1Y	Total
› Outflows							
Outflow from own bonds issued		496	920	1,260	2,506	19,356	24,538
Outflow from unsecured financing		21,314	27,514	8,804	1,111	2,236	60,980
Outflow from securities financing transactions/secured financing		4,877	–	–	2	133	5,012
Additional outflows[1]		11,910	7,151	3,150	5,199	8,670	36,080
Total outflows		**38,597**	**35,586**	**13,214**	**8,818**	**30,396**	**126,610**
› Inflows							
Inflow from lending		6,709	5,454	5,016	7,808	71,549	96,536
Inflow from securities financing transactions		14,449	1,093	1,836	1,377	4,078	22,833
Additional inflows[2]		12,666	7,444	2,436	3,360	6,442	32,348
Total inflows		**33,824**	**13,991**	**9,287**	**12,545**	**82,069**	**151,717**
› HQLA	**Inventory**						
HQLA after netting of outflows and inflows	**47,809**	**43,036**	**21,442**	**17,515**	**21,243**	**72,916**	

1 Outflows from irrevocable lending commitments and derivatives
2 Inflows from trading securities and derivatives

Risk profile

The average LCR for 2025, which is calculated as a simple average of the end-of-day values of the business days during the quarter under review, lies between 131 percent and 138 percent. The bank was also comfortably in compliance with the special liquidity requirements for systemically important banks. High-quality liquid assets (HQLA) average between CHF 50.5 billion and CHF 54.1 billion.

The HQLA consist of Level 1 assets (cash, central bank deposits, tradeable securities from countries and central banks with high credit ratings) and Level 2 assets (tradeable securities with less strict criteria). The majority of Level 1 assets are held in the form of central bank deposits. Zürcher Kantonalbank actively manages its liquidity risk profile, particularly through targeted management of time deposits, money market securities as well as SLB and repo transactions.

The changes in the LCR and the internal statistical measures of liquidity risk are mainly driven by portfolio changes in non-operational sight deposits, time deposits, money market securities, as well as SLB and repo transactions with banks and major clients.

The quarter-end NSFR values ranged from 113 percent to 118 percent in 2025. The required stable funding ranges between CHF 106.1 billion and CHF 107.2 billion. The available stable funding is between CHF 120.1 billion and CHF 125.9 billion.

19.2 LIQ1: Liquidity: information on the Liquidity Coverage Ratio (LCR)

	a	b	c	b	c
		Quarterly averages Q4 25[1]		**Quarterly averages Q3 25[1]**	
	in CHF million	**Unweighted values**	**Weighted values**	Unweighted values	Weighted values
	› High-quality liquid assets (HQLA)				
1	**Total HQLA**		**54,096**		**51,673**
	› Cash outflows				
2	Retail deposits	**71,730**	**7,395**	70,528	7,257
3	– of which stable deposits	**7,734**	**387**	7,681	384
4	– of which less stable deposits	**63,995**	**7,009**	62,847	6,873
5	Unsecured wholesale funding	**47,151**	**23,982**	44,776	22,776
6	– of which operational deposits (all counterparties) and deposits in networks of cooperative banks	**7,161**	**1,790**	6,560	1,640
7	– of which non-operational deposits all counterparties	**39,973**	**22,176**	38,069	20,990
8	– of which unsecured debt	**16**	**16**	146	146
9	Secured wholesale funding and collateral swaps		**10,143**		11,857
10	Other outflows	**23,749**	**8,533**	23,678	8,406
11	– of which outflows related to derivative exposures and other transactions	**10,680**	**6,364**	10,482	6,146
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	**80**	**80**	131	131
13	– of which, outflows related to committed credit and liquidity facilities	**12,989**	**2,088**	13,064	2,128
14	Other contractual funding obligations	**3,374**	**3,361**	3,436	3,410
15	Other contingent funding obligations	**32,027**	**416**	31,030	401
16	**Total cash outflows**		**53,831**		**54,107**
	› Cash inflows				
17	Secured financing operations (e.g. reverse repo transactions)	**11,551**	**7,889**	13,889	10,277
18	Inflows from fully performing exposures	**1,183**	**856**	1,460	1,148
19	Other cash inflows	**5,431**	**5,431**	5,218	5,218
20	**Total cash inflows**	**18,165**	**14,176**	**20,567**	**16,643**
	› Adjusted values				
21	**Total HQLA**		**54,096**		**51,673**
22	**Total net cash outflows**		**39,654**		**37,464**
23	**Liquidity coverage ratio (LCR) in %**		**136 %**		**138 %**

1 The average is calculated based on the end of day values from the business days of the reported quarter: Q4 25: 64 days included, Q3 25: 65 days included.

As a systemically important bank, Zürcher Kantonalbank is subject to stricter liquidity requirements than non-systemically important banks. Zürcher Kantonalbank's ongoing comfortable liquidity situation is reflected in the LCR. On a group basis, the LCR decreased from the previous quarter and stood at an average of 136 percent in the fourth quarter of 2025 (third quarter of 2025: 138 percent).

19.3 LIQ2: Liquidity: information the Net Stable Funding Ratio (NSFR)

		a	b	c	d	e
31.12.2025		**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	–	–	–	16,602	16,602
2	– Regulatory capital before regulatory adjustments	–	–	–	16,602	16,602
3	– Other capital instruments	–	–	–	–	–
4	Retail deposits and deposits from small business customers	71,772	2,762	397	148	67,982
5	– Stable deposits	7,748	125	31	33	7,541
6	– Less stable deposits	64,025	2,638	366	115	60,440
7	Wholesale funding	35,244	40,600	1,333	12,699	29,189
8	– Operational deposits	7,444	–	–	–	3,722
9	– Other wholesale funding	27,800	40,600	1,333	12,699	25,467
10	Liabilities with matching interdependent assets	2,215	–	–	–	–
11	Other liabilities	9,035	2,900	966	9,463	12,174
12	– NSFR derivative liabilities		–	–	243	
13	– All other liabilities and equity not included in the above categories	9,035	2,900	966	9,219	12,174
14	**Total ASF**					**125,947**
› Required Stable Funding (RSF) item						
15	Total NSFR high-quality liquid assets (HQLA)					1,763
16	Deposits held at other financial institutions for operational purposes	216	–	–	–	108
17	Performing loans and securities	46,322	23,806	9,676	74,215	100,455
18	– Performing loans to financial institutions secured by level 1 and 2a HQLA	3,053	3,565	–	–	828
19	– Performing loans to financial institutions secured by non-level 1 and 2a HQLA and unsecured performing loans to financial institutions	10,715	3,852	1,186	1,996	8,196
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:	8,516	9,689	2,105	18,682	29,323
21	– with a risk weight of less than or equal to 35 % under SA-BIS for credit risk	3,357	312	536	9,527	13,154
22	– Performing residential mortgages, of which:	18,920	6,606	6,221	51,288	55,705
23	– with a risk weight of less than or equal to 35 % under SA-BIS	12,932	5,288	4,892	41,901	41,275
24	– Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	5,117	93	163	2,248	6,403
25	Assets with matching interdependent liabilities	2,215	–	–	–	–
26	Other assets	2,787	0	5	1,719	4,024
27	– Physical traded commodities, including precious metals	1,101				936
28	– Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		–	–	1,208	1,027
29	– Derivative assets		–	–	–	–
30	– Derivative liabilities before deduction of collateral posted in the form of variation margins		–	–	488	488
31	– All other assets not included in the above categories	1,685	0	5	22	1,573
32	Off-balance sheet items		41,837	3,439	8,045	819
33	**Total RSF**					**107,170**
34	**Net Stable Funding Ratio (NSFR) (%)**					**118 %**

30.9.2025		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	–	–	–	16,184	16,184
2	– Regulatory capital before regulatory adjustments	–	–	–	16,184	16,184
3	– Other capital instruments	–	–	–	–	–
4	Retail deposits and deposits from small business customers	70,547	2,430	391	149	66,576
5	– Stable deposits	7,721	147	35	34	7,541
6	– Less stable deposits	62,826	2,283	357	115	59,034
7	Wholesale funding	34,427	41,683	1,527	12,792	29,662
8	– Operational deposits	7,018	–	–	–	3,509
9	– Other wholesale funding	27,409	41,683	1,527	12,792	26,153
10	Liabilities with matching interdependent assets	1,766	32	–	–	–
11	Other liabilities	10,156	2,061	1,519	9,540	12,441
12	– NSFR derivative liabilities		–	–	–	
13	– All other liabilities and equity not included in the above categories	10,156	2,061	1,519	9,540	12,441
14	**Total ASF**					**124,862**
› Required Stable Funding (RSF) item						
15	Total NSFR high-quality liquid assets (HQLA)					1,723
16	Deposits held at other financial institutions for operational purposes	152	–	–	–	76
17	Performing loans and securities	43,949	25,408	8,119	75,585	100,138
18	– Performing loans to financial institutions secured by level 1 and 2a HQLA	1,319	4,288	–	–	673
19	– Performing loans to financial institutions secured by non-level 1 and 2a HQLA and unsecured performing loans to financial institutions	12,465	6,490	974	2,008	9,154
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:	8,091	7,730	1,805	18,710	29,102
21	– with a risk weight of less than or equal to 35 % under SA-BIS for credit risk	3,232	255	394	9,619	13,030
22	– Performing residential mortgages, of which:	17,962	6,718	5,179	52,182	55,248
23	– with a risk weight of less than or equal to 35 % under SA-BIS	12,370	5,151	4,302	42,267	40,786
24	– Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	4,113	182	162	2,685	5,960
25	Assets with matching interdependent liabilities	1,798	–	–	–	–
26	Other assets	4,056	16	2	1,467	3,593
27	– Physical traded commodities, including precious metals	804				684
28	– Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		–	–	850	722
29	– Derivative assets		–	–	64	64
30	– Derivative liabilities before deduction of collateral posted in the form of variation margins		–	–	526	526
31	– All other assets not included in the above categories	3,252	16	2	27	1,597
32	Off-balance sheet items		39,938	2,277	10,282	836
33	**Total RSF**					**106,366**
34	**Net Stable Funding Ratio (NSFR) (%)**					**117 %**

Zürcher Kantonalbank fulfils the provisions on the net stable funding ratio (NSFR) with a significant buffer. There were no significant changes during the reporting period. The quarter-end NSFR values in the second half of 2025 were 117 percent and 118 percent.

20 Corporate Governance

For disclosures on corporate governance, please see the corporate governance section in our Annual Report 2025 or the corporate governance information our internet page.

21 Climate-related financial risks

21.1 Basic principles

In risk management, integrated treatment of climate-related financial risks ("climate risks" for short) helps protect clients' assets and those of the bank over the long term. The public service mandate set down in the purpose clause of the Cantonal Bank Act of the Canton of Zurich requires Zürcher Kantonalbank to pursue a sustainable business policy. Conscious management of climate risks is an integral part of sustainability.

As part of the annual reporting, this section of the disclosure explains how Zürcher Kantonalbank deals with climate-related financial risks. The disclosure is made in accordance with the requirements of the FINMA Ordinance on the Disclosure Obligations of Banks and Securities Firms (DisO-FINMA) and follows the recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD). The transition to a more climate-friendly economy presents both opportunities and risks for Zürcher Kantonalbank. This disclosure focuses on the risks and is addressed to all interested parties. These include, in particular, the residents of the Canton of Zurich, the clients of Zürcher Kantonalbank, the authorities and supervisory bodies, rating agencies and investors. The disclosure covers all significant activities of the group.

The TCFD distinguishes between two categories of climate-related financial risks: physical risks from climate change and transition risks on the way to a low-carbon economy.

Physical risks from climate change may take the form of extreme weather events (e. g. floods) or chronic climate change (e. g. rising temperatures). Financial impacts on companies result either directly from damage to assets (such as buildings) or indirectly, e. g. from disruption to supply chains. Physical risks in the form of landslides or reduced snowfall in mountain and skiing areas may affect banks' mortgage portfolios and credit risks. Interruptions to the operations of key service providers in exposed regions may cause cross-sector disruption (operational risks). Physical risks increase as the earth warms up and so are highly dependent on the extent to which effective climate action is taken.

The second type of climate risk is transition risks. These are risks resulting from the transition to a low-carbon economy. Transition risks are further divided into:

- political/legal and regulatory risks from changes in the legal or regulatory framework that have a negative impact on the bank's own business activities or entail high implementation costs,
- technological risks, such as risks from innovations that make previously used climate-related technologies superfluous, resulting in a loss of value for the corresponding investments,
- market risks (or business/strategic risks) from changed client preferences,
- reputational risks from changing stakeholder demands on the company.

There is a link between physical and transition risks: Under favourable scenarios (e. g. net zero 2050) the transition to a low-carbon economy is steady and prompt ("orderly"), so both physical and transition risks are relatively modest. But if climate strategies are implemented in a way that is delayed, abrupt and uncoordinated ("disorderly"), transition risks will be higher, even though climate targets are met and physical risks remain limited. If global efforts prove insufficient to prevent significant climate warming, high physical risks can be expected, along with low transition risks ("hot house world"). The terms in brackets are those used in the scenario framework of the Network for Greening the Financial System (NGFS).

21.2 Key features of the governance structure

Zürcher Kantonalbank strongly believes that sustainability is a key factor for success. For Zürcher Kantonalbank, sustainability means making successful economic activity permanently compatible with responsibility for the environment and society. Zürcher Kantonalbank is guided by the United Nations' 17 Sustainable Development Goals (SDGs) and greenhouse gas neutrality by 2050. Climate and climate risks are part of the environmental aspect of sustainability.

Sustainable business also means systematically integrating risks and opportunities in environmental, social and governance (ESG) fields into the business activities (ESG integration).

21.2.1 Legal mandate, strategy and sustainability policy

Zürcher Kantonalbank's broad commitment to the various areas of sustainability, including climate protection, is based on a statutory mandate. In accordance with the purpose paragraph (§ 2) of the Cantonal Banking Act on Zürcher Kantonalbank (Zürcher Kantonalbank Act), the obligation to support sustainable development (§ 2, section 1) and to promote the achievement of greenhouse gas neutrality (§ 2, section 2) applies. Furthermore, it was added that Zürcher Kantonalbank should actively contribute to achieving the cantonal climate targets, in particular regarding energy-efficient building renovation (§ 7, section 4).

The guidelines issued by the Board of Directors on fulfilling the public service mandate of Zürcher Kantonalbank state: "In fulfilling its public service mandate, Zürcher Kantonalbank, as a universal bank, shall observe the principles of sustainability and the recognised rules of risk management." As the core task of Zürcher Kantonalbank's business activities, the public service mandate is reflected in the mission statement, the group strategy and the strategies of the individual business units. These guidelines define governance, in particular the broad anchoring of sustainability in all business units – vertically and horizontally. The Chairperson's Committee is assisted in performing its service mandate by a specialist unit and a specialist committee, the Service Mandate Steering Committee (SALA), whose tasks are described below.

According to the group strategy, Zürcher Kantonalbank aims to "actively shape sustainability topics, lead the way in sustainable offerings and accompany clients on the path to a more sustainable future." Assessing the sustainability and hence also the climate-friendliness of business activities is a major part of the strategic focus of the group and its business areas (e. g. Asset Management).

The sustainability policy implements the sustainability ambitions stipulated in its strategy and sets out the guidelines for all its business activities at group level, in the investment and pension business, in the financing business, in the deposit business, in payment transactions, in its own financial investments, in its operations, its procurement and its commitments. Specifically, requirements and exclusions are defined based on environmental, social and governance (ESG) aspects. The sustainability policy can be viewed in full at zkb.ch/sustainability.

Zürcher Kantonalbank aims to minimise climate risks across its entire business operations and to establish transparency in this regard. It is guided by the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The climate goals are based on the goals of the Paris Agreement and on achieving greenhouse gas neutrality by 2050. Zürcher Kantonalbank has set quantitative climate targets in accordance with the Net-Zero Banking Alliance (NZBA) and UNEP FI, Climate Target Setting Guidance for Banks since the member-based alliance was dissolved in October 2025 and transitioned to a reference framework for the Bank and the Net Zero Asset Managers Initiative (NZAM) for asset management, and reports on these transparently.

21.2.2 Board of Directors, Risk Committee and Audit Committee

The Board of Directors, in its capacity as the bank's governing body, defines the group mission statement, the group strategy as well as the sustainability ambition in the group strategy. The Board of Directors and the Executive Board are informed quarterly about the risk and financial situation and on matters relating to the public service mandate and sustainability. The Board of Directors defines the strategic metrics for the public service mandate with the three sub-mandates of service, support and sustainability, including the further development of these sub-mandates.

The Risk Committee of the Board of Directors assists the Board of Directors in monitoring the bank's risk management and compliance with regulatory requirements regarding the management of risk. In particular, it carries out an annual structured assessment of the appropriateness of risk management (risk organisation, guidelines, processes) and initiates any necessary adjustments. This assessment is based on the risk categories used in the bank. In the third quarter of 2025, the Risk Committee of the Board of Directors also acknowledged the materiality categorisation for the individual business areas, based on the analysis of the Risk Committee of the Executive Board.

The Audit Committee supports the Board of Directors for the group and the parent company in monitoring the internal and external audit and the internal control system and in reviewing the annual financial statements, and it prepares its decisions in this regard. It also supports the Board of Directors in reviewing the sustainability reporting (including climate reporting).

21.2.3 Executive Board

The Executive Board (EB) ensures the fulfilment of the public service mandate within the scope of its responsibilities and powers, if necessary together with the Chairperson's Committee and the Board of Directors. The EB is responsible for defining the various business policies. The sustainability policy specifies the sustainability ambition set out in the group strategy and formulates guidelines on how sustainability is to be put into practice as an integrating business principle in all business activities in dealings with all stakeholders. The sustainability policy also explicitly addresses the topic of climate and defines exclusions for business activities, in particular for the lending business (lending policy), which are specified in internal guidelines. The internal guidelines for investment and asset management are also anchored in the sustainability policy. The Executive Board is likewise responsible for the control and monitoring of the environmental management system. The CEO of Zürcher Kantonalbank has a special monitoring and control function as the environmental officer of the Executive Board.

The Public Service Mandate specialist unit is responsible for planning, implementing, developing, monitoring and communicating the public service mandate, which comprises the service obligation, sustainability mandate and support mandate. As a permanent member of the Public Service Mandate Steering Committee (SALA), the Head of the Public Service Mandate specialist unit is responsible for planning, controlling and coordinating the SALA meetings in close consultation with the Chairperson of the SALA.

21.2.4 Boards and committees at the level of the Executive Board

Service Mandate Steering Committee (SALA): The Chairperson's Committee is assisted in performing its duties by a specialist committee consisting of representatives of all business units. This specialist committee advises and supports the Chairperson's Committee, the Board of Directors and the Executive Board in all matters relating to the public service mandate. The CEO is the Chairperson of the Service Mandate Steering Committee the CEO's deputy is the CFO. The Chairperson is in close contact with the management of the Public Service Mandate unit. The Public Service Mandate unit plans and coordinates the meetings in consultation with the Chairperson of the Service Mandate Steering Committee. The other representatives on the Service Mandate Steering Committee are managers from all the business units.

The Risk Committee of the Executive Board helps the Executive Board set up the bank's risk management processes, in particular to define the procedures for identifying, assessing, controlling, managing and monitoring credit, market, liquidity and operational risks as well as reputational risks. The Committee makes decisions within the scope of the responsibilities delegated by the Executive Board and carries out the comprehensive annual assessment of climate risks that is prepared by the risk organisation. The 2025 assessment is explained section 21.3.

The Conflicts Committee helps the Executive Board handle transactions that entail particular business policy risks, conflicts of interest or particular effects on Zürcher Kantonalbank's reputation.

21.2.5 Significance of group companies for climate-related financial risks

The annual report begins by laying out the group structure. As at 31 December 2025 it comprised Zürcher Kantonalbank as the parent company and the significant subsidiaries Swisscanto Holding Ltd, Zürcher Kantonalbank Finance (Guernsey) Ltd, ZKB Securities (UK) Ltd and Complementa AG. The fully consolidated subsidiaries cover the following business areas:

- Swisscanto Holding Ltd: The Swisscanto Group includes the fund management company in Zurich (Swisscanto Fund Management Company Ltd) and the management company in Luxembourg (Swisscanto Asset Management International SA), which has branches in Frankfurt, Milan and (since 2025) Madrid, plus Swisscanto Pensions Ltd (in liquidation). The Swisscanto Group is one of the leading providers of sustainable investment solutions in Switzerland. The assessment of the various aspects of sustainability risks contained in this sustainability report, in particular climate-related financial risks, also covers the activities of the Swisscanto Group.

- Zürcher Kantonalbank Finance (Guernsey) Ltd: The business activities of Zürcher Kantonalbank Finance (Guernsey) Ltd are limited to issuing structured products.
- The business area of ZKB Securities (UK) Ltd comprises equity brokerage and research services for professional clients. It gives our Swiss capital market clients direct access to an international investor base. The local operations in Guernsey and London do not give rise to any sustainability risks that significantly increase or reduce the group's risk profile. The business activities of the two companies are taken into account in the assessment of the parent company's trading business.
- Complementa AG: Complementa AG specialises in investment services such as investment reporting for institutional clients. Complementa AG, which is based in St. Gallen, does not impact the risk profile of the group's sustainability risks due to its size and business activities.

Both the balance sheet and the income statement of the Zürcher Kantonalbank group are shaped significantly by the parent company. The subsidiaries have very little impact on the risk assessment at the group level.

21.3 Description of short, medium and long-term climate-related financial risks

21.3.1 Basic principles

The following two questions form the basis for identifying and assessing the financial materiality of climate risks for the bank:

- What climate risks threaten Switzerland (or the world) now and in the future?
- How is Zürcher Kantonalbank exposed to these risks?

The climate risk analysis of the Federal Office for the Environment (FOEN, 2025) and the climate scenarios of the "Network for Greening the Financial System" (NGFS, 2024) are used to answer the first question. The basis for assessing the exposure of Zürcher Kantonalbank is the risk profile, business model and strategy, particularly with regard to climate and sustainability issues.

21.3.2 Procedure

Climate risks are not a separate risk category, but rather risk drivers that can be reflected in the "traditional" risk categories via various transmission channels as climate-related financial risks. For the following analysis, the relevant portfolios in which climate risks could manifest themselves as financial risks have therefore been assigned to the risk categories. A total of eight relevant portfolios were identified in which the financial materiality of climate risks was assessed using a standardised grid. The conclusion of the assessments is the assessment of materiality per portfolio (see Figure below 21.3.5).

21.3.3 Financial materiality pursuant to FINMA Circular 2026/1

In the absence of a more precise definition of materiality in the Circular, effects are considered material if they are causally related to the climate factor and are considered material by the primary user of financial reporting in making decisions about the allocation of resources to an entity. This applies in particular to decisions made by the main users of financial reporting on the basis of the company's sustainability statement. However, the relevance of a financial loss or reduced income is not only influenced by the amount, but also by other factors, such as the possibility of offsetting, institution-specific impact or public perception (reputational impact).

21.3.4 Time horizons

The Circular mentioned requires time horizons to be broken down into short-, medium- and long-term when identifying and assessing risk. It is left to the bank to define these three time horizons more precisely. The time horizons for this risk analysis and the materiality assessment are defined as follows:

- Short-term one year. One year matches the period of financial reporting (the annual report) and budgeting (annual planning). Uncertainty about the future performance of the bank and the corporate environment is at its lowest.

- Medium-term: Up to five years. The period is similar to the bank’s strategic planning horizon. With regard to the climate, some of the national and international reduction targets or interim targets were defined as part of the implementation of Public Service Mandate 2030. This is helpful for formulating medium-term scenarios in this analysis, not least because failure to achieve such targets can entail compliance and reputational risks. If corrective measures are necessary, this increases the transition risks for the long-term time horizon.
- Long-term: Six to fifty years. Assessing long-term risks is complex. The outlook exceeds the strategic planning horizon and the uncertainty regarding the further performance of the bank, the corporate environment and the climate is very high. Many climate targets have been set for dates far in the future (2040, 2050, 2100). The targets of the Canton of Zurich and the Swiss Confederation for 2050 and 2040 are of particular relevance for Zürcher Kantonalbank.

21.3.5 Summary

As part of its sustainability mandate, Zürcher Kantonalbank aims to minimise climate risks across its entire business operations and establish transparency in this regard. Climate-related financial risks influence the risk profile of Zürcher Kantonalbank, but are not among the top risks.

The direct financial risks for the bank are low overall. Transition risks are of greater significance than physical risks. Transition risks relate in particular to compliance and reputational risks from business areas where the bank faces high or at least widely differing expectations from the various stakeholders as to how the bank should contribute to achieving the climate targets. In the area of business risks, the financial risk arising from longer-term transition risks from asset management is categorised as “moderate” and therefore material. The legal framework for asset management in the area of sustainability is developing dynamically, which increases complexity and costs. Violations of the law, publicly announced climate targets or contractually agreed sustainability approaches (in particular CO_2e reduction) for individual portfolios can entail reputational risks (including accusations of greenwashing), which can materialise for the bank in the form of a reduction in income, particularly from asset management. However, the risk of fluctuations in the value of investments resulting from climate-related risks for investment funds, pension products and asset management mandates is generally borne by the investor.

The following diagram summarises the 2025 risk assessment of climate-related financial risks as carried out by the Risk Committee of the Executive Board following in-depth discussion. The assessment is based on the traditional risk categories, whereby compliance risks from the investment business are subsumed under business risks.

	Physical risks		Transition risks		Materiality	
	short to medium term	long term	short to medium term	long term	yes/no	Comments
Credit risk						
Mortgage lending	■□□□□	■■□□□	■□□□□	■■□□□	no	Low physical risks for the bank, defined reduction paths for residential and office properties.
Commercial lending business	■□□□□	■■□□□	■■□□□	■■□□□	no	Risks low. Industry exclusions, conditions and, above all, short maturities of financing in exposed industries.
Market risk						
Trading	■□□□□	■□□□□	■□□□□	■□□□□	no	Very low risks due to client focus of trading, continuously managed positions with short maturities.
Financial investments (Treasury)	■□□□□	■□□□□	■□□□□	■□□□□	no	Very low risks due to top credit ratings of the bonds in the investment portfolio and exclusion of industry-intensive CO_2e issuers.
Operational risk						
Banking operations	■□□□□	■□□□□	■□□□□	■□□□□	no	Very low risks. Business continuity management for natural hazards already in place, operational environmental programme with CO_2e reduction target.
Business risk						
Asset Management	■□□□□	■□□□□	■■□□□	■■■□□	yes transit.	Physical risks very low, moderate transition risks from dynamics of the legal framework for investment products and potential failure to hit climate targets.
Investment Solutions business	■□□□□	■□□□□	■■□□□	■■□□□	no	Physical risks very low, low transition risks from complexity in investor protection.

□□□□□ = no risk
■□□□□ = very low risk
■■□□□ = low risk
■■■□□ = moderate risk
■■■■□ = significant risk
■■■■■ = very high risk

short term: up to 1 year
medium term: up to 5 years
long term: up to 50 years

The following sections explain in detail the identified risks and the qualitative assessment along the risk categories and business areas summarised above.

Compliance risks are assessed together with the transition risks of the individual portfolios. Risks from changes to the legal basis are by definition part of the transition risks, alongside technology and client behaviour. Reputational risks are also assessed with the transition risks of the individual portfolios. Changes in client requirements or the risks of failing to meet stakeholder expectations in relation to the portfolios listed above are an explicit component of transition risks.

21.3.6 Credit risk: Mortgage lending

The financial risk arising from physical climate risks for the mortgage business is not material. The topographical conditions in the Greater Zurich Area reduce the risk from large-scale natural hazards. In addition, even with increasing natural hazard potential, financial losses are primarily borne by the building insurers and the borrowers themselves.

The financial risk for the mortgage business arising from transition risks is not material because sudden and drastic adjustments to the climate legislation framework in the Greater Zurich Area with major negative impacts for the residential population (owners and tenants) will not find a majority in the political decision-making process (parliament, referendum). The bank has set quantitative climate targets for the residential and office property portfolios and monitors the deviation. The targets are based on the climate targets of the Canton of Zurich.

21.3.7 Credit risk: Commercial lending business

The financial risk arising from physical climate risks for the commercial lending business (corporate loan portfolio) is not material. Even if individual company bankruptcies may occur, no material financial losses from value adjustments/provisions on the corporate loan portfolio are expected at portfolio level as a result of the rise in temperature or climate change. The expected climate effects are low in the short and medium term. The topographical conditions in the Greater Zurich Area reduce the risk from large-scale flooding. The diversification of the portfolio by location and sector is good, apart from a concentration in the topographically favourably situated Canton of Zurich.

The financial risk arising from transition risk for the commercial lending business (corporate loan portfolio) is not material. It is true that CO_2e-intensive sectors in particular are exposed to changes in the legal framework, which may have a negative impact on the profitability and financial position of these companies and therefore on the bank's credit risk. However, the explicit exclusion of financing in particularly exposed sectors such as oil production/trading and coal for electricity production means that the overall exposure is kept low. The majority of existing exposures have short to medium terms. This enables the bank to react to changing conditions at any time by not renewing transactions. Overall risk is greatly mitigated as a result. The annual review of credit and sustainability policies is an important measure for reducing transition risks.

21.3.8 Market risk: Trading

The financial risk arising from physical climate risks in the trading business is not material. The trading book is highly diversified, exposures generally have short maturities and the trading business is geared towards rapidly changing market situations.

The financial risk arising from transition risk from the trading business is not material, for the same reasons as for physical risks. If the trading investment books contain bonds from issuers with a business model that is harmful to the climate, the bank faces low to moderate reputational risk.

21.3.9 Market risk: Financial investments (Treasury)

The financial risk arising from physical climate risks in the financial investment portfolio is not material. The financial investment portfolio is diversified and there are minimum creditworthiness requirements in the investment regulations.

The financial risk arising from transition risk from the financial investment portfolio is not material, for the same reasons as for physical risks. There are also investment guidelines to prevent investments in securities from issuers in particularly CO_2-intensive sectors, which reduces reputational risk.

21.3.10 Liquidity and refinancing risk

No relevant transmission paths were identified through which climate risk could be transferred to the bank's liquidity and refinancing risk. The financial risk arising from climate risk for liquidity and financing is not material.

21.3.11 Operational risk: Banking operations

The risk of financial losses from OpRisk arising from physical climate risk in banking operations is not material. The risks from natural hazards are managed as part of business continuity management (BCM).

The financial risk arising from transition risk from banking operations is not material. The environmental management system has been certified since 2002. The bank aims to reduce operational emissions to 1,800 tonnes of CO_2e by 2030 and purchases negative emissions certificates to the extent of the residual operational emissions recorded each year.

21.3.12 Operational risk: Asset Management

The financial risk arising from physical climate risks for Asset Management is not material.

The risk of fluctuations in the value of investment funds, pension products and asset management mandates is generally borne by the investor, who is compensated with a return on the investments.

The financial risk arising from transition risks for Asset Management and Zürcher Kantonalbank is categorised as moderate in the longer term and therefore material. The legal framework for asset management in the area of sustainability is developing dynamically, which increases complexity and costs. Violations of the law, publicly announced climate targets or contractually agreed sustainability approaches (in particular CO_2e reduction) for individual portfolios can entail reputational risks (including accusations of greenwashing), which can materialise for the bank in the form of a reduction in income, particularly from asset management. Compliance with the relevant sustainability requirements (e.g. CO_2e reduction) is monitored independently on an ongoing basis by Investment and Portfolio Controlling. Additional controls are carried out by Risk Management. The results form part of risk reporting and the internal risk dialogue.

21.3.13 Business risk: Investment Solutions business (primarily asset management mandates and advisory services)

The financial risk arising from physical climate risks in the investment business for clients of Investment Solutions services is not material.

The financial risk arising from transition risks in the investment business for clients of Investment Solutions services is not material overall. Investor protection in the area of sustainability is developing dynamically, which increases complexity and costs. Violations of regulatory requirements or publicly announced climate targets for some investment solutions can entail reputational risks (including accusations of greenwashing), which can materialise for the bank in the form of a reduction in income. However, the investment instruments used by Investment Solutions in asset management and investment advisory services are not produced by the company itself, but by third parties (or by Asset Management) and investors are clients of Zürcher Kantonalbank.

21.3.14 Implications for Zürcher Kantonalbank strategy

Climate change and the contribution that Zürcher Kantonalbank can make to achieving internationally agreed climate goals are influencing strategy development. The risk of financial losses due to climate-related changes is one of many sub-issues. Our focus on climate targets centres around business policy decisions, such as the range of sustainable products and services, supporting clients in the real economy as they transition to net-zero, investment decisions and the choice of business areas. Assessing the sustainability, and hence also the climate-friendliness, of business activities is a major part of the strategic focus of the group and its business areas (e. g. Asset Management). To date, however, analysing the risks from climate change has not led to any material changes to group strategy. This is because of the limited significance of climate risks for the bank.

The group's strategic principles state that Zürcher Kantonalbank is guided by its statutory public service mandate, which includes the dimensions of service, support and sustainability. In fulfilling its public service mandate, Zürcher Kantonalbank, as a universal bank, observes the principles of sustainability and the recognised rules of risk management.

For Zürcher Kantonalbank, sustainability means making successful economic activity permanently compatible with responsibility for the environment and society. Zürcher Kantonalbank sets itself the following ambition and is guided by the 17 Sustainable Development Goals (SDGs) of the United Nations: Sustainable Development Goals, SDG):

- We actively shape sustainability issues
- We are a leader in sustainable offerings
- We support our clients on the way to a more sustainable future

The opportunities and risks from climate change are part of the annual assessment of strategic risks. The business policy positioning on the topic of "climate" is a central component of the sustainability policy (see section 21.2.1).

21.4 Risk management structures and processes

The management of climate risks as part of the sustainability risks forms an integral part of risk management processes. Sustainability aspects are taken into account in the identification and assessment of the respective risk categories and – where material – in controlling, managing, monitoring and reporting them.

Risk management process

Zürcher Kantonalbank breaks the risk management process down into the following process steps:

Identification → Assessment → Steering → Management → Monitoring → Reporting

21.4.1 Credit risks

At line item level, risk identification and assessment in the financing business look at the applicant's creditworthiness and credit standing and also assess the collateral (mortgage, readily marketable collateral, etc.), depending on the type of credit. Whether the financing complies with the lending rules, including the sustainability requirements, is checked during the loan application process. At portfolio level, analyses of climate-related financial risks are carried out as required.

Risk management takes the form of regulations in the sustainability and lending policy that are issued by the Executive Board. These regulations are specified in the internal credit risk regulations with detailed specifications on excluded, undesirable transactions and transactions with special risks. They also explicitly relate to financing with a focus on climate and energy. The management of climate-related financial risks for the credit portfolio focuses both on the exclusion of certain industries as well as on supplementary offers for clients in the bank's financing business. The controls for monitoring compliance with the lending rules also include the requirements of the lending policy.

The internal monitoring report on the loan portfolio contains information on exposures in climate-sensitive sectors. Enabling meaningful reports for risk management depends on the availability and quality of public data on greenhouse gas emissions, especially for unlisted companies.

21.4.2 Market risks

Trading has a business model centred on client transactions. The trading book is highly diversified, the positions generally have short maturities and the trading business is geared towards rapidly changing market situations.

The CO_2e intensity of the financial investments within the remit of the Treasury department, consisting of a high-quality bond portfolio, is periodically determined on the basis of publicly available information and compared with a benchmark from the investment universe available for financial investments for regulatory purposes.

Financial assets within the remit of the Treasury department have also been subject to requirements on limiting climate-related financial risks. Firstly, issuers from industries that are excluded from the financing business in accordance with the bank's sustainability policy are also excluded. Secondly, the average revenue-weighted CO_2e emissions of the portfolio must be at least 35 percent lower than in the reference portfolio of the investment universe limited by the internal investment rules.

Compliance with the requirements for limiting the CO_2e intensity of the financial investment portfolio is monitored and reported on by Treasury Controlling.

21.4.3 Operational risks

When identifying and assessing climate-related financial risks from banking operations, the focus is on the OpRisk assessment of not only environmental and accident risks, but also operational emissions. Using measurement data and its own analyses of the CO_2e footprint, the bank identifies where the greatest reduction potential exists.

Risk management for the direct physical risks of banking operations (e.g. flooding) is carried out in Business Continuity Management (BCM). The scenarios include not only the failure of important company buildings as a result of extreme weather events, but also the loss of critical suppliers and partners. As a risk-controlling element for the environmental aspect of banking operations, Zürcher Kantonalbank has an environmental programme in place at the parent company that sets out the environmental targets for operational ecology. The targets are approved by the Executive Board. These targets focus on making ongoing reductions to CO_2e emissions and boosting environmental performance.

Business continuity tests are carried out on a regular basis to review the business recovery options implemented, the business continuity plans, the emergency response and operational crisis management. The achievement of the objectives of the bank's environmental programme is reviewed annually and the environmental management system is audited annually in accordance with ISO 14001.

21.4.4 Business risks

Risk identification and assessment in the investment advisory business focus on the financial risks in the investment products and in the investment portfolios of clients who receive investment advice services or have commissioned the bank with portfolio management. Changes in the legal framework for the investment business are analysed by specialised units on an ongoing basis, and the relevant changes are subsequently adopted in the products and services offered.

Investment Solutions: In the standardised asset management and investment advisory mandates of Investment Solutions, graduated combinations of the ZKB sustainability approaches are used, depending on the variant.

Compliance with the sustainability approaches mentioned is monitored daily as part of the risk management process. The results of these checks form an integral part of internal risk management reporting and the internal risk dialogue between risk managers and risk management. In its investment reports, Zürcher Kantonalbank transparently discloses the ESG criteria of its client portfolios.

Asset Management at Zürcher Kantonalbank utilises graduated combinations of sustainability approaches, depending on the product line, for its investment fund, pension products and customised portfolio management mandates. These are offered under the "Swisscanto by Zürcher Kantonalbank" brand. Compliance with the relevant sustainability requirements is monitored on an ongoing basis by Investment and Portfolio Controlling. Where appropriate, additional controls are carried out by Risk Management. The results form part of risk reporting and the internal risk dialogue.

In the case of transactions, compliance with exclusion criteria is checked before the transaction is finalised and independently monitored on a daily basis by Investment and Portfolio Controlling. The degree of CO_2e reduction target achievement is monitored by Risk Management as well as by Investment and Portfolio Controlling. The degree of CO_2e target achievement is also a component of the publicly available sustainability reporting for sustainably managed investment and pension products.

21.5 Quantitative information (key figures and targets)

Zürcher Kantonalbank's transition plan, which is based on the Swiss climate targets in accordance with the Ordinance on Climate Disclosures, includes climate targets and measures as well as the disclosure of greenhouse gas emissions. To this end, the bank is guided by the CIA, which has enshrined the 2050 net-zero target in law since 1 January 2025 and requires financial flows to be aligned in a climate-friendly manner, and the recommendations of the UNEP FI Guidance for Climate Target Setting for Banks.

21.5.1 Overview climate targets and measures (Transition plan)

Area	Base year	Targets	Target methodology and metrics	Scenario	Measures
› Financing business					
Residential mortgage business[1] Climate target enshrined in the Public Service Mandate 2030 initiative	2022	2030: 8.7 kg CO_2e/m^2 energy reference area (ERA) (44 % reduction) 2040: 0.9 kg CO_2e/m^2 ERA (94 % reduction) 2050: 0.3 kg CO_2e/m^2 ERA (98 % reduction)	Sectoral decarbonisation approach Paris Agreement Capital Transition Assessment (PACTA methodology) Metric, intensity: kg CO_2e/m^2 energy reference area (Scope 1)	Energy Perspectives 2050+ (EP 2050+), ZERO Basis scenario residential property (or service and commercial property) 1.5 °C compatible	– "Support in the building sector" client journey – Personal advisory consultation for a long-term building strategy – Heating system replacement advice – ZKB environmental loan – Renovation calculator – Information event (starte!)
Commercial mortgage business[2] Climate target enshrined in the Public Service Mandate 2030 initiative	2023	2030: 4.5 kg CO_2e/m^2 ERA (44 % reduction) 2040: 0.4 kg CO_2e/m^2 ERA (95 % reduction) 2050: 0.3 kg CO_2e/m^2 ERA (97 % reduction)			– "Support in the building sector" client journey – Personal advisory consultation for a long-term building strategy – ZKB environmental loan
Corporate lending business Conditions and exclusion criteria in the sustainability policy for commercial loans[3]	2024	**Raw materials industry:** Alignment with the 2050 net-zero target and phaseout of thermal coal by 2030 in OECD and 2040 in non-OECD countries	Policy-based approach[4]	Sector-specific net-zero targets of the International Energy Agency[5]	– "Client Engagement Dialogue" (annual) with sector-specific questionnaire, which is an integral part of the credit process (credit applications and reviews). – ESG training of client advisors in the Key Account Management segment
		Energy production: Alignment with the net-zero 2050 target			– "Client Engagement Dialogue" (annual) – Sustainability linked loans (bilateral and syndicated) and support for ESG-labelled bonds – ESG training of client advisors in the Key Account Management segment
		Cement: Alignment with the net-zero 2050 target			– "Client Engagement Dialogue" (annual) with sector-specific questionnaire, which is an integral part of the credit process – Sustainability linked loans (bilateral and syndicated) and support for ESG-labelled bonds – ESG training of client advisors in the Key Account Management segment

› Investment business

As part of our sustainability standard for active investment solutions[6], we pursue a CO_2e reduction in our investments in traditional asset classes.

› Asset Management

Funds and mandates aligned with the 1.5 °C target (Net Zero Asset Managers Initiative) Climate target enshrined in the Public Service Mandate 2030 initiative		At least 25 % of assets under management (AuM) are aligned with the 1.5 °C target Reduction of at least 7.5 percent CO_2e tonnes / USD million revenue per year[7] 2030: 54 % reduction 2050: 90 % reduction	Portfolio decarbonisation approach (intensity-based) Own methodology Metric, intensity t CO_2e / USD million revenue per year (Scope 1, 2)	IPCC 1.5°C scenario (50 %)	– Stewardship (Voting & engagement) – Capital allocation
Funds and mandates aligned with the well below 2 °C target	2019	Reduction of at least 4 % CO_2e tonnes / USD million revenue per year[8] 2030: 33 % reduction 2050: 70 % reduction		IPCC below 2°C scenario (67 %)	– Stewardship (Voting & engagement) – Capital allocation

› Own financial investments

		The weighted CO_2 intensity is at least 35 % below the value of the reference portfolio	Relative intensity approach t CO_2e / USD million revenue per year	Reference portfolio[9]	– Additionally: Exclusion of issuers in accordance with the sustainability policy that applies to the financing business

› Own operations

Bank's environmental programme Climate target enshrined in the Public Service Mandate 2030 initiative	2022	2030: Reduction of CO_2e emissions to <= 1,800 tonnes of CO_2e and voluntary purchase of negative emissions certificates to the extent of the residual emissions recorded each year	Absolute reduction pathway VfU (German Association for Environmental Management) key figures calculation tool Metric: Absolute (Scope 1, 2, 3[10])	–	– 100 % green electricity from run-of-river power plant (naturemade Star! certification) – Phased energy-efficient refurbishment of the building shells of our branches – Phased replacement of fossil heating systems with renewable energies – District heating from the City of Zurich network used – Paper reduction via digitalisation – Purchase of negative emissions certificates – Internal CO_2 price for business trips
Sponsorships	–	Net-zero target 2050	Integration in contractual clauses for contract extensions or new contracts	–	– "Sponsorship partner for Engagement Dialogue"

1 Includes only residential properties (single-family homes, multi-family homes and condominiums)
2 Includes service buildings (non-manufacturing), predominantly office buildings
3 The conditions and exclusion criteria are specified in the internal credit manual.
4 According to the UNEP FI Guidance for Climate Target Setting for Banks
5 International Energy Agency: "Net Zero Roadmap: A Global Pathway to Keep the 1.5°C Goal in Reach"
6 Definition of "active investment solutions" as per glossary
7 Plus economic growth
8 Plus economic growth
9 General Collateral Basket of the Swiss National Bank
10 The following categories of the GHG Protocol are relevant within Scope 3: paper (category 1), fuel and energy-related emissions (not included in Scope 1 or 2) (category 3), waste (category 5) and business travel (category 6). NB: We are currently evaluating how we can expand the coverage of the operational emissions of Scope 3 categories.

21.5.2 Climate targets for the financing business

21.5.2.1 Quantitative climate target for residential mortgage business

The target calculation for our climate target in the residential property sector includes all mortgage financing for single-family homes (SFH), multi-family homes (MFH) and condominiums (CNDO) with a sufficient data basis. This corresponds to 95 percent of the financing volume. The Scope 1 emissions of the property are taken into account.

Our target is based on Switzerland's long-term climate target of net-zero greenhouse gas emissions by 2050. The plan for achieving net zero is being worked out by the Federal Council as part of the long-term climate strategy. The Energy Perspectives 2050+ (EP 2050+) form an important basis for this. The Federal Office of Energy has modelled the development of the energy system in the net-zero scenario of EP 2050+. This can be used to calculate the development of CO_2e emissions per energy reference area (ERA) for residential properties up to 2050. The climate target metric is therefore kg CO_2e/m2 per ERA.

As a starting point for the target, we assume a value of 15.4 kg CO_2e/m2 per ERA. Zürcher Kantonalbank's climate target envisages exceeding the federal government's reduction pathway from 2030. We want to reduce our CO_2e intensity in the residential mortgage business by 44 percent by 2030.

In 2025, we are on track with our ZKB residential property reduction path. The progress made in decarbonising our residential property portfolio is the result of a combination of two factors. Firstly, the policy effect, i.e. national legislation and in particular the Cantonal Energy Act. Secondly, by supporting our clients in their individual transition with our products and services. We can achieve decarbonisation in the building sector only together with our clients. No clients are excluded because of their fossil fuel heating system.

Detailed information can be found in the appendix in the section on climate targets and key figures of the sustainability report (zkb.ch/en/sustainability).

Target and progress

Metric: kg CO_2e/m^2 ERA	Base value (2022)	Actual value (2023)	Actual value (2024)	Actual value (2025)	Target value (2030)	Target value (2040)	Target value (2050)
Zürcher Kantonalbank	15.4	14.8	14.1	13	8.7	0.9	0.3
Reference scenario	14.9	14.0	13.2	12.5	8.6	3.8	0.2

21.5.2.2 Quantitative climate target for commercial mortgage business

For the quantitative climate target in the commercial property sector, all mortgage financing for non-manufacturing service buildings (predominantly office properties) are included. The target calculation covers 91 percent of the relevant financing volume. The Scope 1 emissions of the property are taken into account.

As with the climate target for the residential mortgage business, we base our climate target for the commercial mortgage business on Switzerland's long-term climate target of net-zero greenhouse gas emissions by 2050 and draw on the Energy Perspectives 2050+ (EP 2050+). As part of the PACTA Test 2024, a reduction path for service properties was published for the first time, similar to the reduction path for residential properties. The climate target metric is kg CO_2e/m2 ERA. As a starting point for the target with 2023 as the base year, we assume a value of 8.1 kg CO_2e/m2 ERA and are therefore below the federal path. We also want to reduce our CO_2e intensity in the commercial mortgage business by 44 percent by 2030.

In 2025 we are still well below the federal government's reduction path with our ZKB commercial property reduction path. The progress made in decarbonising our commercial property portfolio is the result of a combination of two factors. Firstly, the policy effect, i.e. national legislation and in particular the Cantonal Energy Act. Secondly, by supporting our clients in their individual transition with our products and services.

Detailed information can be found in the appendix in the section on climate targets and key figures of the sustainability report (zkb.ch/en/sustainability).

Target and progress

Metric: kg CO_2e/m^2 ERA	Base value (2023)	Actual value (2024)	Actual value (2025)	Target value (2030)	Target value (2040)	Target value (2050)
Zürcher Kantonalbank	8.1	8.1	7.6	4.5	0.4	0.3
Reference scenario	11.5	11.3	11.1	10	3.5	0.0

21.5.3 Key figures for the financing business

21.5.3.1 Financed emissions according to PCAF

For more climate transparency, Zürcher Kantonalbank joined the Partnership for Carbon Accounting Financials (PCAF) in May 2022. We base our calculation of financed greenhouse gas emissions on the PCAF approach. This also includes the data quality categorization (1 high to 5 low).

The PCAF standard is compatible with globally recognized frameworks such as the TCFD recommendations. The financed emissions are recalculated annually on the basis of updated exposure and emissions data; previous years already reported are only recalculated in the event of significant changes to the methodology or portfolio delimitation in accordance with the PCAF standard. The financed emissions according to PCAF are listed for the "mortgage business" and the "unsecured loans and advances in the corporate clients portfolio" in the corresponding tables.

Financed emissions according to PCAF mortgage business

	Financial exposure (in CHF million)	Absolute emissions (kt CO_2e) Scope 1	Emission intensity (t CO_2e / CHF million)	Coverage (in %)	PCAF Data quality score[a] (1 high, 5 low)
Mortgages (SFH/CNDO)					
2025	54,678	126.98	2.3	100	4.00
2024[b]	52,917	109.60	2.1	100	4.00
Commercial (MFH/Office)					
2025	48,366	136.71	2.8	85	4.00
2024[b]	46,095	105.20	2.3	85	4.00

a The data quality score assesses the quality and reliability of the data used as the basis for calculating greenhouse gas emissions. Score 1 corresponds to the highest data quality and is based on directly reported and verified emissions data. Score 5 corresponds to the lowest data quality and is based on assumptions and estimates. ZKB endeavours to continuously improve data quality.

b only Scope 1

21.5.3.2 Unsecured loans and advances in the corporate clients portfolio

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

The following table shows the unsecured loans and advances in the corporate clients portfolio in line with this classification. In addition, Zürcher Kantonalbank is reporting the financed emissions for this sub-portfolio for the first time in this report.

In terms of the total balance sheet exposure in this portfolio, at the end of the year, climate-sensitive sectors accounted for around 5.5 percent or CHF 2.3 billion (2024: 6.1 percent or CHF 2.4 billion). This includes the entire energy sector, which, however, consists almost exclusively of financing for sustainable energy sources. In addition to components manufacturing and repair, the automotive sector also includes, in particular, the selling and financing of vehicles. The transport sector mainly includes passenger transport in the tourist sector and local transport as well as freight transport by road. In accordance with the aforementioned exclusion criteria in the sustainability policy, Zürcher Kantonalbank does not provide direct financing in the coking and petroleum refining industry, which TCFD designates as carbon-related.

Unsecured loans and advances in the corporate clients portfolio by “climate-sensitive” and other industries

	31.12.2025		31.12.2024	**31.12.2025**		
	Balance sheet exposure in CHF million	**as % of unsecured exposure**	as % of unsecured exposure	**Financed emissions in t CO_2e (Scope 1 and 2)**	**Emission intensity in t CO_2e / million CHF**	**Data quality score (PCAF)**
› Industry designation						
Metal production/processing	8	0.0 %	0.0 %	2,204	279	4.7
Chemical products	59	0.1 %	1.1 %	1,988	34	3.1
Sewage and waste disposal and elimination of environmental pollution	73	0.2 %	0.1 %	18,282	252	4.3
Glass/ceramics/cement	78	0.2 %	0.2 %	43,760	563	3.2
Agriculture, hunting and related activities	83	0.2 %	0.2 %	2,651	32	4.5
Mining/crushed rock and earth	95	0.2 %	0.0 %	5,718	60	4.0
Transport (incl. mountain railways, but excluding rail passenger transport and goods trains)	274	0.7 %	0.7 %	25,368	93	4.0
Energy supply	350	0.9 %	1.1 %	63,738	182	4.1
Automotive	603	1.5 %	1.3 %	26,467	44	4.2
Commodity trade finance (CTF)[a]	667	1.6 %	1.3 %	n. a.	n. a.	–
Total climate-sensitive sectors	**2,289**	**5.5 %**	**6.1 %**	**190,176**	**117**	**4.1**
Total other sectors	**3,816**	**9.3 %**	**10.4 %**	**86,047**	**23**	**3.6**
Total corporate clients unsecured loans and advances	**6,105**	**14.8 %**	**16.5 %**	**276,222**	**45**	**3.8**
Real estate financing	34,394	83.3 %	80.8 %			
Other products	776	1.9 %	2.7 %			
Total balance sheet exposure companies	**41,275**	**100.0 %**	**100.0 %**			

a For the Commodity Trade Finance (CTF) sub-portfolio, no financed emissions are reported, as the positions cannot be clearly assigned to a specific sector.

Imprint
Published by: Zürcher Kantonalbank, Zurich
Design and layout: Hej AG, Zurich

zkb.ch/en