

Zürcher Kantonalbank

**Financial
— Report
2025**

Contents

103	Consolidated financial statements
104	Consolidated income statement
105	Consolidated balance sheet
106	Consolidated cash flow statement
108	Consolidated statement of changes in equity
109	Notes to the consolidated financial statements
109	a) Portrait
109	b) Accounting and valuation principles
118	c) Explanations on risk management
118	d) Explanation on the methods used for identifying default risks and determining the need for value adjustments
118	e) Explanation of the valuation of collateral
119	f) Explanation on the bank's business policy regarding the use of derivative financial instruments and the use of hedge accounting
120	g) Explanation on material events occurring after the balance sheet date
121	i) Information on the balance sheet
139	j) Information on off-balance-sheet transactions
141	k) Information on the income statement
146	l) Risk report
177	m) Multi-year comparison
179	Report of the statutory auditor on the consolidated financial statements
184	Financial statements of the parent company
185	Income statement
186	Appropriation of profit
187	Balance sheet
188	Statement of changes in equity
189	Notes to the financial statements of the parent company
190	i) Information on the balance sheet
198	j) Information on off-balance-sheet transactions
200	k) Information on the income statement
203	Pawnbroking agency
204	Report of the statutory auditor on the financial statements

About the figures:

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

The following rules apply to the tables:

- 0 (0 or 0.0) Figure that is smaller than half the unit of account used
- Figure not available or not meaningful

Consolidated financial statements

Consolidated income statement

in CHF million	Notes	2025	2024	Change	Change in %
› Result from interest operations					
Interest and discount income		3,277	4,339	-1,062	-24.5
Interest and dividend income from financial investments		46	40	6	14.9
Interest expense		-1,631	-2,642	1,011	-38.3
Gross result from interest operations	33	1,692	1,737	-45	-2.6
Changes in value adjustments for default risk and losses from interest operations		-13	-57	44	-76.8
Subtotal net result from interest operations		1,679	1,680	-1	-0.1
› Result from commission business and services					
Commission income from securities trading and investment activities		1,240	1,152	88	7.6
Commission income from lending activities		78	77	1	1.6
Commission income from other services		153	148	5	3.7
Commission expense		-390	-353	-37	10.4
Subtotal result from commission business and services		1,082	1,024	58	5.7
› Result from trading activities					
Result from trading activities and the fair value option	32	427	353	75	21.2
› Other result from ordinary activities					
Result from the disposal of financial investments		4	10	-6	-62.3
Income from participations		14	14	0	1.5
– of which, participations valued using the equity method		1	1	0	11.6
– of which, from other non-consolidated participations		13	13	0	0.5
Result from real estate		6	5	1	9.8
Other ordinary income		12	9	3	27.3
Other ordinary expenses		-10	-6	-4	60.6
Subtotal other result from ordinary activities		25	32	-7	-20.5
Operating income		3,213	3,088	125	4.0
› Operating expenses					
Personnel expenses	34	-1,249	-1,223	-26	2.1
General and administrative expenses	35	-541	-508	-33	6.5
Subtotal operating expenses		-1,790	-1,731	-59	3.4
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets		-51	-72	21	-29.0
Changes to provisions and other value adjustments and losses		-18	-8	-10	115.8
Operating result		1,354	1,277	77	6.0
Extraordinary income	36	68	12	56	464.1
Extraordinary expenses	36	-0	-0	-0	21.5
Changes in reserves for general banking risks	36	-	-	-	-
Consolidated profit before taxes		1,422	1,289	133	10.3
Taxes	39	-180	-168	-12	7.1
Consolidated profit		1,241	1,120	121	10.8

Consolidated balance sheet

in CHF million

	Notes	2025	2024	Change	Change in %
› Assets					
Liquid assets		36,317	32,733	3,584	10.9
Amounts due from banks		2,525	3,405	-881	-25.9
Amounts due from securities financing transactions	1	20,205	25,349	-5,144	-20.3
Amounts due from clients	2	12,662	11,621	1,041	9.0
Mortgage loans	2	111,174	106,600	4,574	4.3
Trading portfolio assets	3	13,178	13,437	-259	-1.9
Positive replacement values of derivative financial instruments	4	1,022	2,669	-1,647	-61.7
Other financial instruments at fair value	3	-	-	-	-
Financial investments	5	7,737	5,206	2,530	48.6
Accrued income and prepaid expenses		449	513	-64	-12.5
Non-consolidated participations	6,7	158	155	3	2.1
Tangible fixed assets	8	474	497	-23	-4.6
Intangible assets	9	3	3	0	8.2
Other assets	10	274	405	-131	-32.4
Total assets		206,177	202,594	3,583	1.8
Total subordinated claims		294	333	-38	-11.5
- of which, subject to conversion and/or debt waiver		130	128	2	1.6
› Liabilities					
Amounts due to banks		31,784	39,691	-7,907	-19.9
Liabilities from securities financing transactions	1	9,492	8,008	1,484	18.5
Amounts due in respect of customer deposits		114,324	106,980	7,344	6.9
Trading portfolio liabilities	3	2,458	2,862	-404	-14.1
Negative replacement values of derivative financial instruments	4	1,105	1,005	100	10.0
Liabilities from other financial instruments at fair value	3,14	4,729	4,421	308	7.0
Cash bonds	15	208	260	-52	-19.9
Certificate of deposits	15	-	50	-50	-100.0
Bond issues	15	11,891	10,994	896	8.2
Central mortgage institution loans	15	12,041	11,162	879	7.9
Accrued expenses and deferred income		1,437	1,287	149	11.6
Other liabilities	10	795	834	-39	-4.7
Provisions	16	185	177	8	4.7
Reserves for general banking risks	16	379	379	-	-
Bank's capital	21	2,425	2,425	-	-
Retained earnings reserve	21	11,684	10,952	731	6.7
Foreign currency translation reserve	21	-1	-15	13	-90.5
Consolidated profit	21	1,241	1,120	121	10.8
Shareholders' equity	21	15,727	14,862	866	5.8
Total liabilities		206,177	202,594	3,583	1.8
Total subordinated liabilities		3,807	3,346	461	13.8
- of which, subject to conversion and/or debt waiver		3,807	3,346	461	13.8
› Off-balance-sheet transactions					
Contingent liabilities	2,28	3,916	4,056	-140	-3.4
Irrevocable commitments	2	13,249	14,045	-796	-5.7
Obligations to pay up shares and make further contributions	2	367	349	18	5.2
Credit commitments	2,29	-	-	-	-

Consolidated cash flow statement

in CHF million

	Cash inflow 2025	Cash outflow 2025	Cash inflow 2024	Cash outflow 2024
› Cash flow from operating activities (internal financing)				
Result of the period	1,241	-	1,120	-
Change in reserves for general banking risks	-	-	-	-
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	51	-	72	-
Provisions and other value adjustments	127	119	119	116
Changes in value adjustments for default risks and losses	318	319	301	259
Accrued income and prepaid expenses	64	-	131	-
Accrued expenses and deferred income	149	-	-	83
Other items	0	5	-	2
Previous year's dividend	-	375	-	528
Balance	1,134	-	756	-
› Cash flow from equity transactions				
Share capital/participation capital/cantonal banks' endowment capital etc.	-	-	-	-
Recognised in reserves	0	1	1	-
Balance	-	1	1	-
› Cash flow from transactions in respect of non-consolidated participations, tangible fixed assets and intangible assets				
Non-consolidated participations	0	-	0	3
Real estate	2	20	2	10
Other tangible fixed assets	1	9	0	8
Intangible assets	0	1	-	15
Mortgages on own real estate	-	-	-	-
Balance	-	27	-	34

Consolidated cash flow statement (continued)

in CHF million

› Cash flow from banking operations

Medium and long-term business (> 1 year):

	Cash inflow 2025	Cash outflow 2025	Cash inflow 2024	Cash outflow 2024
Amounts due to banks	-	601	1	-
Amounts due in respect of customer deposits	-	185	28	-
Liabilities from other financial instruments at fair value	192	-	421	-
Cash bonds	54	106	51	78
Bond issues	1,915	1,050	700	300
Central mortgage institution loans	2,183	1,304	1,527	1,923
Loans from central issuing institutions	-	-	-	-
Other obligations (other liabilities)	-	39	-	955
Amounts due from banks	112	-	-	80
Amounts due from customers	-	289	259	-
Mortgage loans	-	4,556	-	5,744
Other financial instruments at fair value	-	-	-	-
Financial investments	-	476	-	473
Other accounts receivable (other assets)	131	-	122	-
Balance	-	4,018	-	6,444

Short-term business:

Amounts due to banks	-	7,306	4,286	-
Liabilities from securities financing transactions	1,484	-	-	6,087
Amounts due in respect of customer deposits	7,528	-	5,500	-
Trading portfolio liabilities	-	404	-	363
Negative replacement values of derivative financial instruments	100	-	-	1,453
Liabilities from other financial instruments at fair value	116	-	0	-
Certificate of deposits	-	50	563	1,144
Amounts due from banks	771	-	76	-
Amounts due from securities financing transactions	5,144	-	390	-
Amounts due from customers	-	771	-	652
Trading portfolio assets	291	-	-	1,510
Positive replacement values of derivative financial instruments	1,647	-	-	1,702
Other financial instruments at fair value	-	-	-	-
Financial investments	-	2,056	844	-
Balance	6,496	-	-	1,251

Liquidity:

Liquid assets	-	3,584	6,972	-
Balance	-	1,107	-	723
Total	1,134	1,134	757	757

Consolidated statement of changes in equity

in CHF million

	Bank's capital	Retained earnings reserve	Reserves for general banking risks	Consolidated profit	Foreign currency translation reserve	Total equity
› 2024						
Total equity as at 31.12.2023	2,425	10,241	379	1,238	-16	14,268
Effect of any restatement	-	-	-	0 ¹	-	0
Capital increase	-	-	-	-	-	-
Capital decrease	-	-	-	-	-	-
Increase in scope of capital consolidation	-	-	-	-	-	-
Decrease in scope of capital consolidation	-	-	-	-	-	-
Other contributions/ other capital paid in	-	-	-	-	-	-
Currency translation differences	-	-	-	-	1	1
Dividends and other distributions	-	-	-	-528	-	-528
Allocation to (transfers from) the reserves for general banking risks	-	-	-	-	-	-
Allocation to (transfers from) the retained earnings reserve	-	711	-	-711	-	-
Consolidated profit	-	-	-	1,120	-	1,120
Total equity as at 31.12.2024	2,425	10,952	379	1,120	-15	14,862
› 2025						
Total equity as at 31.12.2024	2,425	10,952	379	1,120	-15	14,862
Effect of any restatement	-	-	-	0 ¹	-	0
Capital increase	-	-	-	-	-	-
Capital decrease	-	-	-	-	-	-
Increase in scope of capital consolidation	-	-	-	-	-	-
Decrease in scope of capital consolidation	-	-14	-	-	14	-
Other contributions/ other capital paid in	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-1	-1
Dividends and other distributions	-	-	-	-375	-	-375
Allocation to (transfers from) the reserves for general banking risks	-	-	-	-	-	-
Allocation to (transfers from) the retained earnings reserve	-	745	-	-745	-	-
Consolidated profit	-	-	-	1,241	-	1,241
Total equity as at 31.12.2025	2,425	11,684	379	1,241	-1	15,727

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

Notes to the consolidated financial statements

a) Portrait

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

Broad diversification

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

b) Accounting and valuation principles

Changes in accounting and valuation principles

Foreign exchange translation

Bank notes in foreign currencies are translated at the average exchange rate on the balance sheet date. Previously they were translated at the bid rate.

Value adjustments and provisions for expected losses

In order to offset the effects of the introduction of the Basel III Final requirements on the regulatory parameters (IRB approach) in accounting as at 1 January 2025, the bank introduced offsetting risk factors for the LGD (loss given default) and EAD (exposure at default) of loan commitments.

General principles

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

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

Scope of consolidation

The consolidated financial statements comprise the accounts of the parent company and the directly and indirectly owned subsidiaries in which the bank has a participation of more than 50 percent of the voting capital or which it controls in another way.

They 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 included in the scope of consolidation.

Entities not included in the scope of consolidation are the subsidiaries and sub-subsidiaries Zürcher Kantonalbank Representações Ltda. and Complementa GmbH, which are immaterial for accounting purposes, and the immaterial majority holding in Spheriq AG (formerly Philanthropy Services AG). Please refer to the section "Non-consolidated participations" for further information.

The changes in the scope of consolidation relate to the elimination of Zürcher Kantonalbank Österreich AG (as a result of the sale in January 2025).

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

Method of consolidation

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

Period of consolidation

The period of consolidation corresponds to the calendar year.

Recognition of transactions

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

Foreign exchange translation

Transactions in foreign currency are translated at the corresponding daily rate. The bank translates assets and liabilities as at the balance sheet date at the average rate on the balance sheet date.

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

	2025		2024	
	Rates on the balance sheet date	Average annual rates	Rates on the balance sheet date	Average annual rates
EUR	0.9305	0.9356	0.9384	0.9518
GBP	1.0656	1.0927	1.1350	1.1267
USD	0.7923	0.8283	0.9063	0.8818

Offsetting of assets and liabilities as well as expenses and income

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

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

Assets and liabilities are also offset in the following cases:

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

There is generally no offsetting of expenses and income. An offsetting of expenses and income may be performed in the following cases:

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

Liquid assets

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

Amounts due from and to banks

Unless stated otherwise in a different item, amounts due from and to banks are stated in this item. These items are recognised at nominal value. Appropriate value adjustments are created for default risks on existing positions and directly deducted from assets (see also the section “Value adjustments for default risks in respect of impaired loans/receivables”, and “Value adjustments and provisions for expected losses”).

Claims and liabilities from securities financing transactions

The amounts due from securities financing transactions include reverse repo transactions, which are treated as advances against collateral in the form of securities. This underscores the

financing nature of the transactions. The securities are transferred in the same way as if they had been pledged as collateral for a loan. Reimbursement claims in the context of securities borrowing which arise from cash collateral for the borrowed, non-monetary values are also included. Repo transactions in the sense of a collateralised refinancing are entered in the balance sheet under Liabilities from securities financing transactions. Within the framework of securities lending, Zürcher Kantonalbank lends non-monetary assets, such as securities, on its own account and at its own risk (principal status). The repayment obligation for cash deposits received is also shown here. The bank conducts lending and borrowing transactions within the framework of trading operations. Loan transactions involving securities or money market securities that are not collateralised with cash are not recognised in the balance sheet but reported in the Notes.

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

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

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

Loss risks on existing exposures are allowed for by appropriate value adjustments. They are recognised in the item "Changes in value adjustments for default risk and losses from interest operations" and deducted directly from the asset affected. A systematic approach is used to determine the amount of value adjustments. The bank considers loans/receivables to be impaired if there are indications that the debtor will not be able to meet future liabilities, but at the latest when the contractually defined amortisation, interest and commission payments are overdue for 90 days or more. The corresponding interest and commission are fully covered by provisions. Impaired loans/receivables are valued on an individual basis.

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

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

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

Value adjustments and provisions for expected losses

For non-impaired loans/receivables and off-balance-sheet transactions, Zürcher Kanton-albank recognises value adjustments and provisions for expected losses. Expected loss (EL) is the anticipated value of future losses from credit defaults. It is the product of the statistical probability of default (PD), the loss given default (LGD) and the exposure at default (EAD).

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

IRB residual maturities with a one-year floor and five-year cap are used for this purpose. The regulatory IRB parameters from the capital adequacy calculation are also used to calculate the LGD. The EAD from the IRB approach is adopted for off-balance-sheet items too. An EAD excluding accrued interest is used for balance sheet items. EAD and LGD are constant in the (residual) term calculation. In order to offset the effects of the introduction of the Basel III Final requirements on the regulatory parameters (IRB approach) in the accounting as at 1 January 2025, the bank introduced offsetting risk factors for the LGD and EAD of loan commitments.

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

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

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

If the trigger criterion is met, use may be at the 0 percent, 50 percent or 100 percent level, with higher use intended for short, severe crises and lower use for longer-lasting ones. In the case of a large single event without an actual crisis, for example, it may also be possible to dispense with its use. Replenishment is essentially linear over a period of five years after a crisis. While a crisis is ongoing, no replenishment takes place. The replenishment period is assessed semi-annually and may be shortened. Ongoing changes resulting from changes in credit volumes, credit ratings and maturities are always recognised in the period to which they relate (there is no deferral in the event of a crisis).

Trading portfolio assets and liabilities

Trading positions including money market securities held in the context of the trading business are recognised at fair value. This is defined as the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing and independent parties. This corresponds to the price set on a price-efficient and liquid market or determined on the basis of a valuation model. Where, as an exception, no fair value is ascertainable, valuation and recognition are to follow the principle of the lower of cost or market value. Valuation differences are recognised in the income statement. Interest and dividend income on securities trading portfolios are credited to the item “Result from trading activities and the fair value option”. Results from securities lending and borrowing transactions are also recognised under “Result from trading activities and the fair value option”. The refinancing result for trading portfolio assets is recognised by compensating the result from trading activities within net interest. With

the exception of the physical precious metal portfolios accounted for under Financial investments, all other precious metals that are physical and held in account form are accounted for as Trading portfolio assets and at fair value. Short positions are also accounted for at fair value and stated under the item "Trading portfolio liabilities". In the case of trading in combinations of money market transactions and currency swaps, the aim is to report the interest income or trading result in the way that most closely captures the economic impact, following the principle of substance over form. As a result, the gain or loss on the currency swaps is compensated under the result from interest operations.

Hence the results from these combined transactions are posted uniformly in the result from interest operations. This avoids inflating the income statement and shifting amounts between interest operations and trading activities with no substantive or economic rationale.

Positive and negative replacement values of derivative financial instruments

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

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

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

- The financial instruments are part of a trade-related strategy and are based on a documented risk management and investment strategy which ensures correct recording, measuring and limitation of the various risks.
- There is an economic hedging relationship between the financial instruments on the asset side and those on the liability side that is largely neutralised in terms of income by the fair value valuation (avoidance of an accounting mismatch).
- Any impact of a change in own creditworthiness on the fair value is neutralised and does not affect the income statement where it arises. The amounts are accounted for under "Liabilities from other financial instruments at fair value". Investments by subsidiaries managed in the trading book and connected to self-issued structured products are stated at market value. These are recognised in "Other financial instruments at fair value".

Financial investments

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

ised cost method and valued at acquisition cost with amortisation of the premium or discount over the maturity. Realised gains from sales prior to maturity are likewise amortised to maturity. The lower of cost or market rule is applied in the case of value losses resulting from changes in credit standing.

Fixed-interest securities not intended to be held until maturity are recorded based on the same rule. The same applies for shares and other equity securities that, irrespective of the share of voting rights, are also booked under this item provided that they were not acquired as a permanent investment. Financial investments also include real estate taken over from the lending business and intended for sale.

They are also valued according to the lower of cost or market principle (acquisition value or prudently estimated lower liquidation value). Unrealised losses and market-related revaluations up to the original cost of the securities components are stated under "Other ordinary expenses" or "Other ordinary income". Realised gains or losses on the securities components from the sale of financial investments are booked under "Result from the disposal of financial investments". Unrealised and realised gains and losses in foreign currency components are booked under "Result from foreign exchange trading".

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

Non-consolidated participations

Shares and other equity securities are considered as participations regardless of the share of voting rights held, provided they have been acquired as a permanent investment. Participations with voting rights of up to 19.9 percent are valued at lower of cost or market. Participations are subject to impairment testing at least once a year.

Non-consolidated participations with voting rights of between 20 percent and up to and including 49.9 percent, the immaterial (from an accounting perspective) subsidiaries Zürcher Kantonalbank Representações Ltda. and Complementa GmbH, as well as the immaterial majority stake in Spheriq AG (formerly Philanthropy Services Ltd.) are stated in accordance with the equity method in proportion to the equity held as at the balance sheet date. The proportionate net annual result is included in the equity valuation and is recognised in the consolidated income statement as participation income.

Tangible fixed assets

Bank premises, including installations and fittings in rented properties, are recognised at cost value plus major investments and are amortised on a straight-line basis over their estimated useful life. Other properties acquired as a long-term investment are also recognised at the lower of cost value less straight-line amortisation or lower earnings value. The remaining tangible fixed assets comprise IT systems and equipment, acquired IT programmes, furniture, vehicles and machinery. Smaller acquisitions are charged in full to General and administrative expenses in the year of acquisition. Larger investments are capitalised and depreciated/amortised in full over their estimated useful life according to business criteria, or, in the case of acquired IT programmes, generally over 12 months. Estimated useful life for depreciation purposes (in years):

Land	no depreciation
Bank premises and other properties	
– Shell	max. 80
– Building envelope	max. 30
Installations (fitting out, technical installations)	max. 25
Fittings in rented properties	remaining duration of rental agreement¹
IT systems and equipment	4
Acquired IT programmes	max. 1
Furniture / vehicles / machines	max. 5

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

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

Intangible assets

Goodwill

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

Licences

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

Other intangible assets

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

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

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

Provisions

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

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

Reserves for general banking risks

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

Retained earnings reserve

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

Pension schemes

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

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

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

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

Taxes

In December 2021, the Organisation for Economic Co-operation and Development (OECD) published global rules to combat base erosion and profit shifting (BEPS). The core of these regulations is the introduction of a global minimum tax rate of 15 percent. This minimum tax rate applies to multinational groups with consolidated revenue of at least EUR 750 million. Zürcher Kantonalbank falls within the scope of this global minimum tax. From 1 January 2024, Switzerland and other countries in which Zürcher Kantonalbank has subsidiaries and branches have implemented corresponding regulations for the introduction of a national supplementary tax (referred to as a qualified domestic minimum top-up tax). With this supplementary tax, Switzerland and other countries ensure that a minimum taxation of 15 percent is guaranteed in Switzerland. Although Zürcher Kantonalbank is an independent public-law institution that is exempt from taxes on its income and capital under both cantonal tax law and the federal law on direct taxation, it has been subject to OECD minimum taxation since 1 January 2024. The subsidiary Zürcher Kantonalbank Finance (Guernsey) Ltd. is a finance company under Companies Law in Guernsey. In terms of tax law, as of 1 January 2008 the company is deemed to be resident and is liable to pay tax. As it does not perform any banking activities that are subject to income tax or any other regulated transactions that are subject to tax, Zürcher Kantonalbank Finance (Guernsey) Ltd. pays only a fixed "validation fee", which is included in General and administrative expenses. Since 1 January 2025, Zürcher Kantonalbank Finance (Guernsey) Ltd. has also been subject to OECD minimum taxation. Zürcher Kantonalbank Finance (Guernsey) Ltd. is not liable for any federal, cantonal or municipal taxes in Switzerland. The Swisscanto companies are subject to cantonal and federal taxes, while their branches are subject to the tax regime of Luxembourg, Germany, Italy and Spain in accordance with their domiciles. The subsidiary ZKB Securities (UK) Ltd. is subject to UK corporation tax. Its taxable income is taxed at a fixed rate of 19 percent. While Complementa AG is subject to cantonal and federal taxes, Complementa GmbH is subject to the German tax regime.

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

c) Explanations on risk management

For explanations on risk management in general and the treatment of the interest rate risk, other market risks and credit risks specifically, please refer to the statements in section I) Risk report (p. 146 ff.).

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

The methods used to identify default risks and determine the need for value adjustments are set out in the section "Value adjustments for default risks in respect of impaired loans/receivables" and "Value adjustments and provisions for expected losses" in the accounting and valuation principles. Further information can also be found in section I) Risk report, under the sub-section "Credit risks" (p. 157 ff.).

e) Explanation of the valuation of collateral

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

Mortgage claims

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

The key valuation factors for a property assessment are:

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

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

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

Other collateral

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

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

Use of derivative financial instruments

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

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

Explanations regarding the application of hedge accounting

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

Contractually agreed client transactions, financial investments as well as debt financing in the banking book qualify as underlying transactions to be hedged. For the underlying instrument, a distinction is made between direct and indirect transactions. For direct transactions, Treasury has a direct influence on the timing and terms of the underlying instrument (purchase of financial investments, bond issues). Indirect transactions are understood to be all the transactions concluded by Sales and transferred to Treasury for interest risk management. For direct transactions, the result of individual transactions is taken into account, whilst for indirect transactions only the market value of the positions, based on changed market conditions (in particular the yield curve), is included.

Appropriate derivative financial instruments (mainly interest swaps) are used for hedging purposes. For each hedging relationship, a review is undertaken to determine whether it meets the conditions for the application of hedge accounting (e.g. the hedging transactions must be concluded with an external counterparty). All hedging transactions are treated as direct transactions. Zürcher Kantonalbank hedges the underlying transaction by means of a macro hedge. It optimises the total exposure on the basis of key rate sensitivities while adhering to the risk policy requirements. The result from the hedging transactions runs counter to the result of the underlying transactions and indicates the economic risk assumption and cover. The hedge effectiveness is measured every six months as of the balance sheet date at the end of June and the end of December. It is based on the effects on the result from the interest exposures of the underlying transactions and the hedging transactions. Specifically, the result from the underlying transaction is compared to the result from the hedging transaction as of the balance sheet date. The cumulative absolute amounts from the monthly result from the underlying and hedging transactions are compared for the aggregate view of the hedge effectiveness over the six-month horizon. The hedge is regarded as effective as long as the result from the hedging

transactions does not exceed the result from the underlying transactions. If the result from the hedging transactions, accumulated over six months, exceeds the result from the underlying transactions, the excessive part of the hedge is regarded as ineffective.

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

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

On 30 October 2025, Zürcher Kantonalbank executed an agreement to purchase the cosmo-funding platform, a fully automated portal for the public and private debt capital market. After all conditions on both sides were met, the closing took place on 30 January 2026. As of this date, the benefits and risks of ownership have been transferred to Zürcher Kantonalbank. The effect of this purchase on the 2025 annual financial statements was the recognition of an off-balance-sheet irrevocable commitment (see Note 28 for further details).

i) Information on the balance sheet

1 Breakdown of securities financing transactions

in CHF million

	2025	2024
Book value of receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase transactions	20,205	25,349
Book value of obligations from cash collateral received in connection with securities lending and repurchase transactions	9,492	8,008
Book value of securities lent in connection with securities lending or delivered as collateral in connection with securities borrowing as well as securities in own portfolio transferred in connection with repurchase agreements	5,973	4,162
– of which, with unrestricted right to resell or pledge	5,973	4,162
Fair value of securities received and serving as collateral in connection with securities lending or securities borrowed in connection with securities borrowing as well as securities received in connection with reverse repurchase agreements with an unrestricted right to resell or repledge	77,614	72,700
– of which, repledged securities	9,826	8,506
– of which, resold securities	51,971	43,746

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

Overview by collateral

in CHF million

	Type of collateral			Total
	Mortgage collateral	Other collateral	Unsecured	
› Loans (before netting with value adjustments)				
Amounts due from customers	22	2,137	10,797	12,955
Mortgage loans				
– Residential property	91,380	8	9	91,397
– Office and business premises	13,140	–	4	13,144
– Commercial and industrial premises	2,807	–	20	2,827
– Other	4,201	–	4	4,206
Total mortgage loans	111,528	8	38	111,574
Total loans 2025 (before netting with value adjustments)	111,550	2,145	10,834	124,529
Total loans 2024 (before netting with value adjustments)	106,999	2,159	9,755	118,913
Total loans 2025 (after netting with value adjustments)	111,188	2,142	10,507	123,836
Total loans 2024 (after netting with value adjustments)	106,616	2,156	9,449	118,221
› Off-balance-sheet				
Contingent liabilities	31	164	3,720	3,916
Irrevocable commitments	3,567	40	9,641	13,249
Obligations to pay up shares and make further contributions	–	–	367	367
Credit commitments	–	–	–	–
Total off-balance-sheet transactions 2025	3,599	205	13,728	17,532
Total off-balance-sheet transactions 2024	3,676	540	14,234	18,450

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

Information on impaired loans

in CHF million

	Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments ¹
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› Impaired loans

	2025	2024	2025	2024
2025	564	248	315	289
2024	516	222	294	271

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

3 Trading portfolios and other financial instruments at fair value

in CHF million

› Assets

	2025	2024
Debt securities, money market securities/transactions	4,470	6,600
– of which, listed ¹	4,053	5,915
Equity securities	5,884	4,208
Precious metals and commodities	2,822	2,628
Other trading portfolio assets	1	0
Total trading transactions	13,178	13,437
Debt securities	–	–
Structured products	–	–
Other	–	–
Total other financial instruments at fair value	–	–
Total assets	13,178	13,437
– of which, determined using a valuation model	418	685
– of which, securities eligible for repo transactions in accordance with liquidity requirements	1,547	2,375

in CHF million

› Liabilities

	2025	2024
Debt securities, money market securities/transactions	2,422	2,830
– of which, listed ¹	2,365	2,699
Equity securities	29	25
Precious metals and commodities	5	5
Other trading portfolio liabilities	2	2
Total trading portfolio liabilities	2,458	2,862
Debt securities	–	–
Structured products	4,729	4,421
Other	–	–
Total liabilities from other financial instruments at fair value	4,729	4,421
Total liabilities	7,187	7,282
– of which, determined using a valuation model	4,786	4,552

1 Listed = traded on a recognised exchange.

4 Derivative financial instruments (assets and liabilities)

in CHF million	Trading instruments			Hedging instruments		
	Positive replacement values	Negative replacement values	Contract volume ¹	Positive replacement values	Negative replacement values	Contract volume ¹
› Interest rate instruments						
Forward contracts including FRAs	2	2	5,902	–	–	–
Swaps	10,984	10,697	807,422	456	136	21,505
Futures	–	–	39,253	–	–	–
Options (OTC)	77	54	4,396	–	–	–
Options (exchange-traded)	–	–	–	–	–	–
Total	11,062	10,753	856,973	456	136	21,505
› Foreign exchange/precious metals						
Forward contracts	2,293	2,082	449,491	–	–	–
Combined interest rate/currency swaps	289	377	1,666	25	71	3,243
Futures	–	–	491	–	–	–
Options (OTC)	79	93	10,578	–	–	–
Options (exchange-traded)	1	1	68	–	–	–
Total	2,661	2,554	462,294	25	71	3,243
› Equity securities/indices						
Forward contracts	–	–	–	–	–	–
Swaps	49	50	2,592	–	–	–
Futures	–	–	3,584	–	–	–
Options (OTC)	62	33	3,298	–	–	–
Options (exchange-traded)	208	375	18,707	–	–	–
Total	319	458	28,182	–	–	–
› Credit derivatives						
Credit default swaps	8	11	489	–	–	–
Total return swaps	–	–	–	–	–	–
First-to-default swaps	–	–	–	–	–	–
Other credit derivatives	–	–	–	–	–	–
Total	8	11	489	–	–	–
› Other²						
Forward contracts	–	–	–	–	–	–
Swaps	–	–	–	–	–	–
Futures	–	–	408	–	–	–
Options (OTC)	–	–	–	–	–	–
Options (exchange-traded)	1	1	14	–	–	–
Total	1	1	421	–	–	–
› Total before netting agreements						
2025	14,051	13,776	1,348,360	482	207	24,748
– of which, determined using a valuation model	14,051	13,776	–	482	207	–
2024	18,838	18,148	1,153,973	565	288	23,984
– of which, determined using a valuation model	18,838	18,148	–	565	288	–

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

2 Includes commodities and hybrid derivatives.

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

in CHF million

Positive
replacement values
(cumulative) Negative
replacement values
(cumulative)

› Total after netting agreements³

2025	1,022	1,105
2024	2,669	1,005

› Breakdown by counterparty

Positive replacement values
(after netting agreements) Central
clearing houses Banks and
securities firms Other
customers

2025	68	372	582
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³ For over-the-counter (OTC) transactions, the positive and negative replacement values of derivative financial instruments as well as the related cash collateral are offset (netting). For this purpose, a relevant bilateral agreement with the affected counterparties must be in place. This agreement must be proven to be recognised and legally enforceable.

5 Financial investments

in CHF million

Book value

Fair value

	2025	2024	2025	2024
Debt securities	7,090	4,719	7,161	4,797
– of which, intended to be held to maturity	7,090	4,719	7,161	4,797
– of which, not intended to be held to maturity (available for sale)	–	–	–	–
Equity securities	145	134	272	261
– of which, qualified participations ¹	8	5	12	8
Precious metals	499	349	499	349
Real estate	4	4	4	4
Cryptocurrencies	–	–	–	–
Total financial investments	7,737	5,206	7,936	5,411
– of which, securities eligible for repo transactions in accordance with liquidity requirements	6,913	4,668	6,985	4,746

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

in CHF million

› Counterparties by rating

	Aaa – Aa3	A1 – A3	Baa1 – Baa3	Ba1 – Ba3	Lower than Ba3	Unrated
Moody's						
Standard & Poor's, Fitch	AAA – AA-	A+ – A-	BBB+ – BBB-	BB+ – B-	Below B-	Unrated

Debt securities: Book values						
2025	5,641	69	–	–	–	1,380

The debt instruments without a rating fulfil the conditions of high-quality liquid assets (HQLA) according to the Liquidity Ordinance (LiqV).

If two ratings exist with different risk weightings, the rating with the lower risk weighting is used.

If more than two ratings exist with different risk weightings, those ratings which correspond to the two lowest risk weightings are taken into consideration.

The higher of the two risk weightings is used. Top priority is given to the issue rating and second priority to the issuer rating.

6 Presentation of non-consolidated participations

in CHF million	Cost value	Accumulated value adjustments/ changes in book value (equity valuation)	Book value end of 2024	Reclassifications	Additions	Disposals (incl. any FC differences)	Value adjustments	Changes in book value for participations using the equity method/ depreciation reversals	Book value end of 2025	Market value end of 2025
Participations valued using the equity method										
– with market value	–	–	–	–	–	–	–	–	–	–
– without market value	46	–25	21	–	–	–	–2	1	20	–
Other participations	–	–	–	–	–	–	–	–	–	–
– with market value	–	–	–	–	–	–	–	–	–	–
– without market value	144	–10	134	–	–	–0	–0	4	138	–
Total participations¹	190	–35	155	–	–	–0	–2	5	158	–

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

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

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

1 Swisscanto Fund Management Ltd holds 100 percent of the shares of Swisscanto Private Equity CH I Ltd., of Swisscanto Private Equity CH II Ltd. and of Swisscanto Private Equity Growth II Ltd.

2 Swisscanto Holding Ltd. holds 100 percent of the shares in Swisscanto Fund Management Company Ltd., Swisscanto Pensions Ltd. in liquidation and Swisscanto Asset Management International S.A.

3 All non-consolidated participations whose share of capital is more than 10 percent are shown. In addition, either the share of the participations in the bank's capital must be more than CHF 2 million or the book value must be more than CHF 15 million.

4 Of which CHF 445 million have been paid in. The Annual General Meeting of the Central Mortgage Bank Institution held on 4 February 2026 approved a capital increase of CHF 600 million, which resulted in 20 percent of the capital ratio held being paid up.

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

Company name	Registered office	Business activity	Currency company's capital	Company's capital in CHF million	Zürcher Kantonalbank share capital (in %)	Zürcher Kantonalbank voting rights	Held directly	Held indirectly
Subsidiaries not fully consolidated								
Complementa LLC ⁵	München	Financial services	EUR	0	100.0	100.0		■
Spheriq Ltd. ^{6,7}	Basel	Services	CHF	1	82.2	82.2	■	
Zürcher Kantonalbank Representações Ltda. ⁸	São Paulo	Representative office	BRL	0	100.0	100.0	■	

5 Total assets as at 31.12.2024: EUR 483 thousand, earnings for the period 2024: EUR 72 thousand.

6 Change of company name from Philanthropy Services AG to Spheriq AG as of 03.10.2025.

7 Total assets as at 31.12.2024: CHF 1,788 thousand (2023: CHF 2,517 thousand), 2024 loss for the period: CHF 1,287 thousand (2023 loss for the period: CHF 1,914 thousand).

8 Total assets as at 31.12.2024: CHF 201 thousand (2023: CHF 282 thousand), 2024 earnings for the period: CHF 26 thousand (2023 earnings for the period: CHF 0 thousand).

8 Presentation of tangible fixed assets

in CHF million	Cost value	Accumulated depreciation	Book value at end 2024	Change to scope of consolidation	Additions	Disposals	Depreciation	Reversals	Book value at end 2025
Bank real estate	1,307	-835	472	-1	0	-1	-37	-	455
Other real estate	2	-2	1	-	-0	-0	-0	-	0
Proprietary or separately acquired software	1	-1	-	-	0	-	-0	-	-
Other tangible fixed assets	171	-147	24	-1	9	-0	-12	-	20
Tangible assets acquired under finance leases	-	-	-	-	-	-	-	-	-
– of which, bank real estate	-	-	-	-	-	-	-	-	-
– of which, other real estate	-	-	-	-	-	-	-	-	-
– of which, other tangible fixed assets	-	-	-	-	-	-	-	-	-
Total tangible fixed assets	1,482	-984	497	-2	29	-1	-49	-	474

The insurance value of the real estate within tangible fixed assets amounted to CHF 1,293 million.

The insurance value of the other tangible fixed assets amounted to CHF 239 million.

Operating leases

in CHF million

Leasing obligations not recognised in the balance sheet

	2025	2024
Due within 12 months	0	0
Due between 12 months and 5 years	0	0
Due after more than 5 years	-	-
Total of leasing obligations not recognised in the balance sheet	0	0
– of which, cancellable within 1 year	-	-

9 Presentation of intangible assets

in CHF million	Cost value	Accumulated amortisation	Book value end of 2024	Changes to scope of consolidation	Reclassifications	Additions	Disposals	Amortisation	Reversals	Book value end of 2025
Goodwill	15	-12	3	-	-	1 ¹	-	-1	-	3
Patents	-	-	-	-	-	-	-	-	-	-
Licences	48	-48	0	-0	-	0	-	-0	-	0
Other intangible assets	-	-	-	-	-	-	-	-	-	-
Total intangible assets	62	-60	3	-0	-	1	-	-1	-	3

1 In connection with the earn-out payment made to Complementa AG.

10 Other assets and liabilities

in CHF million

	Other assets		Other liabilities	
	2025	2024	2025	2024
Compensation account	0	0	137	159
Deferred income taxes recognised as assets	0	2	-	-
Amount recognised as assets in respect of employer contribution reserves	0	-	-	-
Amount recognised as assets relating to other assets from pension schemes	-	-	-	-
Negative goodwill	-	-	-	-
Settlement accounts	243	371	600	550
Indirect taxes	25	25	45	113
Other	5	6	14	13
Total	274	405	795	834

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

in CHF million

	2025		2024	
	Book value	Effective commitment	Book value	Effective commitment
› Pledged/assigned assets				
Liquid assets	250	250	245	245
Amounts due from banks	1,117	1,103	2,931	2,913
Amounts due from customers	881	837	1,114	1,044
Mortgage loans	14,618	12,041	13,715	11,162
Trading portfolio assets	503	494	597	597
Financial investments	579	525	380	332
Total pledged/assigned assets	17,947	15,249	18,984	16,294

No assets are subject to reservation of ownership.

Note 1 shows instruments serving as collateral for which a right of resale or pledging has been granted in connection with securities financing.

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

in CHF million

Liabilities to own pension schemes from balance-sheet transactions

	2025	2024	Change
Amounts due in respect of customer deposits	55	53	2
Cash bonds	0	0	0
Negative replacement values of derivative financial instruments ¹	22	0	22
Accrued expenses and deferred income	0	0	0
Other liabilities	0	0	0
Total	77	53	24

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

¹ After taking netting agreement into account.

13 Information on pension schemes

The Zürcher Kantonalbank pension fund is a public-law institution and is a separate legal entity. The purpose of the pension fund is to insure the bank's employees against the economic consequences of age, death and disability. The pension fund's pension plan comprises three different pension vehicles. The annuity plan insures the basic salary (annual salary) according to the combined defined benefit / defined contribution principle¹. The capital plan insures any paid variable compensation (bonus) subject to AHV. The capital plan is also based on a combined defined benefit / defined contribution principle¹. The third vehicle – the supplementary account – enables insured individuals to pre-finance the reduction in benefits on early retirement between the ages of 58 and 65. The premiums required for these plans constitute a component of personnel expenses. Contributions to the annuity and capital plans are funded jointly by the insured individual and the bank. The supplementary account is funded exclusively by the insured individuals. An additional plan is operated in the form of a separate trust, the Marienburg Foundation of Zürcher Kantonalbank, for the senior management of affiliated employers. Structured on a defined contribution basis, this solution insures the element of the base salary in excess of a specific minimum amount. The Marienburg Foundation of Zürcher Kantonalbank is funded jointly by the insured individuals and the bank. However, employer contributions for salary components insured in the Marienburg Foundation are lower than those in the pension fund after the age of 45. Also, unlike the pension fund, the Marienburg Foundation does not pay old-age pensions, only retirement capital. This means that investment risk and longevity risk are borne by the retirees. The purpose of the Marienburg Foundation is also to protect insured individuals against the consequences of death and disability.

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

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

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

in %	Coverage ratio as at 31.12.2025 (not yet audited)	Coverage ratio as at 31.12.2024 (audited)
Zürcher Kantonalbank pension fund	118	116
Marienburg Foundation of Zürcher Kantonalbank (solution for senior management)	110	109

Coverage ratio pursuant to Article 44 BVV2

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

Swisscanto Asset Management International SA in Luxembourg has set up a pension plan for all employees. The plan, including the investment of employee assets, is managed by an insurance company. The employer pays in the savings contributions. The employee can pay partially deductible contributions. The risks are comprehensively covered by the insurance company. The office in Germany is a member of the pension fund for the banking industry. The employees can save tax-free contributions for retirement, with the employer paying part of the contributions. Contributions are paid into a banking sector pension fund for the employees of the branch in Italy. The general regulations on contributions to supplementary pension schemes in Italy stipulate that the pension contribution for employees comprises employee contributions, employer contributions and severance payments (so-called TFR ratio). Contributions are also paid into a pension plan for the employees of the branch in Spain, which are defined by law. The employee has the option to contribute a tax-free portion.

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

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

13 Information on pension schemes (continued)

a) Employer contribution reserves (ECR)

in CHF million	Nominal value	Waiver of use	Net amount		Influence of ECR on personnel expenses	
	End 2025	End 2025	End 2025	End 2024	2025	2024
GEMINI Sammelstiftung c/o Avadis Vorsorge AG	0	–	0	0	–	–
Total	0	–	0	0	–	–

b) Economic benefit/obligations and the pension expenses

in CHF million	Over- / underfunding	Economic interest of the bank		Change in economic interest versus previous year	Contribu- tions paid	Pension expenses in personnel expenses	
		2025	2024			2025	2025
	End 2025						
Employer-sponsored funds/em- ployer-sponsored pension schemes	-	-	-	-	-	-	-
Pension plans without overfunding/underfunding	-	-	-	-	1	1	3
Pension plans with overfunding	82	-	-	-	122	122	117
Pension plans with underfunding	-	-	-	-	-	-	-
Pension schemes without own assets	-	-	-	-	-	-	-
Total	82	-	-	-	122	122	120

14 Issued structured products

in CHF million		Book Value				Total
		Valued as a whole		Valued separately		
		Booked in trading portfolio	Booked in other financial instruments at fair value	Value of the host instrument	Value of the derivative	
Underlying risk of the embedded derivative						
Interest rate instruments	With own debenture component	-	92	-	-	92
	Without oDC	-	-	-	-	-
Equity securities	With own debenture component	-	4,496	-	-	4,496
	Without oDC	-	-	-	-	-
Foreign currencies	With own debenture component	-	138	-	-	138
	Without oDC	-	-	-	-	-
Commodities/precious metals	With own debenture component	-	4	-	-	4
	Without oDC	-	-	-	-	-
Loans	With own debenture component	-	-	-	-	-
	Without oDC	-	-	-	-	-
Real estate	With own debenture component	-	-	-	-	-
	Without oDC	-	-	-	-	-
Hybrid instruments	With own debenture component	-	-	-	-	-
	Without oDC	-	-	-	-	-
Total 2025		-	4,729	-	-	4,729
Total 2024		-	4,421	-	-	4,421

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

		Outstanding amount in CHF million		Weighted average interest rate		Maturities		
› Cash bonds								
31.12.2025		208		0.64		2026–2035		
31.12.2024		260		0.80		2025–2034		
Maturity structure	in CHF million	2026	2027	2028	2029	2030	after 2030	Total
Cash bonds		53	34	32	23	25	42	208
		Outstanding amount in CHF million		Weighted average interest rate		Maturities		
› Certificate of deposits								
31.12.2025		–		–		–		
31.12.2024		50		0.80		2025		
Maturity structure	in CHF million	2026	2027	2028	2029	2030	after 2030	Total
Certificate of deposits		–	–	–	–	–	–	–
		Outstanding amount in CHF million		Weighted average interest rate		Maturities		
› Bonds and mandatory convertible bonds								
31.12.2025 (Issuer: Zürcher Kantonalbank)		11,891		0.68		2026–2044		
– of which, non-subordinated		8,084		3.37		2027–2033		
– of which, subordinated without PONV clause ¹		2,281		2.73		2028–perpetual		
– of which, subordinated with PONV clause ¹		1,526		0.59		2025–2044		
31.12.2024 (Issuer: Zürcher Kantonalbank)		10,994		3.44		2027–2033		
– of which, non-subordinated		7,648		2.74		2028–perpetual		
– of which, subordinated without PONV clause ¹		1,809		0.59		2025–2044		
– of which, subordinated with PONV clause ¹		1,537		3.44		2027–2033		
Maturity structure	in CHF million	2026	2027	2028	2029	2030	after 2030	Total
Bond issues		1,516	1,330	1,538	1,100	1,667	4,740	11,891
		Outstanding amount in CHF million		Weighted average interest rate		Maturities		
› Central mortgage institution loans								
31.12.2025		12,041		0.82		2026–2043		
31.12.2024		11,162		0.76		2025–2040		
Maturity structure	in CHF million	2026	2027	2028	2029	2030	after 2030	Total
Central mortgage institution loans ²		780	1,143	1,742	1,576	1,092	5,708	12,041

1 Point Of Non-Viability (PONV).

2 Pfandbriefzentrale der schweizerischen Kantonalbanken AG loans.

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

in CHF million	Balance at end of 2024	Changes to scope of consolidation	Use in conformity with designated purpose and reversals	Reclassifications	Currency differences	Past due interest, recoveries	New creations charged to income	Releases to income statement	Balance at end of 2025
Provisions for deferred taxes	–	–	–	–	–	–	0	–	0
Provisions for pension benefit obligations	–	–	–	–	–	–	–	–	–
Provisions for default risks	148	–0	–3	–	–	–	122	–112	155
– of which, provisions for expected loss	58	–0	–	–	–	–	82	–79	60
Provisions for other business risks ¹	14	–1	–0	–	–	–	2	–0	15
Provisions for restructuring	–	–	–	–	–	–	–	–	–
Other provisions ²	15	–2	–2	–	–	–	5	–1	16
Total provisions	177	–2	–5	–	–	–	129	–113	185
Reserves for general banking risks	379	–	–	–	–	–	–	–	379
Value adjustments for default and country risks	718	–0	–11	–	–0	2	316	–308	718
– of which, value adjustments for default risks in respect of impaired loans/receivables ³	271	–	–11	–	–	2	86	–58	289
– of which, value adjustments for expected loss	447	–0	–	–	–0	–	230	–249	428

1 Provisions for other business risks relate to provisions for settlement risks, for example, which cover identifiable risks as at the balance sheet date.

2 The other provisions include, among other things, provisions for litigation and provisions for employees' holiday credits.

3 Default risks consist primarily of counterparty risks, for which value adjustments of 100 percent of the net debt are generally set aside. Individual value adjustments rates may apply in the case of major positions.

Recoveries from amounts due derecognised in previous periods are reported directly in Changes in value adjustments for default risk and losses from interest operations (2025: CHF 0 million/2024: CHF 3 million).

For more details on the management of credit risks, operational risks and legal and compliance risks, please refer to section I) Risk report.

17 Presentation of the bank's capital

The disclosure pursuant to the accounting rules for banks is made only by the parent company (page 196).

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

Neither Zürcher Kantonalbank nor its subsidiaries have employee participation schemes.

19 Amounts due from/to related parties

in CHF million

	Due from		Due to	
	2025	2024	2025	2024
Holders of qualified participations	13	21	629	734
Group companies	-	-	0	1
Linked companies	194	323	858	604
Transactions with members of governing bodies	10	12	27	31
Other related parties	-	-	-	-

Affiliated companies are public-law institutions of the respective canton or public-private enterprises in which the canton holds qualified participations.

On- and off-balance-sheet transactions with related parties are conducted at usual market conditions, with the exception of loans to members of governing bodies.

Loans to governing bodies are granted on employee terms in some cases.

This primarily involved the usual balance sheet banking business, i.e. it was mainly amounts due from and due to customers.

The totals above also include securities items and claims and liabilities from transactions in derivatives (positive and negative replacement values). The off-balance-sheet transactions with related parties in the amount of CHF 786 million (2024: CHF 906 million) primarily include irrevocable loan commitments and other contingent liabilities.

20 Disclosure of holders of significant participations

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

21 Disclosure of own shares and composition of equity capital

in CHF million

	2025	2024
Reserves for general banking risks	379	379
Bank's capital	2,425	2,425
Retained earnings reserve	11,684	10,952
Foreign currency translation reserve	-1	-15
Consolidated profit	1,241	1,120
Total shareholders' equity	15,727	14,862

The bank does not hold any of its own shares.

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

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

23 Maturity structure of financial instruments

in CHF million	At sight	Cancel- lable	Due					Total
			within 3 months	within 3 to 12 months	after 1 to 5 years	after 5 years	No maturity	
› Assets/financial instruments								
Liquid assets	36,067	250	–	–	–	–	–	36,317
Amounts due from banks	409	0	788	1,089	105	134	–	2,525
Amounts due from securities financing transactions	5	11,666	8,320	214	–	–	–	20,205
Amounts due from customers	70	2,038	5,617	1,845	2,312	779	–	12,662
Mortgage loans	96	25,212	6,431	11,375	45,228	22,831	–	111,174
Trading portfolio assets	13,178	–	–	–	–	–	–	13,178
Positive replacement values of derivative financial instruments	1,022	–	–	–	–	–	–	1,022
Other financial instruments at fair value	–	–	–	–	–	–	–	–
Financial investments	643	–	825	1,525	2,632	2,108	4	7,737
Total assets/financial instruments 2025	51,491	39,166	21,980	16,049	50,276	25,852	4	204,819
Total assets/financial instruments 2024	49,931	35,885	25,385	14,237	48,374	27,204	4	201,021
› Debt capital/financial instruments								
Amounts due to banks	5,833	87	20,709	5,062	93	–	–	31,784
Liabilities from securities financing transactions	0	3,268	6,224	–	–	–	–	9,492
Amounts due in respect of customer deposits	60,410	41,666	9,137	1,913	517	682	–	114,324
Trading portfolio liabilities	2,458	–	–	–	–	–	–	2,458
Negative replacement values of derivative financial instruments	1,105	–	–	–	–	–	–	1,105
Liabilities from other financial instruments at fair value	4,729	–	–	–	–	–	–	4,729
Cash bonds	–	–	18	35	113	42	–	208
Certificate of deposits	–	–	–	–	–	–	–	–
Bond issues	–	3,807	345	1,171	3,555	3,013	–	11,891
Central mortgage institution loans	–	–	39	741	5,553	5,708	–	12,041
Total debt capital/financial instruments 2025	74,536	48,828	36,472	8,922	9,831	9,445	–	188,033
Total debt capital/financial instruments 2024	61,260	46,309	49,066	10,103	9,855	8,841	–	185,434

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

in CHF million

› Assets

Liquid assets	
Amounts due from banks	
Amounts due from securities financing transactions	
Amounts due from clients	
Mortgage loans	
Trading portfolio assets	
Positive replacement values of derivative financial instruments	
Other financial instruments at fair value	
Financial investments	
Accrued income and prepaid expenses	
Participations	
Tangible fixed assets	
Intangible assets	
Other assets	
Total assets	

	2025	
	Domestic	Foreign
	36,317	-
	140	2,384
	9,082	11,123
	10,257	2,405
	111,174	0
	6,265	6,912
	663	359
	-	-
	7,044	692
	428	22
	157	1
	474	1
	3	-
	189	85
	182,193	23,984

	2024	
	Domestic	Foreign
	32,410	323
	270	3,135
	12,265	13,084
	9,756	1,866
	106,599	0
	7,258	6,178
	2,249	421
	-	-
	4,644	563
	484	30
	154	1
	495	3
	3	0
	168	236
	176,755	25,839

› Liabilities

Amounts due to banks	
Liabilities from securities financing transactions	
Amounts due in respect of customer deposits	
Trading portfolio liabilities	
Negative replacement values of derivative financial instruments	
Liabilities from other financial instruments at fair value	
Cash bonds	
Certificate of deposits	
Bond issues	
Central mortgage institution loans	
Accrued expenses and deferred income	
Other liabilities	
Provisions	
Reserves for general banking risks	
Bank's capital	
Retained earnings reserve	
Foreign currency translation reserve	
Consolidated profit	
Total liabilities	

	2,038	29,746
	67	9,425
	107,750	6,574
	1,009	1,449
	656	450
	2,704	2,025
	208	-
	-	-
	11,891	-
	12,041	-
	1,407	30
	694	101
	185	0
	379	-
	2,425	-
	11,532	152
	-1	-
	1,235	7
	156,219	49,958

	3,319	36,372
	27	7,981
	100,512	6,468
	1,118	1,744
	545	460
	2,550	1,871
	260	-
	50	-
	10,994	-
	11,162	-
	1,258	29
	718	116
	175	3
	379	-
	2,425	-
	10,803	150
	-15	-
	1,102	18
	147,383	55,211

› Off-balance-sheet transactions

Contingent liabilities	
Irrevocable commitments	
Obligations to pay up shares and make further contributions	
Credit commitments	

	2,121	1,796
	12,013	1,236
	367	-
	-	-

	2,243	1,813
	12,595	1,450
	349	-
	-	-

25A Assets by country or group of countries

	2025		2024	
	in CHF million	Share as %	in CHF million	Share as %
Switzerland	182,193	88.4	176,755	87.2
Rest of Europe	14,113	6.8	15,142	7.5
– of which, Germany	2,354	1.1	3,280	1.6
– of which, France	1,165	0.6	1,132	0.6
– of which, United Kingdom	3,719	1.8	4,834	2.4
– of which, Guernsey	86	0.0	10	0.0
Americas	8,310	4.0	8,675	4.3
– of which, USA	6,340	3.1	6,466	3.2
Asia and Oceania	1,481	0.7	1,955	1.0
Africa	80	0.0	67	0.0
Total assets	206,177	100.0	202,594	100.0

25B Liabilities by country or group of countries

	2025		2024	
	in CHF million	Share as %	in CHF million	Share as %
Switzerland	156,219	75.8	147,383	72.7
Rest of Europe	26,355	12.8	27,650	13.6
– of which, Germany	4,106	2.0	4,025	2.0
– of which, France	4,433	2.2	3,779	1.9
– of which, United Kingdom	6,265	3.0	5,520	2.7
– of which, Guernsey	2,389	1.2	2,187	1.1
Americas	13,374	6.5	18,016	8.9
– of which, USA	3,654	1.8	7,381	3.6
Asia and Oceania	8,682	4.2	8,194	4.0
Africa	1,547	0.8	1,350	0.7
Total liabilities	206,177	100.0	202,594	100.0

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

	2025		2024	
	in CHF million	Share as %	in CHF million	Share as %
Switzerland	14,500	82.7	15,187	82.3
Rest of Europe	2,196	12.5	2,322	12.6
– of which, Germany	227	1.3	196	1.1
– of which, France	261	1.5	247	1.3
– of which, United Kingdom	234	1.3	148	0.8
– of which, Guernsey	33	0.2	36	0.2
Americas	94	0.5	109	0.6
– of which, USA	76	0.4	84	0.5
Asia and Oceania	725	4.1	810	4.4
Africa	16	0.1	22	0.1
Total	17,532	100.0	18,450	100.0

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

Rating system ZKB's own country rating	Moody's	2025 Net foreign exposure		2024 Net foreign exposure	
		in CHF million	Share as %	in CHF million	Share as %
A	Aaa/Aa1/Aa2/Aa3	21,865	86.1	26,504	86.5
B	A1/A2/A3	1,405	5.5	1,812	5.9
C	Baa1/Baa2/Baa3	630	2.5	516	1.7
D	Ba1/Ba2	1,061	4.2	1,268	4.1
E	Ba3	172	0.7	7	0.0
F	B1/B2/B3	104	0.4	340	1.1
G	Caa1/Caa2/Caa3/Ca/C	145	0.6	179	0.6
Total		25,380	100.0	30,626	100.0

27 Balance sheet by currencies

Currencies translated in CHF million

	CHF	USD	EUR	Other	Total
› Assets					
Liquid assets	36,283	1	31	2	36,317
Amounts due from banks	141	1,907	418	58	2,525
Amounts due from securities financing transactions	9,169	6,013	5,023	–	20,205
Amounts due from clients	9,236	1,254	1,766	406	12,662
Mortgage loans	110,987	–	186	–	111,174
Trading portfolio assets	8,232	3,759	991	195	13,178
Positive replacement values of derivative financial instruments	663	85	248	25	1,022
Other financial instruments at fair value	–	–	–	–	–
Financial investments	7,538	0	199	0	7,737
Accrued income and prepaid expenses	391	36	21	1	449
Non-consolidated participations	157	–	1	0	158
Tangible fixed assets	474	–	–	–	474
Intangible assets	3	–	–	–	3
Other assets	158	53	15	48	274
Total assets shown in balance sheet	183,435	13,108	8,899	735	206,177
Delivery entitlements from spot exchange, forward forex, forex options and precious metal transactions	155,301	170,105	89,035	42,996	457,438
Total assets	338,736	183,214	97,934	43,732	663,615
› Liabilities					
Amounts due to banks	6,854	18,794	4,308	1,828	31,784
Liabilities from securities financing transactions	–	1,431	4,442	3,619	9,492
Amounts due in respect of customer deposits	103,676	3,953	5,779	917	114,324
Trading portfolio liabilities	1,436	812	190	20	2,458
Negative replacement values of derivative financial instruments	811	189	95	11	1,105
Liabilities from other financial instruments at fair value	3,095	1,062	539	33	4,729
Cash bonds	208	–	–	–	208
Certificate of deposits	–	–	–	–	–
Bond issues	9,111	–	2,780	–	11,891
Central mortgage institution loans	12,041	–	–	–	12,041
Accrued expenses and deferred income	1,202	165	59	10	1,437
Other liabilities	693	32	32	38	795
Provisions	185	–	–	–	185
Reserves for general banking risks	379	–	–	–	379
Bank's capital	2,425	–	–	–	2,425
Retained earnings reserve	11,691	–	–	–7	11,684
Foreign currency translation reserve	–	–	–	–1	–1
Consolidated profit	1,241	–	–	0	1,241
Total liabilities shown in the balance sheet	155,050	26,438	18,223	6,467	206,177
Delivery obligations from spot exchange, forward forex, forex options and precious metal transactions	183,755	157,388	79,231	37,081	457,454
Total liabilities	338,805	183,826	97,453	43,548	663,632
Net position per currency in 2025	–69	–612	481	184	–16
Net position per currency in 2024	182	–404	44	152	–26

j) Information on off-balance-sheet transactions

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

28 Contingent liabilities and contingent assets

in CHF million

	2025	2024
Guarantees to secure credits and similar	385	466
Performance guarantees and similar	2,378	2,171
Irrevocable commitments arising from documentary letters of credit	1,153	1,419
Other contingent liabilities	-	-
Total contingent liabilities	3,916	4,056
Contingent assets arising from tax losses carried forward	-	-
Other contingent assets	-	-
Total contingent assets	-	-

In connection with the intended sale of the debt market portal cosmofunding the seller, Bank Vontobel AG, receives a fixed price. This promise to pay represents an irrevocable commitment as at 31 December 2025 and an earn-out payment in 2027 that will depend on the income generated from private placement transactions. The earn-out payment in the first quarter of 2027 cannot be reliably quantified at present.

29 Breakdown of credit commitments

There are no credit commitments as of 31 December 2025 and 31 December 2024.

30 Breakdown of fiduciary transactions

in CHF million

	2025	2024
Fiduciary investments with third-party companies	1,021	1,066
Fiduciary investments with linked companies	-	-
Fiduciary loans	-	-
Fiduciary transactions arising from securities lending and borrowing (in the bank's own name for the account of customers)	-	-
Fiduciary crypto currencies held for customer's accounts ¹	-	-
Other fiduciary transactions	-	-
Total	1,021	1,066

¹ According to FINMA Guidance 03/2025, recognising cryptobased assets (cryptocurrencies held for clients on a fiduciary basis) as fiduciary transactions as described in margin no. 214 of FINMA Circular 2020/1 is no longer appropriate. From financial year 2025 onwards, cryptobased assets will be disclosed in Note 31a as a footnote, along with the prior-year figure.

31 Breakdown of managed assets and presentation of their development

a) Breakdown of managed assets

in CHF million

› Type of managed assets

	2025	2024
Assets in collective investment schemes managed by the bank	193,896	170,958
Assets under discretionary asset management agreements	104,197	104,045
Other managed assets ³	200,504	182,274
Total managed assets (including double counting)^{1/3}	498,598	457,276
– of which, double counting	98,826	94,150
Assets with Custody Services²	80,352	63,534
Total client assets (including double counting)³	578,950	520,811

1 The assets under management include all client assets of an investment nature held with Zürcher Kantonalbank, as well as client assets held with third-party banks that are managed by Zürcher Kantonalbank. Zürcher Kantonalbank also includes client deposits that are not of an investment nature in its reported assets under management.

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

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

3 Of which cryptobased assets: CHF 55 million (previous year: CHF 19 million).

b) Presentation of the development of managed assets

in CHF million

	2025	2024
Total managed assets (including double counting) at beginning	457,276	395,786
+/- net new money inflow or net new money outflow ⁴	13,590	29,817
+/- price gains/losses, interest, dividends and currency gains/losses ⁴	33,615	32,841
+/- other effects	-5,883 ⁵	-1,167
Total managed assets (including double counting) at end	498,598	457,276

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

5 The other effects include a decline in assets under management totalling CHF 4,750 million in connection with the sale of Zürcher Kantonalbank Österreich AG in January 2025.

k) Information on the income statement

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

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

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

in CHF million

	2025	2024
Result from trading in foreign exchange, bank notes and precious metals	232	146
Result from trading in bonds, interest rate and credit derivatives	64	93
Result from trading in equities and structured products	101	79
Result from other trading activities ¹	30	34
Total	427	353

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

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

in CHF million

	Result from trading activities from:						
	Foreign exchange and bank notes	Precious metals	Securities lending and borrowing	Bonds, interest rate and credit derivatives	Equities and equity derivatives	Commodities and commodity derivatives	Other products ²
	2025						
Result from trading in foreign exchange, bank notes and precious metals	232	225	14	0	-6	-	-
Result from trading in bonds, interest rate and credit derivatives	64	-0	-	-10	74	0	-
Result from trading in equities and structured products	101	30	-2	0	-20	88	6
Result from other trading activities	30	-0	-0	31	-0	-1	-0
Total	427	254	12	21	48	87	-0
- of which, from fair value option on assets	-	-	-	-	-	-	-
- of which, from fair value option on liabilities	-352	7	-1	-	4	-362	-0

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

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

During financial year 2025, refinancing income from trading activities of CHF –271.1 million (previous year: CHF –369.5 million) was included in the item Interest and discount income. The item Interest and discount income also includes the result of currency swaps in the amount of CHF 1,076.0 million (previous year: CHF 1,141.9 million), which were entered into solely for the purpose of engaging in interest arbitrage. Negative interest on lending business is shown as a reduction in the interest and discount income. Negative interest on deposit-taking business is shown as a reduction in interest expenses.

in CHF million	2025	2024
Negative interest on lending business (reduction in interest and discount income)	3	0
Negative interest on deposit-taking business (reduction in interest expenses)	4	1

34 Breakdown of personnel expenses

in CHF million	2025	2024
Salaries and benefits	1,008	982
– of which, alternative forms of variable compensation	–	–
AHV, IV, ALV and other social security contributions	204	204
Changes in book value for economic benefits and obligations arising from pension schemes	–	–
Other personnel expenses	37	37
Total	1,249	1,223

35 Breakdown of general and administrative expenses

in CHF million	2025	2024
Office space expenses	33	33
Expenses for information and communications technology	209	193
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	2	2
Fees of audit firms	8	7
– of which, for financial and regulatory audits	7	7
– of which, for other services	0	0
Other operating expenses	290	272
– of which, compensation for state guarantee	34	31
Total	541	508

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

in CHF million

› Extraordinary income

Reversal of impairment on other participations	
Income from sale of other real estate/bank premises	
Income from sale of participations	
Other	
Total	

	2025	2024
	6	2
	3	9
	57 ¹	0
	2	1
Total	68	12

› Extraordinary expenses

Losses from sale of other real estate/bank premises	
Losses from disposal of participations	
Other	
Total	

	-	-
	-	-
	0	0
Total	0	0

› Changes in reserves for general banking risks

Creation of reserves for general banking risks	
Release of reserves for general banking risks	
Total	

	-	-
	-	-
Total	-	-

1 Mainly in connection with the sale of Zürcher Kantonalbank Österreich AG to Liechtensteinische Landesbank (AG).

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

in CHF million

Participations	Registered office		
CLS Group Holdings AG	Lucerne		
TWINT AG	Zurich		
Venture Incubator AG	Altendorf		
Total			

	2025	2024
	1	0
	1	1
	2	-
Total	4	1

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

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

in CHF million

› Result from interest operations

Interest and discount income	
Interest and dividend income from financial investments	
Interest expense	
Gross result from interest operations	
Changes in value adjustments for default risk and losses from interest operations	
Subtotal net result from interest operations	

› Result from commission business and services

Commission income from securities trading and investment activities	
Commission income from lending activities	
Commission income from other services	
Commission expense	
Subtotal result from commission business and services	

› Result from trading activities

Result from trading activities and the fair value option	
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› Other result from ordinary activities

Result from the disposal of financial investments	
Income from participations	
– of which, participations valued using the equity method	
– of which, from other non-consolidated participations	
Result from real estate	
Other ordinary income	
Other ordinary expenses	
Subtotal other result from ordinary activities	
Operating income	

› Operating expenses

Personnel expenses	
General and administrative expenses	
Subtotal operating expenses	

Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	
Changes to provisions and other value adjustments and losses	

Operating result	
Extraordinary income	
Extraordinary expenses	
Changes in reserves for general banking risks	

Consolidated profit before taxes	
Taxes	

Consolidated profit	
----------------------------	--

2025		2024	
Domestic	Foreign	Domestic	Foreign
3,279	0	4,326	17
46	–	40	0
–1,631	–2	–2,631	–14
1,694	–2	1,734	3
–13	–0	–57	0
1,681	–2	1,677	3
1,487	154	1,334	177
78	–	77	0
153	0	148	0
–647	–131	–581	–124
1,071	23	977	53
406	22	335	18
4	–	10	–
14	0	14	–
1	0	1	–
13	–	13	–
8	0	8	0
33	0	34	0
–10	–	–6	0
49	0	59	0
3,206	44	3,048	74
–1,239	–9	–1,199	–24
–552	–25	–517	–25
–1,792	–35	–1,715	–49
–51	–0	–71	–1
–18	–0	–7	–1
1,345	9	1,255	22
68	0	12	0
–0	–	–0	–0
–	–	–	–
1,413	9	1,267	22
–178	–2	–164	–4
1,235	7	1,102	18

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

in CHF million

	2025	2024
Creation of provisions for deferred taxes	-0	-
Reversal of provisions for deferred taxes	-	0
Recognition of deferred taxes on losses carried forward	-	-2
Recognition of other deferred taxes	0	0
Reversal of other deferred taxes	-0	-0
Expenses for current income and capital taxes ¹	-181	-165
Expenses for property gains taxes	0	-2
Total	-180	-168
Unrecognised tax reductions on losses carried forward, and tax credits not recognised under the principle of prudence	-	-
Hypothetical deferred income taxes calculated at theoretical tax rates on revaluations of investments not relevant for tax purposes	-	-

Figures in table: minus = expense; plus = income

¹ Of which OECD minimum tax in Switzerland for the current year CHF 170 million (prior year: CHF 156 million).

Average weighted tax rate (basis: operating result): 13.3 % (prior year 13.2 %).

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

Zürcher Kantonalbank has no listed equity securities.

41 Components of return on equity

	2025	2024
Return on equity (RoE)	8.3%	8.0%

in CHF million

	2025	2024
Relevant net annual result for calculating ROE		
Consolidated profit	1,241	1,120
Total	1,241	1,120
Relevant average equity¹ for calculating ROE		
Average bank's capital	2,425	2,425
Average other equity components	12,483	11,647
Total	14,908	14,072

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

l) Risk report

1.1.1 Risk profile

Zürcher Kantonalbank continued to have a robust risk profile as at the end of the 2025 financial year. This is despite the fact that the past year was characterised by increased uncertainty due to military and trade conflicts as well as geopolitical realignment. The robust risk profile is an expression of the diversified business model of Zürcher Kantonalbank, its sustainable strategy and cautious risk policy. Risk management is of central importance for maintaining creditworthiness and reputation in a more challenging environment.

On the Swiss real estate market, the return and prospect of a sustained low interest rate environment for the time being has brought relief and confidence to many market participants. The residential real estate market in particular remains in a structural excess demand situation, given the continuing high level of immigration and insufficient housing production. This can be seen at the Canton of Zurich in continuing price growth and rising rents. The mortgage portfolio of Zürcher Kantonalbank grew by 4.3 percent in 2025. Credit risk management ensures that the portfolio growth maintains a balanced risk profile.

The unsecured corporate loan portfolio, where volume is slightly lower than a year ago, remains stable in terms of default risks. In 2025, the uncertainties surrounding US tariffs and the strength of the Swiss franc against the US dollar posed a particular challenge for many export-oriented Swiss companies. However, these have so far proved very resilient, meaning that no significant negative developments in the form of additional value adjustments or provisions have been recorded for the exposures of Zürcher Kantonalbank at portfolio level. The regular assessment of all major unsecured credit exposures has not revealed any extraordinary risks. Against a backdrop of intensifying geopolitical tensions, considerable uncertainties remain with regard to future economic development.

In April, the risk profile for trading showed higher risk figures in the short term as a result of the tariff shock, which temporarily led to significantly higher volatility on the financial markets. As the year progressed and particularly in the final quarter, stable and favourable markets and structurally reduced risks resulted in very low utilisation of risk limits. At year-end, utilisation of value at risk (VaR) stood at 11 percent, while utilisation of internally allocated risk capital (capital at risk, CaR) was 31 percent (previous year: 58 percent).

The bank managed the risks of its balance sheet structure to achieve the targeted interest rate sensitivity in line with interest rate trends as well as changes in client requirements when choosing mortgage and account products. The low interest rate environment tended to lead to an increase in client demand for rollover mortgages, shorter terms for fixed-rate mortgages and a shift from fixed-term deposits to account balances in the deposit business. Taking refinancing and hedging transactions into account, the interest rate sensitivity of the CHF banking book at the end of the year was slightly below that of the previous year.

Zürcher Kantonalbank continues to have a good liquidity situation, which is reflected in solid liquidity risk ratios. All regulatory liquidity requirements, including the net stable funding ratio (NSFR), were comfortably met at all times.

The bank's risk profile for operational risks did not change fundamentally compared with the previous year. The countermeasures taken 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 are in the key risk area: information technology (IT), processing and execution errors, business interruption, information security (including cyber risks) and data management. As society and the economy continue to become digitally connected and complexity increases, we continue to attach a high level of importance to the management of these risks.

The bank's risk profile for compliance risks also remained stable. The persistently high regulatory pressure and the dynamic development of regulatory and legal requirements also required a considerable amount of resources in the 2025 reporting year. In the year under review the bank again prioritised efforts to combat money laundering and terrorist financing as well as to ensure consistent compliance with and implementation of sanctions. Developments in investor protection, data protection, financial and banking supervisory law, sustainability

issues and sustainable finance also played an important role. Compliance and legal risks were comprehensively addressed through appropriate measures.

In the area of climate-related financial risks, the bank has revised the risk assessment process based on the requirements of the new FINMA circular. The overall assessment remains largely unchanged. Climate-related financial risks influence the risk profile, but are not among the top risks.

1.1.2 Risk management and internal control system (ICS)

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

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

Internal control system (ICS): The ICS ensures that 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.

1.1.3 Principles of risk management

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

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

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

1.1.4 Principles of compliance

The objective of compliance is to ensure that Zürcher Kantonalbank conducts its business operations in accordance with legal and ethical norms. 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.

1.1.5 Risk and compliance organisation

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

Board of Directors and Chairperson's Committee

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

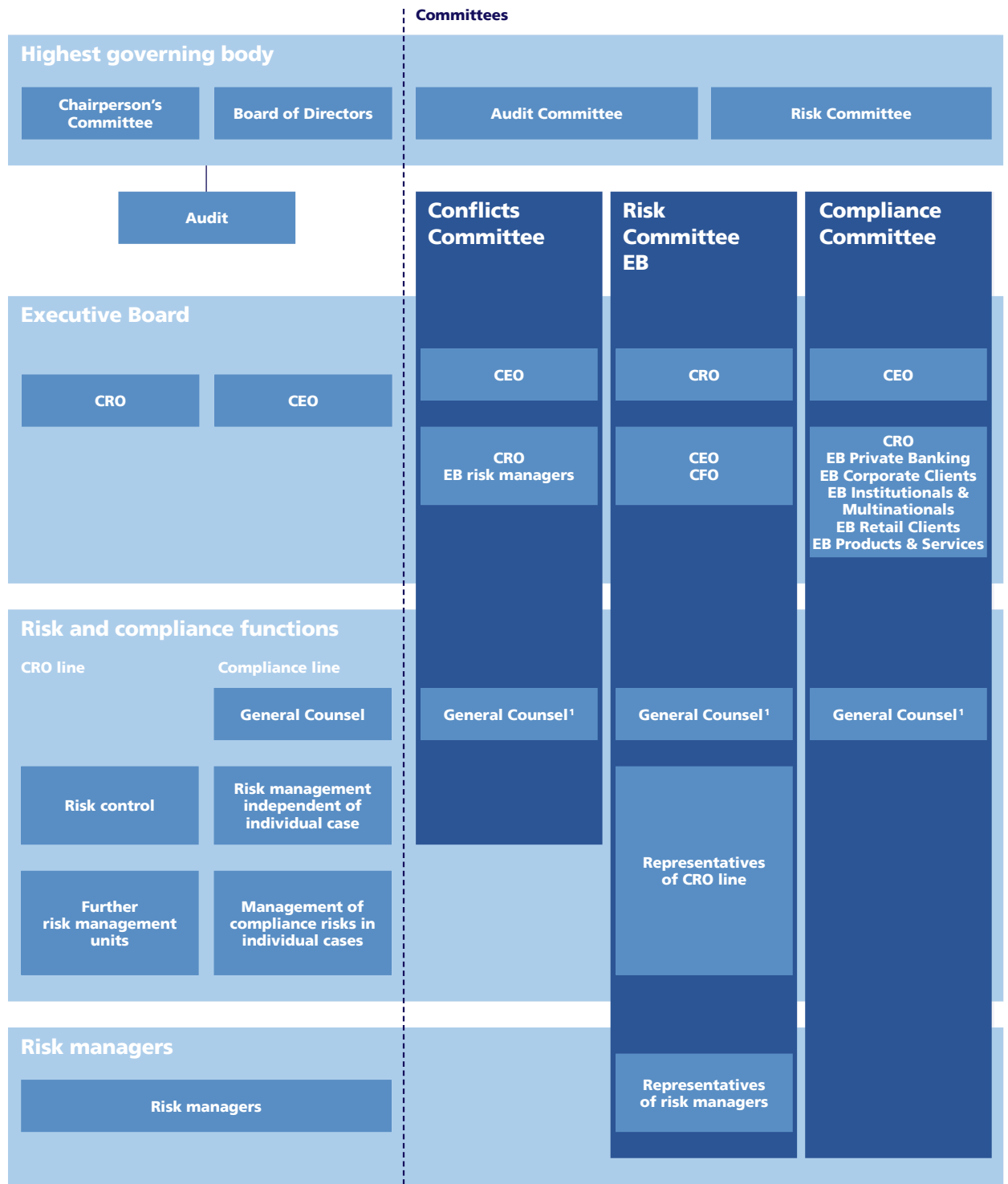
The Chairperson's Committee approves limits and deals with transactions involving particular business policy risks, conflicts of interest or particular effects on the group's reputation where these exceed the remit of the Executive Board and do not fall within the remit of the Board of Directors.

Audit

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

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

Fig. 1: Risk and compliance organisation



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

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

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. In a crisis situation, individual crisis management teams reporting to the Risk Committee ensure that necessary and appropriate measures are defined and implemented.

Compliance Committee of the Executive Board

The Compliance Committee, chaired by the CEO, supports the EB in organising the risk management of compliance risks and the resulting reputational risks. The Compliance Committee has assumed the tasks of the previous International Committee. The Deputy Chairman of the Committee is the General Counsel. 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 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

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 reporting

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

1.2 Regulatory capital adequacy and liquidity requirements

This section includes the regulatory key figures (Table KM1) to be published in the annual report in accordance with the Disclosure Ordinance (DisO-FINMA). The other tables on qualitative and quantitative disclosure as at 31 December 2025 will be available online from the end of April 2026 at zkb.ch/disclosure.

A selection of different approaches is available to banks to calculate risk-based capital adequacy requirements for credit, counterparty, CVA, market and operational risks. The capital required for credit risks is calculated primarily using the internal-ratings-based approach (simple IRB approach (F-IRB)). For exposures for which the IRB approach cannot be applied, the required capital for credit risks is calculated using the international standardised approach (SA-BIS). In the case of counterparty credit risks, 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 required for the risk of possible credit valuation adjustments to derivatives and securities financing transactions (CVA risk) are calculated using the reduced basic approach (BA-CVA). The capital required for market risk is calculated using the market risk standardised approach. To determine the capital required for operational risks, Zürcher Kantonalbank uses the standardised approach, with the internal loss multiplier calculated on the basis of internal loss data.

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

As at 31 December 2025 the group had minimum required capital of CHF 5,789 million, compared with eligible capital of CHF 16,882 million. Both the total capital ratio of 23.3 percent of risk-weighted assets and the leverage ratio of 7.1 percent reflect Zürcher Kantonalbank's solid equity base.

The liquidity coverage ratio (LCR) of 136 percent and the net stable funding ratio (NSFR) of 118 percent point to a comfortable liquidity situation. The regulatory key figures for the group are shown on the following two pages.

The breakdown of the regulatory minimum required capital within the group of CHF 5,789 million shows the importance of the lending business to Zürcher Kantonalbank (Figure 3).

Fig. 3: Breakdown of the regulatory risk-weighted minimum required capital as at 31.12.2025, by risk category

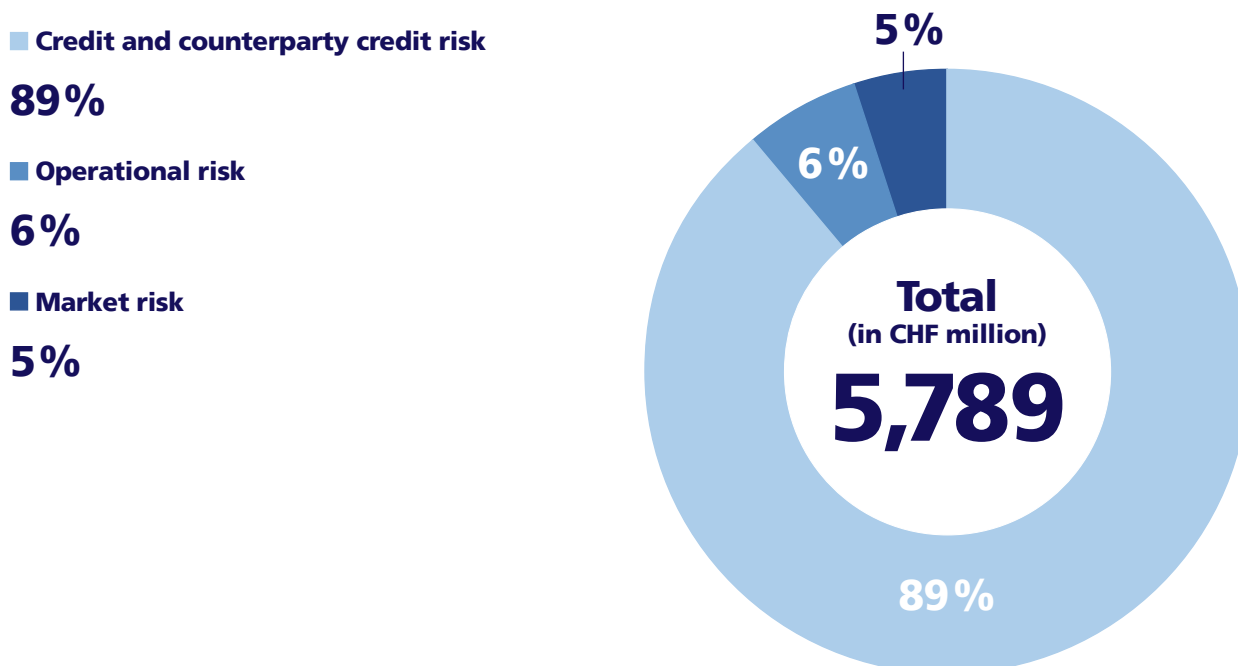


Fig. 2: Table KM1: Key metrics group

Group	a	b	c	d	e
in CHF million (unless indicated 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 ⁴	16,281 ⁴	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 ⁴	73,599 ⁴	86,443
4a RWA pre output floor (Art. 45a para. 3 CAO)	72,359	72,751	71,680 ⁴	73,599 ⁴	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 (as a % of RWA)					
5 CET1 ratio ¹	21.2%	20.5%	20.6% ⁴	19.9% ⁴	16.8%
5b CET1 ratio pre output floor	21.2%	20.5%	20.6% ⁴	19.9% ⁴	n/a
6 Tier 1 capital ratio ¹	22.7%	22.0%	22.1% ⁴	21.3% ⁴	18.0%
6b Tier 1 capital ratio pre output floor	22.7%	22.0%	22.1% ⁴	21.3% ⁴	n/a
7 Total capital ratio ¹	23.3%	22.6%	22.8% ⁴	22.1% ⁴	18.6%
7b Total capital ratio pre output floor	23.3%	22.6%	22.8% ⁴	22.1% ⁴	n/a
TLAC ratio ²	32.2%	31.4%	31.0% ⁴	30.1% ⁴	25.7%
› CET1 buffer requirements (as a % 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% ⁴	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% ⁴	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% ⁴	15.4% ⁴	10.6%
› Capital target ratios as per Annex 8 to the CAO (as a % of RWA)³					
Countercyclical buffer (§44 CAO)	0.9%	0.9%	0.9%	0.9%	0.9%
› 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%

1 In accordance with the provisions of the CAO for non-systemically important banks.

2 In accordance with the provisions for systemically important banks. TLAC includes core capital (going concern) and eligible additional loss-absorbing capital (gone concern). For details on the composition of the eligible additional loss-absorbing capital (gone concern), please refer to the separate report "Disclosure of systemically important banks".

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

4 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.

› **Liquidity coverage ratio (LCR)⁵**

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 %

5 A simple average of the end-of-day values on business days during the quarter under review.

1.3 Capital allocation within internal risk management

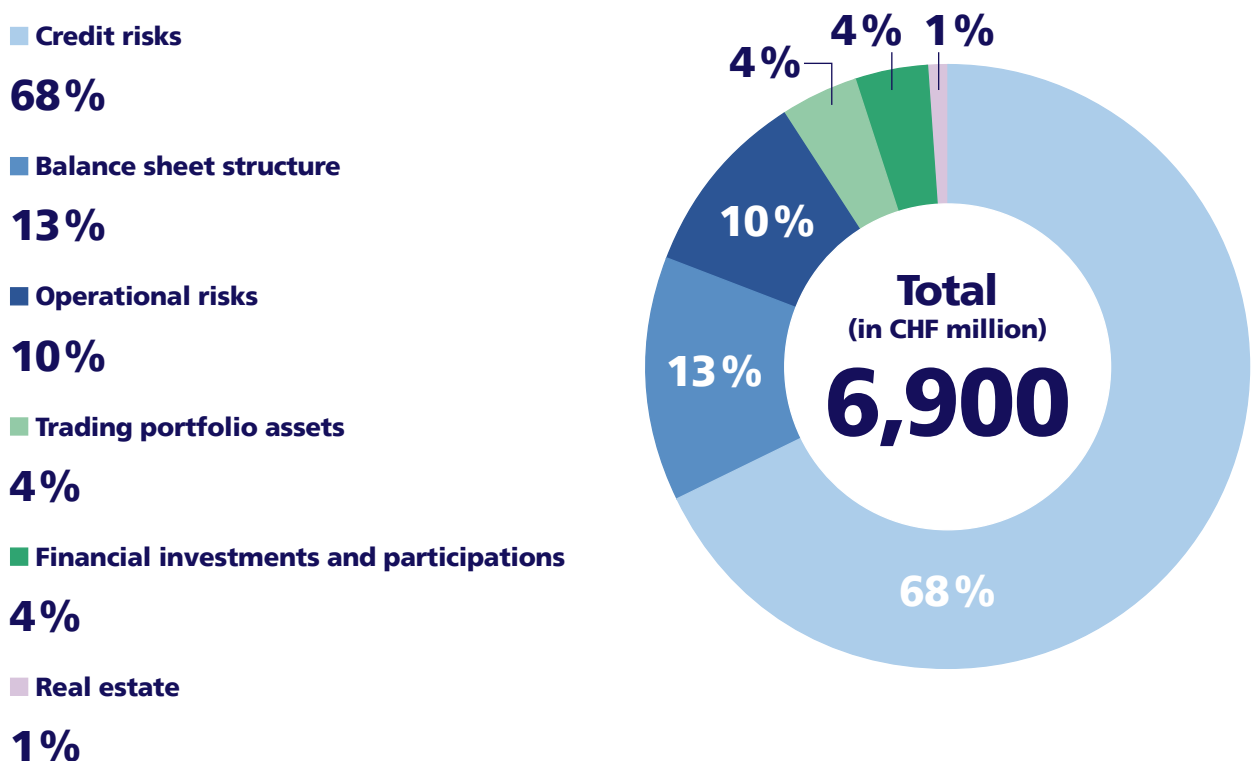
Amongst other things, Zürcher Kantonalbank employs a capital at risk approach to internal risk management. The Board of Directors defines the risk tolerance with the maximum risk capital. The Board of Directors determines the quantitative risk tolerance requirements by allocating risk capital to the risk categories of credit, market and operational risks¹. The models are based on an observation horizon of one year and a maximum tolerated probability of default of 0.1 percent per year.

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

Of the CHF 16,095 million in eligible capital (total capital) at the end of 2024, a total of 6,900 million was allocated to the risk business in 2025. The percentage breakdown by risk category of the allocated capital is shown in Figure 4.

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

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



1.4 Risk categories

Zürcher Kantonalbank divides risks into the following categories.

Fig. 5: Risk categories

Credit risk

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

Market risk

Market risks comprise the risk of financial losses on securities and derivatives in the bank's own portfolio as a result of changes in market factors, such as share prices, interest rates, volatilities or exchange rates (general market risks), as well as for issuer specific reasons (specific market risks). Market risks also include balance sheet interest rate risk, market liquidity risk and issuer (default) risk. Balance sheet interest rate risk is the risk that changes in market interest rates will impact negatively on the financial situation of the banking book. As well as affecting current interest income, changes in interest rates have implications for future results. The interest rate risk is managed based on the market interest method. Market liquidity risk is the risk that a product can no longer be easily sold (or purchased) on a market.

The higher the market liquidity, the greater the chance of purchasing or selling a product for an appropriate price at the desired time. Issuer (default) risk is the risk of a loss arising from a change in fair value resulting from a credit event affecting an issuer to which the bank is exposed through marketable securities or derivatives from this issuer.

Liquidity risk

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

Operational risk

Operational risks are the risk of financial losses that occur as a result of the inadequacy or failure of internal processes or systems, inappropriate human behaviour, human error, or as a result of external events. Operational risks are divided into the following ten categories: 1) offences (external), 2) physical security, 3) business interruption, 4) processing/execution errors, 5) information technology (IT), 6) third parties, 7) information security (including cyber), 8) data management, 9) models, 10) offences (internal).

Compliance risk

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

Strategic risk

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

Business risk

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

Reputation risk

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

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

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

The management of sustainability risks is an integral part of the bank's risk management processes. For example, aspects of sustainability, such as environmental or social risks, are an important part of risk assessment when reviewing financing for companies that operate globally. The sustainability policy of Zürcher Kantonalbank excludes project financing for coal mining, oil and gas extraction and fossil-fuelled power plants. Specific exclusion criteria and conditions are applied for commercial loans to commodity companies and energy producers. The following exclusions are applied in commodity trading finance and in the letter of credit, guarantee and collection business: thermal coal, crude and heavy oil, bitumen/asphalt, asbestos, uranium, precious woods, live goods, diamonds, rare-earth elements, perishable goods and non-certified palm oil.

The sustainability mandate, support mandate and service mandate together form Zürcher Kantonalbank's public service mandate, which is anchored in the Cantonal Banking Act on Zürcher Kantonalbank and implemented in the "Guidelines for the Fulfilment of the Public Service Mandate" adopted by the Cantonal Parliament. Internal guidelines for implementation in the business areas are formulated in the sustainability policy. Zürcher Kantonalbank publishes an annual sustainability report, which contains detailed information on the fulfilment of its public service mandate (zkb.ch/sustainability). Climate-related financial risks, which must be disclosed in accordance with FINMA regulatory requirements, are part of sustainability risks. The disclosure report will be published by the end of April 2026 at zkb.ch/disclosure. Section 1.10 of this report provides a summary of climate-related financial risks.

Risk management and the risk profile in the risk categories are described in the following sections.

1.5 Credit risks

1.5.1 Strategy, organisation and processes

The strategy applied in the management of credit risks is set out in the internal lending policy. The strategy is revised and updated by the risk organisation as part of an annual, structured process and is approved by the 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.

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.

Credit risks are managed and limited by means of detailed parameters and areas of responsibility within the credit process at individual exposure level and by means of limiting the risk capital in accordance with the capital at risk approach at portfolio level. Another key control element in credit risk management is risk-adjusted pricing, which includes expected

losses (standard risk costs) as well as the cost of the risk capital to be retained in order to cover unexpected losses.

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

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

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

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

The calculation of value adjustments and provisions for expected losses on exposures not at risk of default is explained in the section "Accounting and valuation principles" on page 113.

Country risks

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

Settlement risks

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

Concentration risks

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

1.5.2 Risk profile

Against the backdrop of the trends in the real estate market and despite the ongoing geopolitical and trade conflicts, Zürcher Kantonalbank's loan portfolio remained robust as at the end of the year (see also section 1.1.1).

Credit exposure in the main sub-portfolios

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

Credit exposures by rating category

Default probability ratings are assigned internally on the basis of a scale from 1 to 19. Figure 6 shows the credit exposures broken down by counterparty credit rating, mapped to Standard & Poor's rating scale. There have been only minor changes compared with the previous year at the level of the overall portfolio. Credit exposures in the non-investment categories (BB and below) account for 6.1 percent of the volume (2024: 6.0 percent).

Credit exposures by client portfolio in CHF million

Figure 7 shows credit exposures classified in accordance with the bank's internally defined client portfolios. The volume of credit exposures fell by around CHF 860 million (–0.6 percent) compared with the previous year. Credit exposures in relation to "private individuals" consisted almost entirely of receivables secured by mortgages and represented 51 percent (2024: 49 percent) of total credit exposures. The corporate clients portfolio consists of credit exposures in relation to clients of a commercial nature (incl. real estate companies and cooperative building associations). The share of this client group in total credit exposures was 28 percent (2024: 26 percent), 85 percent (2024: 83 percent) of which was secured by mortgages or cash. In the "Banks and securities dealers" portfolio, the largest share of credit exposures in volume terms, at 9 percent (2024: 13 percent), was in the form of collateralised transactions such as reverse repo transactions. Other credit exposures in relation to banks arise as a result of trading operations and from the international trade financing business. Insurance companies, pension funds, financial holding companies, investment fund companies and similar companies together constitute the "Financial sector excluding banks" portfolio, which accounted for a 7 percent share (2024: 7 percent). "Governments and public entities" – the smallest portfolio, with a share of 5 percent of the volume of credit exposures – consists of positions with central banks, central governments and public authorities and institutions.

Mortgage loans to private individuals

Real estate financing for private individuals is part of Zürcher Kantonalbank's core business. Around 62 percent of these mortgage loans relate to owner-occupied residential property. The remaining loans are secured with rented residential properties or properties that are used for commercial purposes. Mortgage loans to private individuals increased by 3.1 percent in 2025. The median gross loan-to-value ratio for all properties in the private individuals client portfolio was 43.2 percent (2024: 43.8 percent).

Unsecured loans

Of the unsecured loans in the corporate clients portfolio (Figure 8), 79 percent (2024: 80 percent) are attributable to clients in the AAA to BBB (investment grade) rating categories, with a lower year-on-year overall volume at CHF 6.1 billion (–5.9 percent). Figure 9 shows the unsecured loans in the corporate clients portfolio broken down by industry. The top three industries are still trade, manufacturing, and information & communication. In the "Banks and securities traders" portfolio (Figure 10), the volume of unsecured loans at about CHF 2.3 billion was significantly lower (–22 percent) than at the end of 2024. The level of this exposure can change significantly every day, unlike other forms of lending, due to the influence of the bank's trading transactions. The AAA to BBB (investment grade) rating categories accounted for 86 percent (2024: 88 percent) of the unsecured exposures.

Impaired loans

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, see also Note 2 to the balance sheet).

Fig. 6: Credit exposures by rating category

Share as %

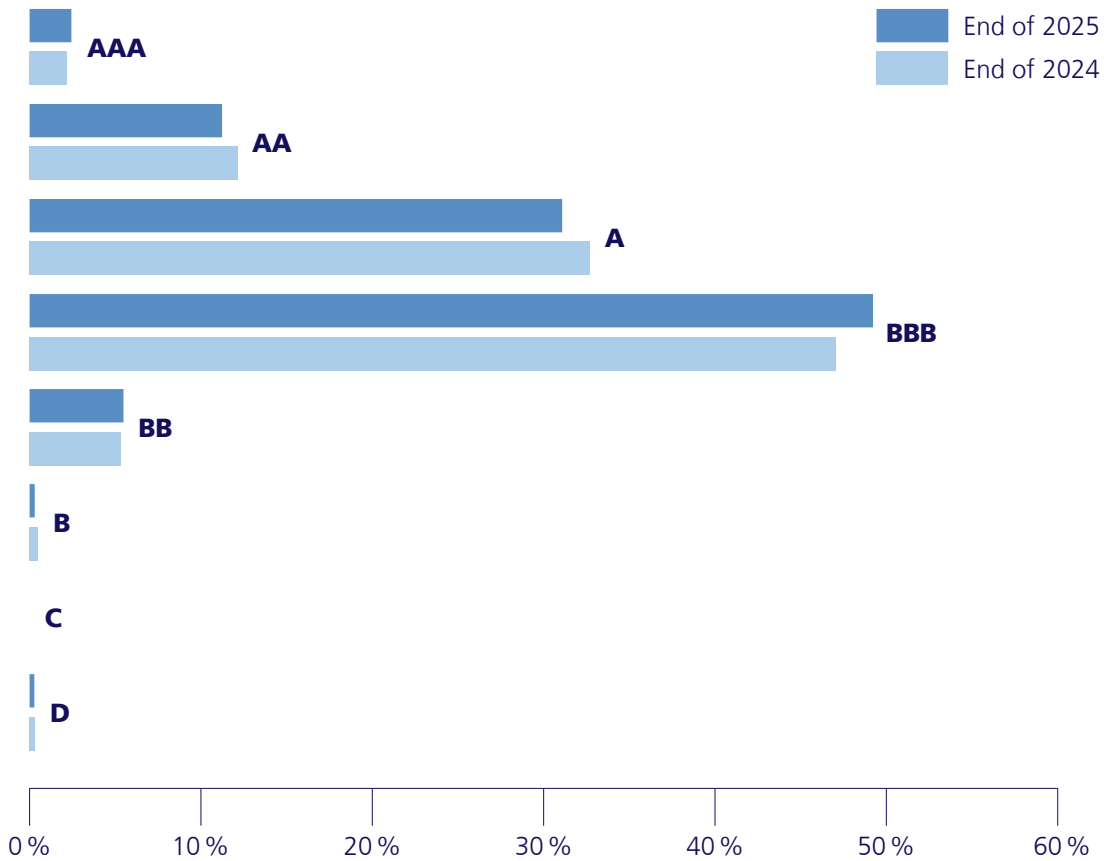


Fig. 7: Credit exposures by client portfolio

in CHF million

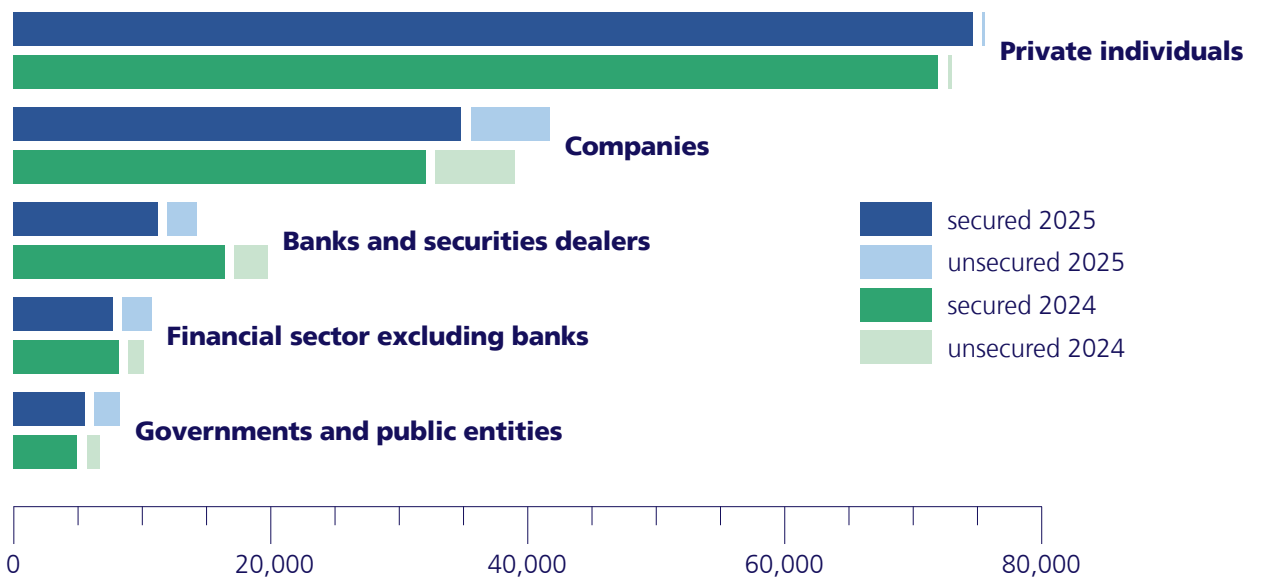
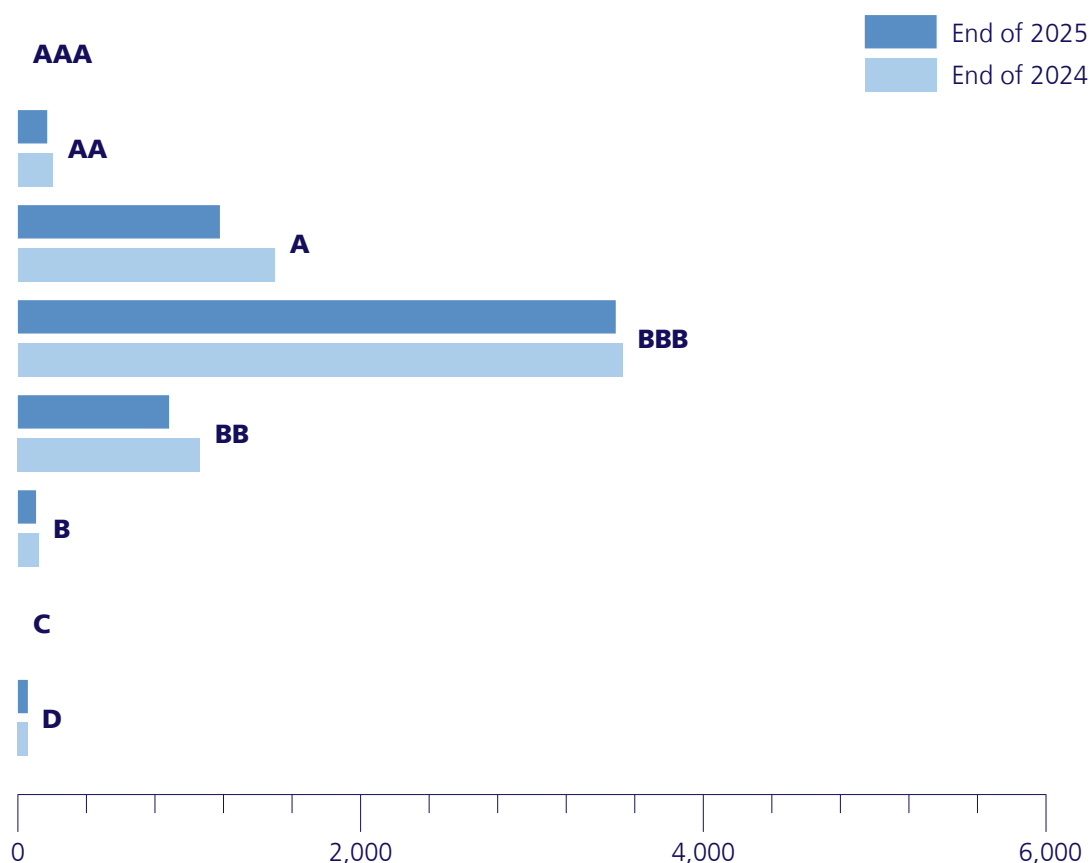


Fig. 8: Unsecured credit exposures to corporate clients by rating category

in CHF million



Non-performing loans/receivables

The nominal value of non-performing loans amounted to CHF 178 million at the end of the reporting period (2024: CHF 147 million). Loans are classified as non-performing when interest, commission or amortisation payments or the repayment of the principal have not been received in full 90 days after becoming due. This also includes claims against borrowers in liquidation, and loans with special conditions arising from a borrower's financial standing. Non-performing loans are also often a component of impaired loans.

Value adjustments and provisions

The volume of individual value adjustments and provisions for default risks from impaired loans and receivables increased by CHF 23 million to CHF 384 million in 2025 (see also Note 16 to the balance sheet). Forecast uncertainty in the medium and longer term remains elevated, partly due to the continuing tense geopolitical situation. Accounting regulations require Zürcher Kantonalbank to set up allowances and reserves for expected losses on non-impaired positions. Due to the trend in various risk parameters, the position declined by CHF 16 million year-on-year to CHF 489 million at the end of 2025.

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

in CHF million

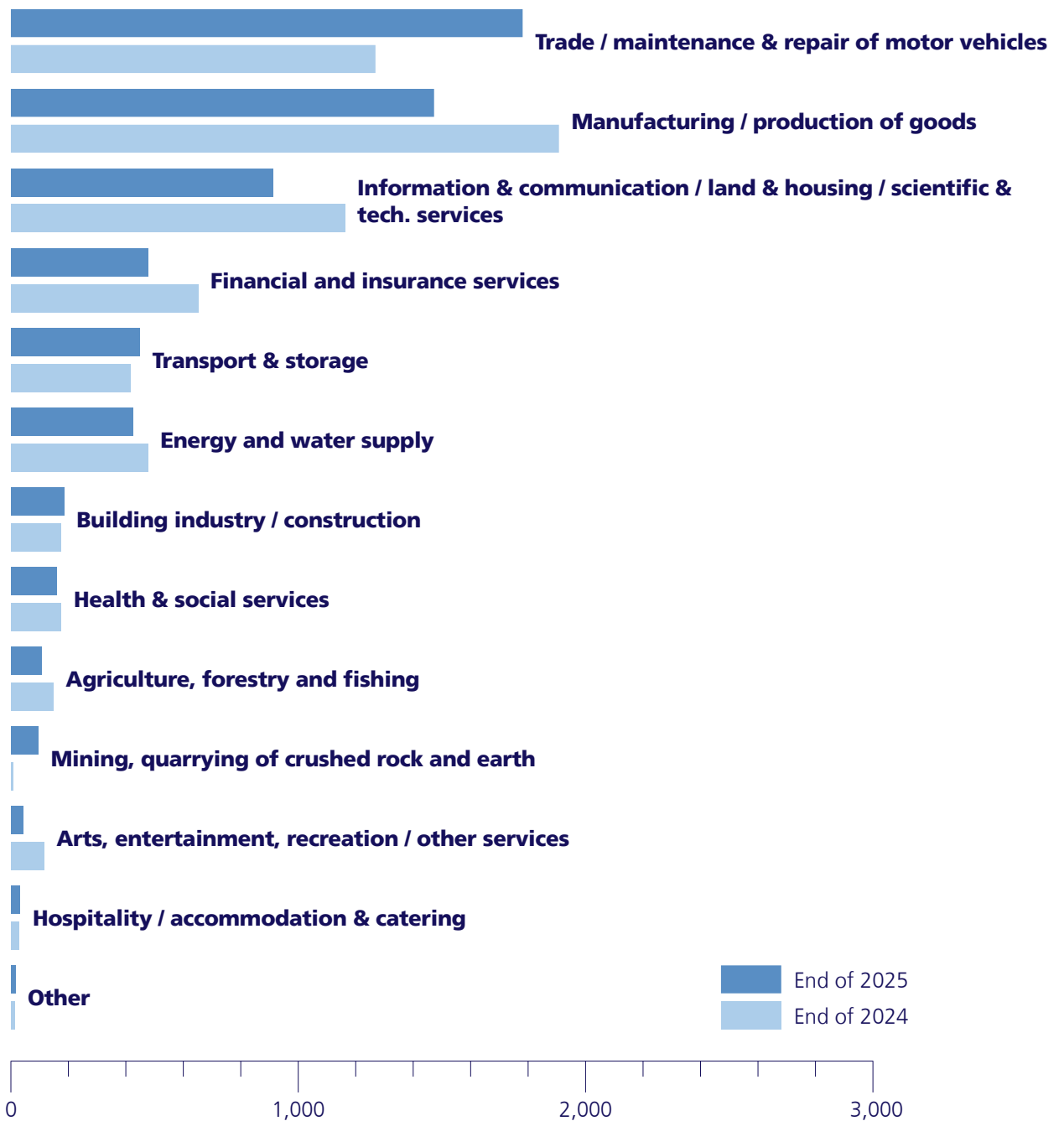
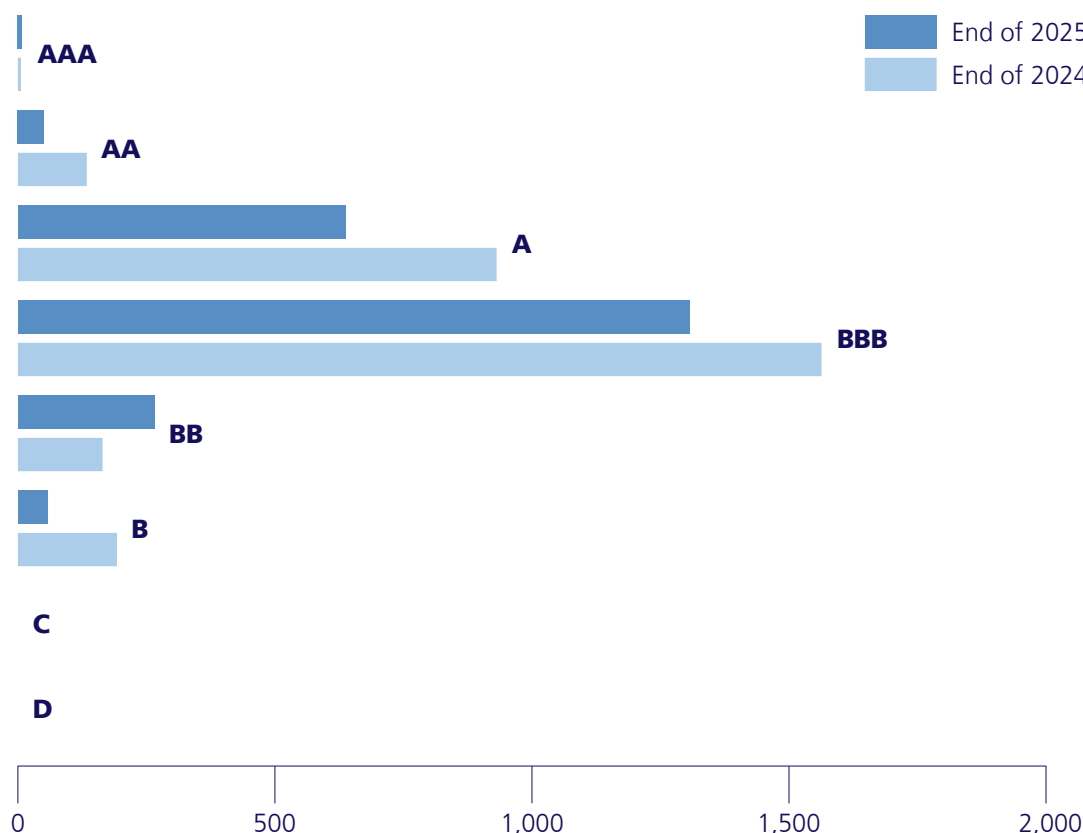


Fig. 10: Unsecured credit exposures to banks and securities traders by rating category
in CHF million



1.6 Market risk

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

In the trading business, Zürcher Kantonalbank pursues a strategy focused on client transactions. The individual desks hold trading mandates approved by the Risk Committee of the 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. An internal directive contains provisions on whether a position is categorised as a trading position, and in which exceptional cases it is allocated to the trading or banking book. This directive ensures regulatory requirements are implemented by also containing rules on reclassifications and internal risk transfer. 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, and internal and external risk reporting.

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

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

The additional analysis scenarios used in market risk monitoring do not have a limiting function, in contrast to the scenarios relevant for benchmarks. These scenarios are used solely for risk analysis in that their focus is on individual risk factors (e.g. interest rates), which helps to illuminate the risk profile from different perspectives. The bank additionally monitors the market liquidity risk of individual portfolios. 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. In addition, risks not modelled in the value at risk are periodically analysed in a separate process and monitored with regard to materiality.

Fig. 11: Market risks in the group trading book

Value-at-risk according to internal model (holding period 10 days)

in CHF million

	Commodities¹	Currencies	Interest rates	Equities	Diversification	Modelled total risk	Total risk²
As at 31.12.2025	2	0	5	2	-5	5	7
As at 30.09.2025	1	0	6	5	-5	7	10
As at 30.06.2025	0	13	7	2	-4	19	22
As at 31.03.2025	0	7	7	4	-4	14	16
As at 31.12.2024 ³	0	7	7	3	-4	14	18

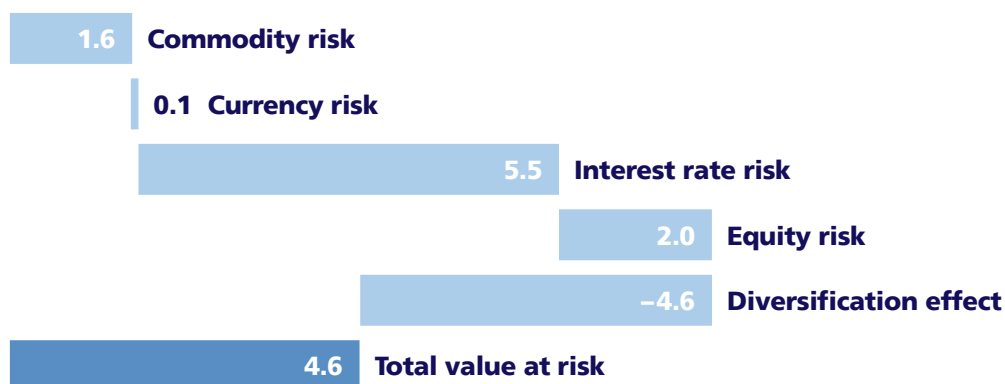
1 Incl. precious metals.

2 Sum of modelled total risk and risk premium for trading products not fully modelled.

3 The key figure for currency risk as at 31.12.2024 was understated by CHF 7 million in last year's risk report and has been corrected. The key figures for overall risk have been adjusted accordingly.

Fig. 12: Components of value at risk as at 31.12.2025

in CHF million



Risk profile

The turmoil on the financial markets led to increased volatility from the beginning of April 2025, resulting in higher value at risk (VaR) values (Figure 11). In the third quarter, VaR decreased significantly due to reduced currency risks. The low VaR at the end of the year reflects both the low risk appetite and the stable and, apart from the precious metal markets, directionless market environment. Interest rate risks dominated in the composition of value at risk at year-end, although commodity risk was up slightly on the previous year (Figure 12).

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

1.6.2.1 Interest rate risks in the balance sheet

Strategy, organisation and processes

In managing the banking book, Zürcher Kantonalbank pursues a strategy focused on medium-term optimisation of net interest income. The interest rate risk is managed based on the market interest method.

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

present value perspective in order to analyse and limit the impact of extraordinary changes in the interest rate environment.

From the prospective earnings perspective, stress tests provide an indication of the structural contribution in the event of extraordinary changes in market interest rates with unchanged positioning over a one-year period. Besides the structural contribution, margin effects are particularly significant for client deposits with variable interest rates. The effects of multi-year (stress) scenarios on interest income and margin trends are analysed in depth as part of budget planning and potential loss analysis (within the bank and in accordance with FINMA requirements).

Risk profile¹

The maturity-dependent sensitivity data shown in Figure 13 indicate the change in value in Swiss francs when interest rates for each maturity band fall by one basis point (0.01 percentage points). The client deposits contained in the underlying business are represented via replicating portfolios with an average maturity of 20 months. The interest rate exposure of the underlying business decreased year-on-year. On the one hand, the growth in client deposits enabled a selective and moderate increase in floor rates. On the other hand, despite continued mortgage growth, a client preference for shorter terms for fixed-rate mortgages and a shift in client demand from fixed-rate to money market mortgages led to lower interest rate exposure in the underlying business. Newly executed hedging transactions had a positive impact on the interest rate exposure of the banking book. As at 31 December 2025 the interest rate sensitivity of the banking book was CHF 8.2 million per basis point, equivalent to a decrease of 4 percent compared to the previous year.

Fig. 13: Interest rate sensitivity of the banking book CHF

in CHF 1,000

Basis point sensitivity²	up to 12 months	1 to 5 years	over 5 years	Total
Underlying business	-391	2,808	6,967	9,384
Hedge	177	41	-1,369	-1,150
Total as at 31.12.2025	-213	2,849	5,598	8,234
Total as at 31.12.2024	-221	2,452	6,358	8,588

Fig. 14: Present value stress results of the standardised interest rate shock

in CHF million

	31.12.2025	31.12.2024	Change
(i) Upward parallel shift	-1,165	-1,179	13
(ii) Downward parallel shift	1,313	1,337	-24
(iii) Steepener shock	-424	-503	79
(iv) Flattener shock	205	277	-72
(v) Upward shock of short-term interest rates	-242	-186	-56
(vi) Downward shock of short-term interest rates	248	190	58
Tier 1 capital (T1)	16,523	15,689	834
Ratio of largest present value loss to Tier 1 capital (T1) in %	7.1%	7.5%	-0.5%

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

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

The interest rate exposure serves as a strategic hedge against Swiss franc interest rates falling in future as well as to stabilise interest income. In the event of falling interest rates, a higher structural contribution partially compensates for the gradual decline in liability margins. The euro and US dollar interest rate exposures were almost fully hedged as at the end of 2025.

The present value losses in the regulatory interest rate shock scenarios, as shown in Figure 14, illustrate the development of interest rate risk. In the worst-case scenario in Swiss francs, a parallel interest rate shock of 150 basis points upwards results in a present value loss of CHF 1,165 million. This equates to a present value stress loss that is CHF 13 million lower than in the previous year.

1.6.2.2 Risks in the investment portfolio

The risks in the investment portfolio comprise issuer risks on debt and equity securities in financial investments, participations and real estate price risks. Interest rate risks from debt securities in financial investments are managed and limited as part of the interest rate risks in the balance sheet (see previous paragraph).

Strategy, organisation and processes

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 (CO₂e 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. The presentation of financial investments and participations can be found in Notes 5 and 6 to the balance sheet.

1.7 Operational risks

1.7.1 Strategy, organisation and processes

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

An appropriate and effective internal control system (ICS) plays an important part in ensuring that losses from operational risks remain low. The Risk unit specifies the processes and methods, and provides tools for monitoring the ICS. It analyses the risk profile and prepares independent reports, monitors the management of operational risks and is responsible for refining the systems, instruments and methods.

With regard to information security and business continuity management (BCM), an appropriate specialist unit is responsible for defining requirements. The higher the risk or risk classification, the more extensive the security requirements that have to be implemented. Employees are regularly trained in the rules of behaviour relevant to security (security awareness).

In the event of an operational crisis, the bank has an emergency organisation with divisional emergency organisations for Real Estate and IT. These organisations maintain operations even in critical situations and ensure timely recovery in accordance with the business continuity plan.

The corresponding risk inventory constitutes the basis for the management of operational risks. The risks and controls used to minimise risks are centrally documented, assessed (attestation) and independently verified (testing). In addition, the bank monitors the rectification of problems (issues), the implementation of measures and pending issues.

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

Operational risks are assessed, managed and monitored in periodic and systematic assessments, on an event-driven basis as well. Operational risks are divided into ten categories (see section 1.4. Risk categories).

Internal reporting to the executive bodies on events, the risk profile and the results of operational risk monitoring is carried out regularly by the risk organisation. It also informs the executive bodies annually in separate reports about its activities and the bank's operational resilience. In addition, the business units and the group companies themselves also report on their ICS.

1.7.2 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.

1.8 Liquidity and refinancing risks

1.8.1 Strategy, organisation and processes

The Treasury organisational unit, which reports to the CFO, is responsible for managing the liquidity risks and refinancing of Zürcher Kantonalbank. Treasury delegates operational liquidity management to the Money Trading unit, which ensures the efficient 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. When calculating the regulatory LCR, the bank uses an internal model to divide wholesale deposits into operational and non-operational categories. Net outflows of funds from the collateralisation of derivatives due to changes in market values are calculated using the look-back method. Besides Swiss francs, which make up by far the largest part of the balance sheet of Zürcher Kantonalbank, the LCR is also monitored and periodically reported in other major currencies. Zürcher Kantonalbank pursues a long-term refinancing policy that includes both cost and risk aspects. Refinancing risks are managed via diversification in terms of maturities, refinancing instruments used and related markets. This diversification limits dependence on funding sources. For this purpose, Treasury uses both short- and long-term instruments, which are placed on the domestic and international markets. The diversified refinancing base is reflected in a broad product portfolio, comprising client deposits, bank deposits and money and capital market refinancing. In addition, the regulatory net stable funding ratio (NSFR) is used to measure, manage and control structural liquidity.

1.8.2 Risk profile

The average LCR for 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.

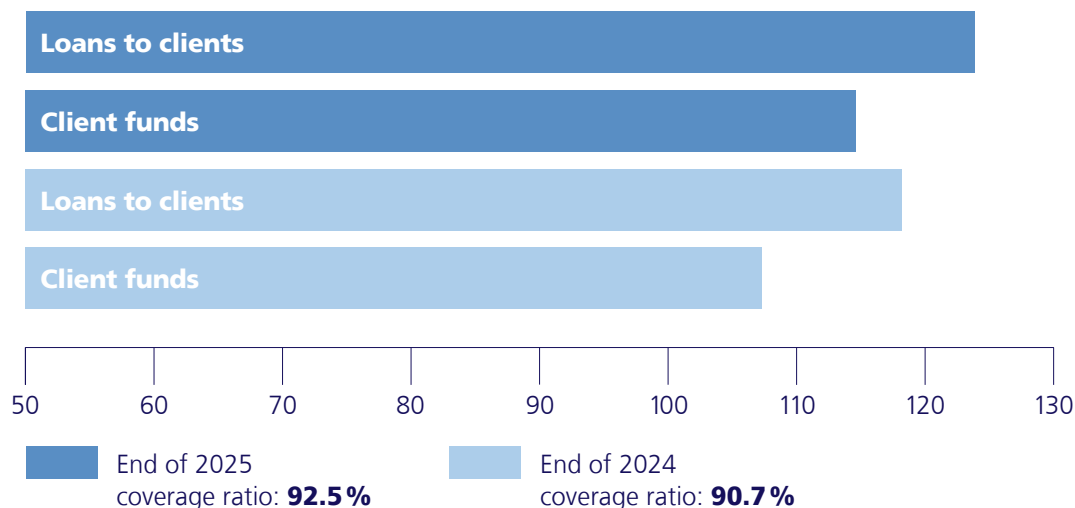
The changes in the LCR and the internal statistical measures of liquidity risk are mainly driven by portfolio changes in non-operational sight deposits, time deposits, money market securities, as well as SLB and repo transactions with banks and major clients.

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.

Figure 15 shows a year-on-year comparison of the coverage ratio for asset-side client transactions. Loans to clients amounted to CHF 123.8 billion and client funds to CHF 114.5 billion as at 31 December 2025. This results in a coverage ratio of 92.5 percent.

Fig. 15: Coverage ratio of client business

in CHF billion



1.9 Compliance and legal risks

1.9.1 Processes and methods

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

1.9.2 Risk profile

As part of the compliance risk inventory, Zürcher Kantonalbank reviews all relevant legal and regulatory risks and takes appropriate risk prevention measures where necessary. Overall, the bank's risk profile remained stable in 2025.

The regulatory and legal framework for Zürcher Kantonalbank remained demanding and has evolved in several respects. This related in particular to investor protection, the handling of data and regulation in the area of sustainability (ESG), with a special focus on the associated reporting obligations. The management of compliance and legal risks therefore focused on various investigation and implementation activities. In addition, the new regulatory plans for combating money laundering necessitated additional analyses and investigations regarding implementation. Combating money laundering and terrorist financing as well as implementing sanctions once again required continuous efforts in the 2025 reporting year. At the same time, the further development of various technical risk management tools for combating money laundering was driven forward in a targeted manner.

1.10 Climate-related financial risks

Zürcher Kantonalbank is disclosing its climate-related financial risks for the 2025 financial year, taking into account the requirements for systemically important banks under DisO-FINMA. Zürcher Kantonalbank will publish the detailed information together with the other elements of its disclosures on capital and liquidity as of the end of April 2026 at zkb.ch/disclosure. The following sections summarise some key components of the disclosure information.

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

1.10.1 Strategy, organisation and processes

Risk management's integrated approach to addressing climate-related financial risks as part of sustainability-related financial risks contributes to the long-term protection of client assets and the bank's assets. Zürcher Kantonalbank's broad commitment to the various areas of sustainability, including climate protection, is based on its statutory public service mandate. Zürcher Kantonalbank's group strategy calls for the bank to shape sustainability issues actively, to lead the way in sustainable offerings and to support clients on their journey to a more sustainable future. Zürcher Kantonalbank aims to minimise climate risks across its entire business operations and to establish transparency in this regard. The bank follows the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The climate goals are based on the goals of the Paris Agreement and on achieving greenhouse gas neutrality by 2050. Zürcher Kantonalbank sets itself quantitative climate targets and reports on them transparently. More detailed information on this and on the risk assessment can be found in the disclosure (see zkb.ch/disclosure).

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

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

The management of climate-related financial risks is an integral part of Zürcher Kantonalbank's risk management processes. Sustainability aspects are taken into account in risk identification and assessment, and – if material – also in risk control, management, monitoring and reporting on the respective risk category. Elements that are particularly relevant to climate risk in the risk management processes are:

- OpRisk management in banking operations with the goals for achieving operational ecology as set out in the bank's environmental programme (reduce and offset the CO₂e footprint), and BCM for action in the event of natural disasters.
- Credit risk management in the financing business, where ESG criteria are an integral part of the credit assessment process and specifications exist on excluded and undesirable businesses, as well as regarding transactions with special risks.
- The management of market risks with climate-specific specifications for investments in the portfolio of financial investments managed by Treasury.
- Risk management in the investment business.

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 concerned 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 the investment reports for its clients, Zürcher Kantonalbank transparently discloses portfolio quality in terms of the sustainability approaches.

Under the "Swisscanto, managed by Zürcher Kantonalbank" brand, the Asset Management of Zürcher Kantonalbank uses graduated combinations of sustainability approaches for investment funds, pension products and asset management mandates, depending on the product line. Compliance with the relevant sustainability requirements (e.g. CO₂e footprint reduction) is monitored by independent investment and portfolio controlling. Additional controls are carried out by risk management. The resulting findings are part of risk reporting and the internal risk dialogue.

1.10.2 Risk profile

As part of its commitment to sustainability, 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 climate-related 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 in which the bank is confronted with high or at least very different expectations from the various stakeholders regarding how the bank should contribute to achieving the climate targets. As far as business risks are concerned, the financial risk arising from longer-term transition risks from asset management is categorised as "moderate" and therefore material within the meaning of FINMA Circular 2026/1. 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 CO₂e footprint reduction) for individual portfolios may entail reputational risks (including greenwashing accusations), which may materialise for the bank in 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.

Figure 16 below summarises the 2025 risk assessment of climate-related financial risks as carried out by the Risk Committee of the EB after detailed discussion of the topic. The assessment is based on traditional risk categories; compliance risks from the investment business are included under business risks.

More detailed information on the risk assessment as at 31 December 2025 will be available online from the end of April 2026 at zkb.ch/disclosure.

Fig. 16: Overview from the qualitative assessment of climate-related financial 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 ₂ e issuers.
Operational risk						
Banking operations	■ ■ ■ ■ ■ ■ ■ ■ ■ ■	■ ■ ■ ■ ■ ■ ■ ■ ■ ■	■ ■ ■ ■ ■ ■ ■ ■ ■ ■	■ ■ ■ ■ ■ ■ ■ ■ ■ ■	no	Very low risks. Business continuity management for natural hazards already in place, operational environmental programme with CO ₂ e 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

Fig. 17: Unsecured loans and advances in the corporate clients portfolio by “climate-sensitive” and other industries

	31.12.2025		31.12.2024
	Balance sheet exposure in CHF million	as % of unsecured exposure	as % of unsecured exposure
› Industry designation			
Metal production/processing	8	0.0 %	0.0 %
Chemical products	59	0.1 %	1.1 %
Sewage and waste disposal and elimination of environmental pollution	73	0.2 %	0.1 %
Glass/ceramics/cement	78	0.2 %	0.2 %
Agriculture, hunting and related activities	83	0.2 %	0.2 %
Mining/crushed rock and earth	95	0.2 %	0.0 %
Transport (incl. mountain railways, but excluding rail passenger transport and goods trains)	274	0.7 %	0.7 %
Energy supply	350	0.9 %	1.1 %
Automotive	603	1.5 %	1.3 %
Commodity trade finance (CTF)	667	1.6 %	1.3 %
Total climate-sensitive sectors	2,289	5.5 %	6.1 %
Total other sectors	3,816	9.3 %	10.4 %
Total corporate clients unsecured loans and advances	6,105	14.8 %	16.5 %
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 %

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

TCFD defines carbon-related as industries associated with the energy and utilities sectors, according to the Global Industry Classification Standard, excluding water supply and renewable power generation. Zürcher Kantonalbank more comprehensively describes as climate-sensitive those industries that are exposed to higher transition risks due to their greenhouse gas emissions. Zürcher Kantonalbank bases its delimitation on emission statistics and uses the Swiss or European industry classification. The commodity trade finance (CTF) sub-portfolio is reported separately, irrespective of the industry, and is subject to the aforementioned restrictions under the bank’s sustainability policy.

Figure 17 shows the unsecured loans and advances in the corporate clients portfolio in line with this classification. In terms of the total balance sheet exposure in this portfolio, at the end of 2025 climate-sensitive sectors accounted for around 5.5 percent (2024: 6.1 percent). This includes the entire energy sector, which, however, consists mostly of financing for sustainable energy sources. In addition to components manufacturing and repair, the automotive sector also includes, in particular, selling and financing vehicles. The transport sector mainly includes passenger transport in the tourist sector and local transport as well as freight transport by road.

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

m) Multi-year comparison

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

	2025	2024	2023	2022	2021
› Key figures in %					
Return on equity (RoE)	8.3	8.0	9.3	8.4	7.8
Cost/income ratio (CIR) ¹	55.5	55.0	51.8	57.5	58.7
Common equity Tier 1 ratio (CET1) ²	21.2	16.8	17.4	16.8	17.0
Risk-based capital ratio (going concern) ²	22.7	17.9	18.7	18.2	18.5
Risk-based capital ratio (gone concern) ²	9.5	7.8	8.0	4.3	4.0
Risk-based TLAC ratio ^{2/3}	32.2	25.7	26.8	22.5	22.5
Leverage ratio (going concern) ²	7.1	6.8	6.6	6.2	6.2
Leverage ratio (gone concern) ²	3.0	3.0	2.8	1.5	1.3
TLAC Leverage Ratio ^{2/3}	10.1	9.8	9.4	7.7	7.5
Liquidity coverage ratio (LCR) ⁴	136	142	147	146	160
Net stable funding ratio (NSFR)	118	116	117	124	118
› Income statement in CHF million					
Net result from interest operations	1,679	1,680	1,821	1,403	1,248
Result from commission business and services	1,082	1,024	940	926	926
Result from trading activities and the fair value option	427	353	415	409	347
Other result from ordinary activities	25	32	19	15	24
Operating income	3,213	3,088	3,194	2,752	2,544
Operating expenses	-1,790	-1,731	-1,679	-1,594	-1,517
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	-51	-72	-75	-101	-104
Changes to provisions and other value adjustments and losses	-18	-8	28	2	28
Operating result	1,354	1,277	1,469	1,059	951
Extraordinary result	68	12	1	8	0
Changes in reserves for general banking risks	-	-	-225	-	-
Consolidated profit before taxes	1,422	1,289	1,246	1,067	951
Taxes	-180	-168	-7	-8	-9
Consolidated profit	1,241	1,120	1,238	1,059	942
› Balance sheet (before appropriation of profit) in CHF million					
Total assets	206,177	202,594	201,259	199,791	192,105
Mortgage loans	111,174	106,600	100,874	96,838	91,847
Amounts due in respect of customer deposits	114,324	106,980	101,452	103,351	96,777
Shareholders' equity	15,727	14,862	14,268	13,299	12,674

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

2 In accordance with the provisions for systemically important banks.

3 TLAC = Total Loss Absorbing Capacity

4 A simple average of the end-of-day values on business days during the quarter under review.

	2025	2024	2023	2022	2021
› Participation of the canton and municipalities	in CHF million				
Dividend to cover actual costs to the canton	22	21	18	11	11
Dividend for the canton	181	184	340	320	280
Dividend for municipalities	175	170	170	160	140
OECD minimum tax to the canton	169	156	–	–	–
Compensation for state guarantee	34	31	30	28	27
Total participation of the canton and municipalities	581	562	558	519	458
› Additional services	in CHF million				
Payments from public service mandate	149	140	161 ⁵	140	141
› Further information	Number				
Total customers' assets (managed assets and assets with custody services)	578,950	520,811	450,789	399,965	409,190
Headcount after adjustment for part-time employees, as at the reporting date	5,809	5,779	5,539	5,249	5,145
Branches	51	53 ⁶	53 ⁶	53 ⁶	57 ⁶
› Rating agencies	Rating				
Fitch	AAA	AAA	AAA	AAA	AAA
Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Standard & Poor's	AAA	AAA	AAA	AAA	AAA

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

6 Including branches of Zürcher Kantonalbank Österreich AG in Salzburg and Vienna.

Report of the statutory auditor to the Cantonal Parliament of Zurich
on our audit of the consolidated financial statements
as of 31 December 2025 of

Zurich, 26 February 2026

Zürcher Kantonalbank, Zürich

Report of the statutory auditor

Report on the audit of the consolidated financial statements



Opinion

We have audited the consolidated financial statements of Zürcher Kantonalbank and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2025, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 104 to 176) give a true and fair view of the consolidated financial position of the Group as at 31 December 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the applicable financial reporting framework for banks and comply with Swiss law.



Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession that are relevant to audits of the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report, including in relation to these

matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

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

Area of focus Zürcher Kantonalbank discloses loans to clients, consisting of amounts due from customers and mortgage loans, at nominal value less any necessary value adjustments.

For default risks on impaired loans, individual value adjustments are made. For default risks on non-impaired loans value adjustments and provisions for expected losses are recognized.

For the measurement of value adjustments and provisions for default risks, valuation models are used. In addition, this requires making estimates and assumptions which, by definition, involve judgments and may vary depending on the valuation.

As of 31 December 2025, Zürcher Kantonalbank discloses client loans totaling CHF 123.8 billion. As of the balance sheet date, individual value adjustments and provisions for impaired loans amounted to CHF 383.9 million and value adjustments and provisions for expected losses amounted to CHF 488.9 million. With 60.1%, loans to clients represent a material part of the assets of Zürcher Kantonalbank, and we consider the determination of value adjustments and provisions for default risks on loans to clients as a key audit matter.

The significant accounting principles for determining value adjustments and provisions for default risks are described by Zürcher Kantonalbank on pages 112 to 113, 118, 119 as well as on pages 157 to 164 of the bank's annual report. Furthermore, we refer to notes 2 and 16 on pages 121, 122 and 132 in the notes to the consolidated financial statements.

Our audit response We audited the processes and key controls in connection with granting and monitoring loans as well as with regard to the methods for identifying and determining individual value adjustments and provisions for default risks on loans to clients. Moreover, we evaluated the concept for the determination of value adjustments and provisions for expected losses.

Finally, we performed sample tests on the impairment of selected client loans, and evaluated the compliance of significant accounting principles as well as the appropriateness of the disclosures in the notes to the consolidated financial statements.

Our audit procedures did not lead to any reservations concerning the determination of value adjustments and provisions for default risks on loans to clients.

Fair value measurement of financial instruments

Area of focus	<p>Fair value is defined as the amount for which an asset is exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. This amount corresponds to the price requested in a price-efficient and liquid market or, if this is missing, to the price determined on the basis of a valuation model. Valuation models are significantly affected by the assumptions that are used, including interest, forward and swap rates, spread curves and the volatility and estimates of future cash flows. There is a significant degree of judgment involved in making these assumptions.</p> <p>Zürcher Kantonalbank discloses financial instruments at fair value measurement in different balance sheet items. As of 31 December 2025, the fair value of positive replacement values of derivative financial instruments amounts to CHF 1.0 billion, while that of the negative replacement values amounts to CHF 1.1 billion. Furthermore, as of 31 December 2025, Zürcher Kantonalbank discloses liabilities from other financial instruments at fair value measurement totaling CHF 4.7 billion that were determined using a valuation model.</p> <p>As a result of the scope of judgment and the significance of the listed balance sheet items in the consolidated financial statements of Zürcher Kantonalbank, the valuation of these items represents a key audit matter.</p> <p>The corresponding accounting and valuation principles are described by Zürcher Kantonalbank on pages 114, 119, 120 as well as on pages 164 to 168 of its annual report. Furthermore, we refer to notes 3, 4 and 14 on pages 122 to 124 and 130 in the notes to the consolidated financial statements.</p>
Our audit response	<p>We audited the processes and key controls with regard to fair value measurement, validation and application of valuation models.</p> <p>Moreover, we assessed the assumptions made in connection with the valuation and their appropriateness on the basis of sample testing and evaluated the measurement of financial instruments by means of independent valuation models. On the basis of sample testing and a comparison with third-party sources, we assessed the fair values used and directly available from an active market. Moreover, we evaluated the appropriateness of the disclosures in the notes to the consolidated financial statements.</p> <p>Our audit procedures did not lead to any reservations concerning the fair value measurement of financial instruments.</p>



Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Board of Directors' responsibilities for the consolidated financial statements

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

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.



Report on other legal and regulatory requirements



In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

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

Ernst & Young Ltd

Eveline Hunziker
Licensed audit expert
(Auditor in charge)

Bruno Taugner
Licensed audit expert

Financial statements of the parent company

Income statement

in CHF million

	Notes	2025	2024	Change	Change in %
› Result from interest operations					
Interest and discount income		3,279	4,325	-1,046	-24.2
Interest and dividend income from financial investments		46	40	6	15.6
Interest expense		-1,631	-2,631	1,000	-38.0
Gross result from interest operations	33	1,694	1,734	-40	-2.3
Changes in value adjustments for default risk and losses from interest operations		-13	-57	44	-76.9
Subtotal net result from interest operations		1,681	1,677	4	0.2
› Result from commission business and services					
Commission income from securities trading and investment activities		967	874	94	10.7
Commission income from lending activities		78	77	1	1.6
Commission income from other services		123	115	7	6.4
Commission expense		-198	-171	-27	15.5
Subtotal result from commission business and services		970	894	76	8.5
› Result from trading activities					
Result from trading activities and the fair value option	32	405	336	69	20.5
› Other result from ordinary activities					
Result from the disposal of financial investments		4	10	-6	-62.3
Income from participations		38	41	-4	-8.7
Result from real estate		8	8	1	8.0
Other ordinary income		29	30	-1	-1.9
Other ordinary expenses		-10	-6	-4	60.6
Subtotal other result from ordinary activities		69	82	-13	-16.3
Operating income		3,125	2,989	135	4.5
› Operating expenses					
Personnel expenses	34	-1,209	-1,174	-35	3.0
General and administrative expenses	35	-524	-486	-38	7.8
Subtotal operating expenses		-1,733	-1,660	-73	4.4
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets		-51	-70	19	-27.2
Changes to provisions and other value adjustments and losses		-18	-8	-10	129.5
Operating result		1,322	1,252	71	5.6
Extraordinary income	36	66	18	48	262.4
Extraordinary expenses	36	-0	-0	-0	292.9
Changes in reserves for general banking risks	36	-	-	-	-
Result of the period before taxes		1,388	1,270	118	9.3
Taxes	39	-169	-158	-12	7.3
Result of the period		1,219	1,112	107	9.6

Appropriation of profit

in CHF million

	2025	2024	Change	Change in %
Result of the period	1,219	1,112	107	9.6
Profit carried forward	2	4	-3	-57.3
Distributable profit	1,221	1,117	104	9.3

Appropriation of profit

Dividend paid to cover actual costs for the canton	22	21	1	6.5
Dividend for the canton	181	184	-3	-1.9
Dividend for the municipalities	175	170	5	2.9
Total profit distribution	378	375	3	0.8
Allocation to voluntary retained earnings reserve	840	740	100	13.5
Total profit retained	840	740	100	13.5
Profit carried forward	3	2	1	65.8

The profit distribution takes place on the basis of the provisions in § 26f of the Cantonal Banking Act on Zürcher Kantonalbank of 28 September 1997 in the version applicable at the time, and has no direct link to the endowment capital.

The appropriation of profit was approved by the Board of Directors on 29 January 2026. Approval of the annual financial statements by the Cantonal Parliament is scheduled for 1 June 2026.

Additional participation

in CHF million

	2025	2024	Change	Change in %
OECD minimum tax to the canton	169	156	13	8.7
Compensation for state guarantee to the canton	34	31	3	9.5
Total additional participation canton	203	187	16	8.8
Total participation canton und municipalities	581	562	19	3.4

Balance sheet

in CHF million

	Notes	2025	2024	Change	Change in %
› Assets					
Liquid assets		36,317	32,410	3,907	12.1
Amounts due from banks		2,517	3,382	-865	-25.6
Amounts due from securities financing transactions	1	20,205	25,349	-5,144	-20.3
Amounts due from clients	2	12,730	11,553	1,177	10.2
Mortgage loans	2	111,174	106,600	4,574	4.3
Trading portfolio assets	3	12,158	11,334	824	7.3
Positive replacement values of derivative financial instruments	4	1,132	2,802	-1,670	-59.6
Other financial instruments at fair value	3	-	-	-	-
Financial investments	5	7,722	5,197	2,525	48.6
Accrued income and prepaid expenses		515	565	-50	-8.9
Participations		421	468	-47	-9.9
Tangible fixed assets		474	494	-21	-4.2
Intangible assets		0	-	0	-
Other assets	10	270	398	-129	-32.3
Total assets		205,634	200,552	5,082	2.5
Total subordinated claims		294	333	-38	-11.5
- of which, subject to conversion and/or debt waiver		130	128	2	1.6
› Liabilities					
Amounts due to banks		31,794	39,731	-7,937	-20.0
Liabilities from securities financing transactions	1	9,492	8,008	1,484	18.5
Amounts due in respect of customer deposits		114,574	106,791	7,784	7.3
Trading portfolio liabilities	3	2,458	2,862	-404	-14.1
Negative replacement values of derivative financial instruments	4	1,106	1,005	100	10.0
Liabilities from other financial instruments at fair value	3,14	3,962	2,550	1,412	55.4
Cash bonds		208	260	-52	-19.9
Certificate of deposits		-	50	-50	-100.0
Bond issues		11,891	10,994	896	8.2
Central mortgage institution loans		12,041	11,162	879	7.9
Accrued expenses and deferred income		1,422	1,269	152	12.0
Other liabilities	10	791	829	-37	-4.5
Provisions	16	188	177	11	6.2
Reserves for general banking risks	16	4,755	4,755	-	-
Bank's capital	17,21	2,425	2,425	-	-
Statutory retained earnings reserve	21	1,213	1,213	-	-
Voluntary retained earnings reserve	21	6,094	5,354	740	13.8
Profit carried forward	21	2	4	-3	-57.3
Result of the period	21	1,219	1,112	107	9.6
Shareholders' equity	21	15,708	14,863	844	5.7
Total liabilities		205,634	200,552	5,082	2.5
Total subordinated liabilities		3,807	3,346	461	13.8
- of which subject to conversion and/or debt waiver		3,807	3,346	461	13.8
› Off-balance-sheet transactions					
Contingent liabilities	2	3,916	4,054	-138	-3.4
Irrevocable commitments	2	15,351	15,978	-628	-3.9
Obligations to pay up shares and make further contributions	2	367	349	18	5.2
Credit commitments	2	-	-	-	-

Statement of changes in equity

in CHF millions

	Bank's capital	Statutory retained earnings reserve	Reserves for general banking risks	Voluntary retained earnings reserve and profit carried forward	Result of the period	Total equity
2024						
Total equity as at 31.12.2023	2,425	1,213	4,755	4,658	1,229	14,279
Capital increase	-	-	-	-	-	-
Capital decrease	-	-	-	-	-	-
Other contributions/ other capital paid in	-	-	-	-	-	-
Capital costs of endowment capital	-	-	-	-	-18	-18
Allocation to the canton from previous year's profit	-	-	-	-	-340	-340
Allocation to municipalities from previous year's profit	-	-	-	-	-170	-170
Allocation to (transfers from) the reserves for general banking risks	-	-	-	-	-	-
Allocation to (transfers from) the Voluntary retained earnings and profit carried forward	-	-	-	701	-701	-
Result of the period	-	-	-	-	1,112	1,112
Total equity as at 31.12.2024	2,425	1,213	4,755	5,358	1,112	14,863
2025						
Total equity as at 31.12.2024	2,425	1,213	4,755	5,358	1,112	14,863
Capital increase	-	-	-	-	-	-
Capital decrease	-	-	-	-	-	-
Other contributions/ other capital paid in	-	-	-	-	-	-
Capital costs of endowment capital	-	-	-	-	-21	-21
Allocation to the canton from previous year's profit	-	-	-	-	-184	-184
Allocation to municipalities from previous year's profit	-	-	-	-	-170	-170
Allocation to (transfers from) the reserves for general banking risks	-	-	-	-	-	-
Allocation to (transfers from) the Voluntary retained earnings and profit carried forward	-	-	-	737	-737	-
Result of the period	-	-	-	-	1,219	1,219
Total equity as at 31.12.2025	2,425	1,213	4,755	6,096	1,219	15,708

Notes to the financial statements of the parent company

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

Accounting and valuation principles

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

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

i) Information on the balance sheet

1 Breakdown of securities financing transactions

in CHF million

Book value of receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase transactions

Book value of obligations from cash collateral received in connection with securities lending and repurchase transactions

Book value of securities lent in connection with securities lending or delivered as collateral in connection with securities borrowing as well as securities in own portfolio transferred in connection with repurchase agreements

– of which, with unrestricted right to resell or pledge

Fair value of securities received and serving as collateral in connection with securities lending or securities borrowed in connection with securities borrowing as well as securities received in connection with reverse repurchase agreements with an unrestricted right to resell or repledge

– of which, repledged securities

– of which, resold securities

	2025	2024
	20,205	25,349
	9,492	8,008
	5,973	4,162
	5,973	4,162
	77,614	72,700
	9,826	8,506
	51,971	43,746

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

Overview by collateral

in CHF million

	Type of collateral			
	Mortgage collateral	Other collateral	Unsecured	Total

› Loans (before netting with value adjustments)

Amounts due from customers	22	2,137	10,865	13,024
Mortgage loans				
– Residential property	91,380	8	9	91,397
– Office and business premises	13,140	–	4	13,144
– Commercial and industrial premises	2,807	–	20	2,827
– Other	4,201	–	4	4,206
Total mortgage loans	111,528	8	38	111,574

Total loans 2025 (before netting with value adjustments)	111,550	2,145	10,902	124,597
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Total loans 2024 (before netting with value adjustments)	106,999	2,062	9,784	118,845
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Total loans 2025 (after netting with value adjustments)	111,188	2,142	10,575	123,904
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Total loans 2024 (after netting with value adjustments)	106,616	2,059	9,477	118,152
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› Off-balance-sheet

Contingent liabilities	31	164	3,720	3,916
Irrevocable commitments	3,567	40	11,743	15,351
Obligations to pay up shares and make further contributions	–	–	367	367
Credit commitments	–	–	–	–

Total off-balance-sheet transactions 2025	3,599	205	15,830	19,634
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Total off-balance-sheet transactions 2024	3,676	508	16,197	20,381
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2 Overview of collateral for loans/receivables and off-balance-sheet transactions, as well as impaired loans/receivables (continued)

Information on impaired loans

in CHF million

	Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments ¹
› Impaired loans				
2025	564	248	315	289
2024	516	222	294	271

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

3 Trading portfolios and other financial instruments at fair value

in CHF million

› Assets

	2025	2024
Debt securities, money market securities/transactions	3,435	4,473
– of which, listed ¹	3,024	3,810
Equity securities	5,875	4,199
Precious metals and commodities	2,822	2,628
Other trading portfolio assets	26	33
Total trading transactions	12,158	11,334
Debt securities	–	–
Structured products	–	–
Other	–	–
Total other financial instruments at fair value	–	–
Total assets	12,158	11,334
– of which, determined using a valuation model	436	697
– of which, securities eligible for repo transactions in accordance with liquidity requirements	1,108	1,426

› Liabilities

	2025	2024
Debt securities, money market securities/transactions	2,422	2,830
– of which, listed ¹	2,365	2,699
Equity securities	29	25
Precious metals and commodities	5	5
Other trading portfolio liabilities	2	2
Total trading portfolio liabilities	2,458	2,862
Debt securities	–	–
Structured products	3,962	2,550
Other	–	–
Total liabilities from other financial instruments at fair value	3,962	2,550
Total liabilities	6,420	5,412
– of which, determined using a valuation model	4,019	2,681

1 Listed = traded on a recognised exchange.

4 Derivative financial instruments (assets and liabilities)

in CHF million	Trading instruments			Hedging instruments		
	Positive replacement values	Negative replacement values	Contract volume ¹	Positive replacement values	Negative replacement values	Contract volume ¹
› Interest rate instruments						
Forward contracts including FRAs	2	2	5,902	–	–	–
Swaps	11,032	10,714	811,974	456	136	21,505
Futures	–	–	39,253	–	–	–
Options (OTC)	77	54	4,396	–	–	–
Options (exchange-traded)	–	–	–	–	–	–
Total	11,111	10,770	861,525	456	136	21,505
› Foreign exchange/precious metals						
Forward contracts	2,293	2,087	450,086	–	–	–
Combined interest rate/currency swaps	289	377	1,666	25	71	3,243
Futures	–	–	491	–	–	–
Options (OTC)	79	93	10,578	–	–	–
Options (exchange-traded)	1	1	68	–	–	–
Total	2,662	2,558	462,889	25	71	3,243
› Equity securities/indices						
Forward contracts	–	–	–	–	–	–
Swaps	87	58	4,871	–	–	–
Futures	–	–	3,584	–	–	–
Options (OTC)	121	41	5,411	–	–	–
Options (exchange-traded)	208	375	18,707	–	–	–
Total	417	474	32,574	–	–	–
› Credit derivatives						
Credit default swaps	8	11	489	–	–	–
Total return swaps	–	–	–	–	–	–
First-to-default swaps	–	–	–	–	–	–
Other credit derivatives	–	–	–	–	–	–
Total	8	11	489	–	–	–
› Other²						
Forward contracts	–	–	–	–	–	–
Swaps	–	–	–	–	–	–
Futures	–	–	408	–	–	–
Options (OTC)	–	–	–	–	–	–
Options (exchange-traded)	1	1	14	–	–	–
Total	1	1	421	–	–	–
› Total before netting agreements						
2025	14,198	13,814	1,357,898	482	207	24,748
– of which, determined using a valuation model	14,198	13,814	–	482	207	–
2024	19,004	18,181	1,160,795	565	288	23,984
– of which, determined using a valuation model	19,004	18,181	–	565	288	–

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

2 Includes commodities and hybrid derivatives.

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

in CHF million

	Positive replacement values (cumulative)	Negative replacement values (cumulative)
› Total after netting agreements³		
2025	1,132	1,106
2024	2,802	1,005

› Breakdown by counterparty

Positive replacement values (after netting agreements)	Central clearing houses	Banks and securities firms	Other customers
2025	68	372	692

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

5 Financial investments

in CHF million

	Book value		Fair value	
	2025	2024	2025	2024
Debt securities	7,075	4,710	7,147	4,787
– of which, intended to be held to maturity	7,075	4,710	7,147	4,787
– of which, not intended to be held to maturity (available for sale)	–	–	–	–
Equity securities	145	134	272	261
– of which, qualified participations ¹	8	5	12	8
Precious metals	499	349	499	349
Real estate	4	4	4	4
Cryptocurrencies	–	–	–	–
Total financial investments	7,722	5,197	7,921	5,402
– of which, securities eligible for repo transactions in accordance with liquidity requirements	6,900	4,659	6,972	4,737

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

in CHF million

Counterparties by rating

	Aaa–Aa3	A1–A3	Baa1–Baa3	Ba1–Ba3	Lower than Ba3	Unrated
Moody's						
Standard & Poor's, Fitch	AAA–AA–	A+–A–	BBB+–BBB–	BB+–B–	Below B–	Unrated

Debt securities: Book values

2025	5,630	69	–	–	–	1,376
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All debt instruments without a rating fulfil the conditions of high-quality liquid assets (HQLA) according to the Liquidity Ordinance (LiqV). If two ratings exist with different risk weightings, the rating with the lower risk weighting is used. If more than two ratings exist with different risk weightings, those ratings which correspond to the two lowest risk weightings are taken into consideration. The higher of the two risk weightings is used. Top priority is given to the issue rating and second priority to the issuer rating.

10 Other assets and liabilities

in CHF million

	Other assets		Other liabilities	
	2025	2024	2025	2024
Compensation account	0	0	137	159
Deferred income taxes recognised as assets	-	-	-	-
Amount recognised as assets in respect of employer contribution reserves	-	-	-	-
Amount recognised as assets relating to other assets from pension schemes	-	-	-	-
Negative goodwill	-	-	-	-
Settlement accounts	239	368	600	549
Indirect taxes	25	24	44	110
Other	5	5	11	10
Total	270	398	791	829

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

in CHF million

	2025		2024	
	Book value	Effective commitment	Book value	Effective commitment
› Pledged/assigned assets				
Liquid assets	250	250	245	245
Amounts due from banks	1,117	1,103	2,931	2,913
Amounts due from customers	881	837	1,114	1,044
Mortgage loans	14,618	12,041	13,715	11,162
Trading portfolio assets	503	494	597	597
Financial investments	579	525	380	332
Total pledged/assigned assets	17,947	15,249	18,984	16,294

No assets are subject to reservation of ownership.

Note 1 shows instruments serving as collateral for which a right of resale or pledging has been granted in connection with securities financing.

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

in CHF million

	2025	2024	Change
› Liabilities to own pension schemes from balance-sheet transactions			
Amounts due in respect of customer deposits	55	53	2
Cash bonds	0	0	0
Negative replacement values of derivative financial instruments ¹	22	0	22
Accrued expenses and deferred income	0	0	0
Other liabilities	0	0	0
Total	77	53	24

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

¹ After taking netting agreement into account.

13 Information on pension schemes

a) Employer contribution reserves (ECR)

Zürcher Kantonalbank does not have any employer contribution reserves.

b) Economic benefit/obligations and the pension expenses

in CHF million	Over- / underfunding	Economic interest of the bank		Change in economic interest versus previous year	Contribu- tions paid	Pension expenses in personnel expenses	
		2025	2024			2025	2024
	End 2025						
Employer-sponsored funds/em- ployer-sponsored pension schemes	-	-	-	-	-	-	-
Pension plans without overfunding/underfunding	-	-	-	-	-	-	2
Pension plans with overfunding	78	-	-	-	119	119	115
Pension plans with underfunding	-	-	-	-	-	-	-
Pension schemes without own assets	-	-	-	-	-	-	-
Total	78	-	-	-	119	119	117

14 Issued structured products

in CHF million		Book value				Total
		Valued as a whole		Valued separately		
		Booked in trading portfolio	Booked in other financial instruments at fair value	Value of the host instrument	Value of the derivative	
Underlying risk of the embedded derivative						
Interest rate instruments	With own debenture component	-	-	-	-	-
	Without oDC	-	-	-	-	-
Equity securities	With own debenture component	-	3,821	-	-	3,821
	Without oDC	-	-	-	-	-
Foreign currencies	With own debenture component	-	138	-	-	138
	Without oDC	-	-	-	-	-
Commodities/precious metals	With own debenture component	-	4	-	-	4
	Without oDC	-	-	-	-	-
Loans	With own debenture component	-	-	-	-	-
	Without oDC	-	-	-	-	-
Real estate	With own debenture component	-	-	-	-	-
	Without oDC	-	-	-	-	-
Hybrid instruments	With own debenture component	-	-	-	-	-
	Without oDC	-	-	-	-	-
Total 2025		-	3,962	-	-	3,962
Total 2024		-	2,550	-	-	2,550

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

in CHF million	Balance at end of 2024	Changes to scope of consolidation	Use in conformity with designated purpose and reversals	Reclassifications	Currency differences	Past due interest, recoveries	New creations charged to income	Releases to income statement	Balance at end of 2025
Provisions for deferred taxes	–	–	–	–	–	–	–	–	–
Provisions for pension benefit obligations	–	–	–	–	–	–	–	–	–
Provisions for default risks	151	–	–3	–	–	–	123	–112	158
– of which, provisions for expected loss	61	–	–	–	–	–	83	–80	64
Provisions for other business risks ¹	13	–	–0	–	–	–	2	–0	15
Provisions for restructuring	–	–	–	–	–	–	–	–	–
Other provisions ²	13	–	–2	–	–	–	5	–1	15
Total provisions	177	–	–5	–	–	–	130	–114	188
Reserves for general banking risks	4,755	–	–	–	–	–	–	–	4,755
Value adjustments for default and country risks	718	–	–11	–	–	2	317	–308	718
– of which, value adjustments for default risks in respect of impaired loans/receivables ³	271	–	–11	–	–	2	86	–58	289
– of which, value adjustments for expected loss	447	–	–	–	–	–	230	–249	428

1 Provisions for other business risks relate to provisions for settlement risks, for example, which cover identifiable risks as at the balance sheet date.

2 The other provisions include, among other things, provisions for litigation and provisions for employees' holiday credits.

3 Default risks consist primarily of counterparty risks, for which value adjustments of 100 percent of the net debt amount are generally made. Individual value adjustment rates may apply in the case of major positions.

Recoveries from amounts due derecognised in previous periods are reported directly in Changes in value adjustments for default risk and losses from interest operations (2025: CHF 0 million/2024: CHF 2 million).

For more details on the management of credit risks, operational risks and legal and compliance risks, please refer to section I) Risk report.

17 Presentation of the bank's capital

in CHF million

Endowment capital

Total bank's capital

Total par value 2025	Total par value 2024
2,425	2,425
2,425	2,425

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

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

Zürcher Kantonalbank does not have an employee participation scheme.

19 Amounts due from/to related parties

in CHF million

	Due from		Due to	
	2025	2024	2025	2024
Holders of qualified participations	13	21	629	734
Group companies	341	351	1,577	355
Linked companies	194	323	858	604
Transactions with members of governing bodies	10	12	27	31
Other related parties	-	-	-	-

Affiliated companies are public-law institutions of the respective canton or public-private enterprises in which the canton holds qualified participations. On- and off-balance-sheet transactions with related parties are conducted at usual market conditions, with the exception of loans to members of governing bodies. Loans to governing bodies are granted on employee terms in some cases.

This primarily involved the usual balance sheet banking business, i.e. it was mainly amounts due from and due to customers.

The totals above also include securities items and claims and liabilities from transactions in derivatives (positive and negative replacement values). The off-balance-sheet transactions with related parties in the amount of CHF 2,888 million (2024: CHF 2,870 million) primarily include irrevocable loan commitments, in particular the keepwell agreement with Zürcher Kantonalbank Finance (Guernsey) Ltd., and other contingent liabilities.

20 Disclosure of holders of significant participations

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

21 Disclosure of own shares and composition of equity capital

in CHF million

	2025	2024
Reserves for general banking risks	4,755	4,755
Bank's capital	2,425	2,425
Statutory retained earnings reserve	1,213	1,213
Voluntary retained earnings reserve	6,094	5,354
Profit carried forward	2	4
Result of the period	1,219	1,112
Total equity	15,708	14,863

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

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

The requirements are not applicable for Zürcher Kantonalbank.

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

Rating system ZKB's own country rating	Moody's	2025 Net foreign exposure		2024 Net foreign exposure	
		in CHF million	Share as %	in CHF million	Share as %
A	Aaa/Aa1/Aa2/Aa3	21,082	85.9	24,349	85.9
B	A1/A2/A3	1,388	5.7	1,603	5.7
C	Baa1/Baa2/Baa3	627	2.6	682	2.4
D	Ba1/Ba2	1,057	4.3	1,254	4.4
E	Ba3	171	0.7	4	0.0
F	B1/B2/B3	93	0.4	319	1.1
G	Caa1/Caa2/Caa3/Ca/C	133	0.5	138	0.5
Total		24,550	100.0	28,350	100.0

j) Information on off-balance-sheet transactions

28 Contingent liabilities and contingent assets

in CHF million

	2025	2024
Guarantees to secure credits and similar	385	466
Performance guarantees and similar	2,378	2,169
Irrevocable commitments arising from documentary letters of credit	1,153	1,419
Other contingent liabilities	-	-
Total contingent liabilities	3,916	4,054
Contingent assets arising from tax losses carried forward	-	-
Other contingent assets	-	-
Total contingent assets	-	-

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

In connection with the intended sale of the debt market portal cosmofunding the seller, Bank Vontobel AG, receives a fixed price. This promise to pay represents an irrevocable commitment as at 31 December 2025 and an earn-out payment in 2027 that will depend on the income generated from private placement transactions. The earn-out payment in the first quarter of 2027 cannot be reliably quantified at present.

30 Breakdown of fiduciary transactions

in CHF million

	2025	2024
Fiduciary investments with third-party companies	1,021	1,066
Fiduciary investments with group companies and linked companies	-	-
Fiduciary loans	-	-
Fiduciary transactions arising from securities lending and borrowing (in the bank's own name for the account of customers)	-	-
Fiduciary crypto currencies held for customer's accounts ¹	-	-
Other fiduciary transactions	-	-
Total	1,021	1,066

1 According to FINMA Guidance 03/2025, recognising cryptobased assets (cryptocurrencies held for clients on a fiduciary basis) as fiduciary transactions as described in margin no. 214 of FINMA Circular 2020/1 is no longer appropriate. From financial year 2025 onwards, cryptobased assets will be disclosed in Note 31a as a footnote, along with the prior-year figure.

31 Breakdown of managed assets and presentation of their development

a) Breakdown of managed assets

in CHF million

› Type of managed assets

	2025	2024
Assets in collective investment schemes managed by the bank	193,896	168,799
Assets under discretionary asset management agreements	104,197	103,392
Other managed assets ³	200,504	180,335
Total managed assets (including double counting)^{1/3}	498,598	452,526
– of which, double counting	98,826	92,597
Assets with Custody Services²	80,352	63,534
Total client assets (including double counting)³	578,950	516,060

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

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

3 Of which cryptobased assets: CHF 55 million (previous year: CHF 19 million).

b) Presentation of the development of managed assets

in CHF million

	2025	2024
Total managed assets (including double counting) at beginning	452,526	391,543
+/- net new money inflow or net new money outflow ⁴	13,590	29,847
+/- price gains/losses, interest, dividends and currency gains/losses ⁴	33,615	32,333
+/- other effects	-1,133	-1,197
Total managed assets (including double counting) at end	498,598	452,526

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

k) Information on the income statement

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

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

in CHF million

	2025	2024
Result from trading in foreign exchange, bank notes and precious metals	232	147
Result from trading in bonds, interest rate and credit derivatives	64	93
Result from trading in equities and structured products	80	62
Result from other trading activities ¹	30	34
Total	405	336

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

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

in CHF million	Result from trading activities from:						
	Foreign exchange and bank notes	Precious metals	Securities lending and borrowing	Bonds, interest rate and credit derivatives	Equities and equity derivatives	Commodities and commodity derivatives	Other products ²
	2025						
Result from trading in foreign exchange, bank notes and precious metals	232	224	14	0	-6	-	-
Result from trading in bonds, interest rate and credit derivatives	64	-0	-	-10	74	0	-
Result from trading in equities and structured products	80	8	-2	0	-17	91	-0
Result from other trading activities	30	-0	-0	31	-0	-1	-0
Total	405	232	12	21	51	90	-0
- of which, from fair value option on assets	-	-	-	-	-	-	-
- of which, from fair value option on liabilities	-291	7	-1	-	-	-297	-0

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

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

During financial year 2025, refinancing income from trading activities of CHF –271.1 million (previous year: CHF –369.5 million) was included in the item Interest and discount income. The item Interest and discount income also includes the result of currency swaps in the amount of CHF 1,076.0 million (previous year: CHF 1,141.9 million), which were entered into solely for the purpose of engaging in interest arbitrage. Negative interest on lending business is shown as a reduction in the interest and discount income. Negative interest on deposit-taking business is shown as a reduction in interest expenses.

in CHF million	2025	2024
Negative interest on lending business (reduction in interest and discount income)	3	0
Negative interest on deposit-taking business (reduction in interest expenses)	4	1

34 Breakdown of personnel expenses

in CHF million	2025	2024
Salaries and benefits	976	942
– of which, alternative forms of variable compensation	–	–
AHV, IV, ALV and other social security contributions	197	195
Changes in book value for economic benefits and obligations arising from pension schemes	–	–
Other personnel expenses	36	36
Total	1,209	1,174

35 Breakdown of general and administrative expenses

in CHF million	2025	2024
Office space expenses	31	31
Expenses for information and communications technology	206	187
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	2	2
Fees of audit firms	4	4
– of which, for financial and regulatory audits	4	4
– of which, for other services	0	0
Other operating expenses	281	262
– of which, compensation for state guarantee	34	31
Total	524	486

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

in CHF million

› Extraordinary income

Reversal of impairment on other participations	
Income from sale of other real estate/bank premises	
Income from sale of participations	
Other	
Total	

2025	2024
4	8
3	9
57 ¹	0
1	1
66	18
-	-
-	-
0	0
0	0
-	-
-	-
-	-

› Extraordinary expenses

Losses from sale of other real estate/bank premises	
Losses from disposal of participations	
Other	
Total	

› Changes in reserves for general banking risks

Creation of reserves for general banking risks	
Release of reserves for general banking risks	
Total	

¹ Mainly in connection with the sale of Zürcher Kantonalbank Österreich AG to Liechtensteinische Landesbank (AG).

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

in CHF million

Participations	Registered office
CLS Group Holdings AG	Lucerne
TWINT Ltd.	Zurich
Venture Incubator AG	Altendorf
Zürcher Kantonalbank Österreich AG	Salzburg
Total	

2025	2024
1	0
1	1
2	-
-	6
4	7

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

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

in CHF million

Creation of provisions for deferred taxes	
Reversal of provisions for deferred taxes	
Recognition of deferred taxes on losses carried forward	
Recognition of other deferred taxes	
Reversal of other deferred taxes	
Expenses for current income and capital taxes ¹	
Expenses for property gains taxes	
Total	
Unrecognised tax reductions on losses carried forward, and tax credits not recognised under the principle of prudence	
Hypothetical deferred income taxes calculated at theoretical tax rates on revaluations of investments not relevant for tax purposes	

2025	2024
-	-
-	-
-	-
-	-
-	-
-169	-156
0	-2
-169	-158
-	-
-	-

Figures in table: minus = expense; plus = income

¹ Of which OECD minimum tax in Switzerland for the current year CHF 169 million (prior year: CHF 156 million).

Average weighted tax rate (basis: operating result): 12.8 % (prior year 12.6 %).

Pawnbroking agency of Zürcher Kantonalbank

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

Balance sheet (before appropriation of profit)

Assets	in CHF 1,000	2025	2024	Liabilities	in CHF 1,000	2025	2024
Liquid assets		293	326	Amounts due to banks		7,500	6,000
Amounts due from banks		1,074	538	Surplus from auctions		240	138
Accounts receivable		-	-	Accounts payable		20	1
Loans		7,611	6,241	Provisions		155	125
Inventory		-	-	Reserve fund		1,248	1,248
Furniture, IT system		0	0	Profit carried forward		0	0
Transitory assets/ accrued interest		279	246	Operating profit/-loss		94	-161
Total assets		9,257	7,351	Total assets		9,257	7,351

Income statement

Expenses	in CHF 1,000	2025	2024	Income	in CHF 1,000	2025	2024
Operating expenses		848	879	Interest on loans		896	772
Refinancing expenses		72	114	Other income		158	101
Losses		10	30				
Depreciation and provisions		30	10				
Operating profit		94	-	Operating loss		-	161
Total		1,054	1,034	Total		1,054	1,034

Loan transactions

	Items	in CHF 1,000	Items	in CHF 1,000
Total loans at 31.12.2024			3,846	6,241
New loans in 2025 (incl. renewals)			7,894	15,755
Repayments in 2025	-7,763	-14,249		
Proceeds from auctions incl. inventory receipts	-155	-136		
Total loans at 31.12.2025			3,822	7,611

Report of the statutory auditor to the Cantonal Parliament of Zurich
on our audit of the financial statements as of 31 December 2025 of

Zurich, 26 February 2026

Zürcher Kantonalbank, Zürich

Report of the statutory auditor

Report on the audit of the financial statements



Opinion

We have audited the financial statements of Zürcher Kantonalbank (the Company), which comprise the balance sheet as at 31 December 2025, the income statement and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 185 to 203) comply with Swiss law and the Law on Zürcher Kantonalbank.



Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of the financial statements” section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession that are relevant to audits of the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the “Auditor’s responsibilities for the audit of the financial statements” section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

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

Area of focus	<p>Zürcher Kantonalbank discloses loans to clients, consisting of amounts due from customers and mortgage loans, at nominal value less any necessary value adjustments.</p> <p>For default risks on impaired loans, individual value adjustments are made. For default risks on non-impaired loans value adjustments and provisions for expected losses are recognized.</p> <p>For the measurement of value adjustments and provisions for default risks, valuation models are used. In addition, this requires making estimates and assumptions which, by definition, involve judgments and may vary depending on the valuation.</p> <p>As of 31 December 2025, Zürcher Kantonalbank discloses client loans totaling CHF 123.9 billion. As of the balance sheet date, individual value adjustments and provisions for impaired loans amounted to CHF 383.9 million and value adjustments and provisions for expected losses amounted to CHF 492.4 million. With 60.3%, loans to clients represent a material part of the assets of Zürcher Kantonalbank, and we consider the determination of value adjustments and provisions for default risks on loans to clients as a key audit matter.</p> <p>The significant accounting principles for determining value adjustments and provisions for default risks are described by Zürcher Kantonalbank on pages 112 to 113, 118, 119 as well as on pages 157 to 164 of the bank's annual report. Furthermore, we refer to notes 2 and 16 on pages 190, 191 and 196 in the notes to the financial statements.</p>
Our audit response	<p>We audited the processes and key controls in connection with granting and monitoring loans as well as with regard to the methods for identifying and determining individual value adjustments and provisions for default risks on loans to clients. Moreover, we evaluated the concept for the determination of value adjustments and provisions for expected losses.</p> <p>Finally, we performed sample tests on the impairment of selected client loans, and evaluated the compliance of significant accounting principles as well as the appropriateness of the disclosures in the notes to the financial statements.</p> <p>Our audit procedures did not lead to any reservations concerning the determination of value adjustments and provisions for default risks on loans to clients.</p>

Fair value measurement of financial instruments

Area of focus	<p>Fair value is defined as the amount for which an asset is exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. This amount corresponds to the price requested in a price-efficient and liquid market or, if this is missing, to the price determined on the basis of a valuation model. Valuation models are significantly affected by the assumptions that are used, including interest, forward and swap rates, spread curves and the volatility and estimates of future cash flows. There is a significant degree of judgment involved in making these assumptions.</p> <p>Zürcher Kantonalbank discloses financial instruments at fair value measurement in different balance sheet items. As of 31 December 2025, the fair value of positive replacement values of derivative financial instruments amounts to CHF 1.1 billion, while that of the negative replacement values amounts to CHF 1.1 billion. Furthermore, as of 31 December 2025, Zürcher Kantonalbank discloses liabilities from other financial instruments at fair value measurement totaling CHF 4.0 billion that were determined using a valuation model.</p> <p>As a result of the scope of judgment and the significance of the listed balance sheet items in the financial statements of Zürcher Kantonalbank, the valuation of these items represents a key audit matter.</p> <p>The corresponding accounting and valuation principles are described by Zürcher Kantonalbank on pages 114, 119, 120 as well as on pages 164 to 168 of its annual report. Furthermore, we refer to notes 3, 4 and 14 on pages 191 to 193 and 195 in the notes to the financial statements.</p>
Our audit response	<p>We audited the processes and key controls with regard to fair value measurement, validation and application of valuation models.</p> <p>Moreover, we assessed the assumptions made in connection with the valuation and their appropriateness on the basis of sample testing and evaluated the measurement of financial instruments by means of independent valuation models. On the basis of sample testing and a comparison with third-party sources, we assessed the fair values used and directly available from an active market. Moreover, we evaluated the appropriateness of the disclosures in the notes to the financial statements.</p> <p>Our audit procedures did not lead to any reservations concerning the fair value measurement of financial instruments.</p>



Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework for banks, the provisions of Swiss law and the Law on Zürcher Kantonalbank, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.



Report on other legal and regulatory requirements



In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

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

Ernst & Young Ltd

Eveline Hunziker
Licensed audit expert
(Auditor in charge)

Bruno Taugner
Licensed audit expert