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*Media release*

## **Zürcher Kantonalbank increases net profit to CHF 865 million and distributes coronavirus special dividend of CHF 100 million**

- **Operating income climbs to record CHF 2,513 million**
- **Customer assets rise to CHF 362 billion**
- **Strong net inflow of new money of CHF 22.1 billion**
- **Ordinary dividend of CHF 356 million and additional coronavirus special dividend of CHF 100 million for Canton of Zurich and its municipalities**
- **More than CHF 1 billion of Covid-19 loans for large companies and SMEs**

In the financial year 2020, Zürcher Kantonalbank generated a net profit of CHF 865 million, up 2.4% year on year. This result was driven in particular by higher income in trading but also by the commission and fee business and by interest operations. “This excellent result in a year heavily overshadowed by the coronavirus pandemic demonstrates the strength of our diversified business model. I would like to express my warmest thanks to our customers for continuing to place their trust in us even in difficult times. In 2021 too, we will be meeting our responsibilities and supporting companies heavily affected by the crisis”, stated Martin Scholl, CEO of Zürcher Kantonalbank.

The Canton of Zurich and its municipalities will receive an ordinary dividend of CHF 356 million, as well as a non-ringfenced coronavirus special dividend of CHF 100 million. “Zürcher Kantonalbank is a reliable partner – not least of all in challenging situations. This special dividend is our way of helping the Canton and its municipalities to overcome the coronavirus crisis – in addition to the special services we are providing to SMEs, people working in the arts and the young unemployed”, commented Dr Jörg Müller-Ganz, Chairman of the Board of Directors of Zürcher Kantonalbank.

### **Operating income climbs to record high thanks to broad diversification**

Operating income grew by CHF 99 million year on year to a new record level of CHF 2,513 million. All three pillars of the bank’s business model contributed to this positive development.

Net interest income came in at CHF 1,218 million, the same level as in the prior year. While gross interest income increased by a gratifying 4%, despite fierce competition and the ongoing negative interest rate environment, the coronavirus pandemic impacted the interest result. This prompted an increase in value adjustments for default risk and losses from interest operations to CHF 39 million. This stands in contrast to a net release of CHF 6 million in the previous year. The mainstay of the bank’s interest operations, the mortgage business, achieved growth of 4% – slightly more than the market as a whole. In absolute terms, mortgage volumes stood at CHF 87.7 billion at the end of 2020, up CHF 3.4 billion.

Income from the commission and fee business recorded a rise of almost 4% year on year to CHF 806 million – due in particular to positive overall market performance along with higher investment and transaction volumes. The positive development of the securities and investment business compensated for the higher commission expenses and for the decline in other service business, which was due mainly to lower earnings from card and Bancomat transactions as a result of reduced travel.

In the trading business, both the pandemic-related market dislocations and the market opportunities that presented themselves were optimally exploited. This resulted in net income of CHF 459 million, or an increase of around 44% year on year. This growth was driven above all by income from trading in bonds and from interest and credit derivatives, but also reflects higher income from foreign exchange, bank note and precious metals trading, as well as from equity trading and trading in structured products.

Trading activities benefited from higher margins and volumes thanks to the strategic focus on the customer business. The market upheavals in the spring may have led to a short-term increase in market risks in the trading book, but at no point did these breach risk tolerance ceilings. Thanks to the support measures provided by governments and central banks, market risks then receded to pre-coronavirus levels from the summer onwards.

### **Operating expenses impacted by one-off effects**

Despite strong cost discipline, operating expenses rose in 2020 by 9.5% year on year to CHF 1,580 million. This was above all attributable to higher personnel costs (+9.7%), which were in turn significantly impacted by the anniversary payment of CHF 46 million to the bank's employees, as approved in the previous year. In terms of profitability, this effect was neutralized by the release of reserves for general banking risks in the same amount. In addition, the higher personnel costs reflect a slight rise in headcount as well as higher variable personnel costs due to the rise in net profit. The rise in general and administrative expenses (+8.9%) is mainly due to IT costs that were incurred, for example, in connection with the expansion of infrastructure on the back of the coronavirus crisis as well as to the development and launch of the new pension app "frankly" and the centralization of jobs at the Zurich West location. The cost/income ratio for 2020 amounted to 60.1% (previous year 59.9%), a healthy level given the bank's business model.

After the deduction of value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets (CHF 117 million), together with changes to provisions and other value adjustments and losses (CHF 14 million), operating income came in at CHF 801 million. After taking into account extraordinary income, changes in reserves for general banking risks and taxes, net profit amounted to CHF 865 million.

### **High distribution to the Canton and municipalities**

Including the coronavirus special dividend, Zürcher Kantonalbank will distribute CHF 456 million to the Canton of Zurich and its municipalities for the financial year 2020 (2019: CHF 506 million including anniversary dividend). The Canton will therefore receive CHF 297 million in the form of a dividend and CHF 11 million to cover the cost of endowment capital. The municipalities will receive CHF 148 million.

In addition, the Canton will receive the sum of CHF 23 million by way of compensation for the state guarantee (2019: CHF 22 million). Payments relating to the public service mandate totalled CHF 126 million (2019: CHF 125 million). The bank is providing full support to its sponsorship partners during the coronavirus crisis, irrespective of the services they are able to provide.

### **Strong rise in customer assets**

Customer assets had increased to CHF 362 billion at the end of 2020, corresponding to a rise of around 9% compared to the end of 2019. In addition to the pleasing net inflow of new money in the amount of CHF 22.1 billion, this growth was also driven by positive market performance of CHF 8.9 billion.

### **Strong capital position**

Zürcher Kantonalbank continues to have an exceptionally strong capital base. The risk-based capital ratio amounted to 18.9% at the end of 2020 (2019: 20.0%). The leverage ratio, which highlights the bank's

ability to absorb losses incurred during regular business operations (going concern), declined to 6.2% (2019: 7.0%).

With its extremely robust capital situation, Zürcher Kantonalbank significantly exceeds all regulatory requirements. This also applies to the additional requirements for gone-concern capital that entered into force at the start of 2019 and will last until 2026. This refers to the amounts that domestically-focused, systemically important banks must hold so that they can continue their systemically important functions in the event of recovery or resolution in a situation of impending insolvency.

### **Support for companies during the coronavirus crisis**

Zürcher Kantonalbank considers that providing the economy of the Zurich region with support in these challenging times is part and parcel of its statutory public service mandate. During the past year, the bank received more than 7,800 applications for Covid-19 loans, and approved credits amounting to a total of CHF 1,041 million for large companies, SMEs and start-ups as a result. The bank has made an additional CHF 300 million of bridging loans available to SMEs since 4 January 2021.

### **Outlook**

“The environment can be expected to remain challenging in 2021 given the ongoing pandemic. I am nonetheless confident that we are well positioned to deliver another pleasing result”, commented CEO Martin Scholl.

### **Contact**

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### **Zürcher Kantonalbank**

Zürcher Kantonalbank is a leading universal bank in the Greater Zurich Area, with national roots and international reach. It is an independent public-law institution of the Canton of Zurich and has received top ratings from the rating agencies Standard & Poor's, Moody's and Fitch (AAA or Aaa). With more than 5,000 employees, Zürcher Kantonalbank offers its clients a comprehensive range of products and services. The bank's core activities include financing businesses, asset and wealth management, trading, capital market transactions, deposits, payment transactions and card business. Zürcher Kantonalbank provides customers and distribution partners with a comprehensive range of investment and retirement provision products and services.

# Jahresabschluss Konzern

31. Dezember 2020

Erfolgsrechnung	in Mio. CHF	2020	2019	Veränderung +/-
Geschäftsertrag		2'513	2'414	+4.1%
Geschäftsaufwand		-1'580	-1'443	+9.5%
Geschäftserfolg		801	846	-5.3%
Konzerngewinn		865	845	+2.4%

Kennzahlen	in %			
Return on Equity (RoE)		7.2	7.2	-
Cost Income Ratio (CIR) <sup>1</sup>		60.1 <sup>2</sup>	59.9	+0.2
Risikobasierte Quote Hartes Kernkapital (CET1) (going-concern) <sup>3</sup>		17.4	17.7	-0.3
Risikobasierte Kapitalquote (going-concern) <sup>3</sup>		18.9	20.0	-1.1
Leverage Ratio (going-concern) <sup>3</sup>		6.2	7.0	-0.8
Liquidity Coverage Ratio (LCR) <sup>4</sup>		160	123	+37.0

Bilanz	in Mio. CHF	31.12.2020	31.12.2019	
Bilanzsumme		188'364	167'054	+12.8%
Hypothekarforderungen		87'679	84'311	+4.0%
Qualitativ hochwertige Liquiden Aktiven (HQLA) <sup>4</sup>		53'042	43'679	+21.4%
Eigenkapital		12'650	12'337	+2.5%

Kundengeschäft	in Mio. CHF			
Total Kundengelder <sup>5</sup>		128'895	108'339	+19.0%
Total Kundenausleihungen		96'932	93'215	+4.0%
Total verwaltete Vermögen		361'658	333'341	+8.5%
Netto Zu- oder -Abfluss verwalteter Vermögen (NNM; +/-)		+22'056	+11'656	+89.2%

Geschäftsstellen/Personalbestand	Anzahl			
Geschäftsstellen <sup>6</sup>		60	66	-6
Personalbestand teilzeitbereinigt per Stichtag (FTE)		5'180	5'145	+35

Gewinnausschüttung	in Mio. CHF	ord.	Corona	Total	ord.	Jubiläum	Total	
Anteil zur Deckung der Selbstkosten an Kanton		-	-	11	-	-	11	-
Dividende Kanton		230 <sup>7</sup>	67 <sup>9</sup>	297	230 <sup>7</sup>	100 <sup>8</sup>	330	-10.1%
Dividende Gemeinden		115 <sup>7</sup>	33 <sup>9</sup>	148	115 <sup>7</sup>	50 <sup>8</sup>	165	-10.1%
Total		345	100	456	345	150	506	-9.9%

<sup>1</sup> Berechnung: Geschäftsaufwand über Geschäftsertrag (exkl. Veränderungen von ausfallbedingten Wertberichtigungen sowie Verluste Zinsengeschäft).

<sup>2</sup> Ausweis ohne den einmaligen Personalaufwand von CHF 46 Mio. im Zusammenhang mit dem an die Mitarbeiter ausbezahlten Jubiläumsgeld.

<sup>3</sup> Gemäss Bestimmungen für systemrelevante Banken.

<sup>4</sup> Einfacher Durchschnitt der Tagesendwerte der Arbeitstage des Berichtsquartals.

<sup>5</sup> Bestehend aus: Verpflichtungen aus Kundeneinlagen, Kassenobligationen, Obligationenanleihen und Pfandbriefdarlehen.

<sup>6</sup> Inklusive Geschäftsstellen der Zürcher Kantonalbank Österreich AG in Salzburg und Wien.

<sup>7</sup> Ordentliche Dividende.

<sup>8</sup> Jubiläumsdividende.

<sup>9</sup> Corona-Sonderdividende.

# Erfolgsrechnung Konzern

in Mio. CHF	2020	2019	Veränderung	in %
<b>Erfolg aus dem Zinsengeschäft</b>				
Zins- und Diskontertrag	1'425	1'861	-436	-23.4%
Zins- und Dividendenertrag aus Finanzanlagen	32	35	-3	-7.5%
Zinsaufwand	-200	-687	+487	-70.9%
<b>Brutto-Erfolg Zinsengeschäft</b>	<b>1'258</b>	<b>1'210</b>	<b>+48</b>	<b>+4.0%</b>
Veränderungen von ausfallrisikobedingten Wertberichtigungen sowie Verluste aus dem Zinsengeschäft	-39	6	-46	-
<b>Subtotal Netto-Erfolg Zinsengeschäft</b>	<b>1'218</b>	<b>1'216</b>	<b>+2</b>	<b>+0.2%</b>
<b>Erfolg aus dem Kommissions- und Dienstleistungsgeschäft</b>				
Kommissionsertrag Wertschriften- und Anlagegeschäft	862	786	+76	+9.7%
Kommissionsertrag Kreditgeschäft	57	58	-1	-1.8%
Kommissionsertrag übriges Dienstleistungsgeschäft	129	150	-21	-14.2%
Kommissionsaufwand	-242	-218	-24	+11.1%
<b>Subtotal Erfolg Kommissions- und Dienstleistungsgeschäft</b>	<b>806</b>	<b>777</b>	<b>+30</b>	<b>+3.8%</b>
<b>Erfolg aus dem Handelsgeschäft</b>				
Erfolg aus dem Handelsgeschäft und der Fair-Value-Option	459	319	+140	+43.9%
<b>Übriger ordentlicher Erfolg</b>				
Erfolg aus Veräusserungen von Finanzanlagen	6	6	-0	-4.7%
Beteiligungsertrag	15	25	-10	-39.8%
– davon aus nach Equity-Methode erfassten Beteiligungen	1	2	-0	-23.5%
– davon aus übrigen nicht konsolidierten Beteiligungen	14	23	-10	-41.0%
Liegenschaftenerfolg	5	5	+0	+0.5%
Anderer ordentlicher Ertrag	9	68	-58	-86.2%
Anderer ordentlicher Aufwand	-6	-2	-4	+192.4%
<b>Subtotal Übriger ordentlicher Erfolg</b>	<b>29</b>	<b>102</b>	<b>-73</b>	<b>-71.3%</b>
<b>Geschäftsertrag</b>	<b>2'513</b>	<b>2'414</b>	<b>+99</b>	<b>+4.1%</b>
<b>Geschäftsaufwand</b>				
Personalaufwand	-1'126	-1'026	-100	+9.7%
Sachaufwand	-455	-417	-37	+8.9%
<b>Geschäftsaufwand</b>	<b>-1'580</b>	<b>-1'443</b>	<b>-137</b>	<b>+9.5%</b>
Wertberichtigungen auf Beteiligungen sowie Abschreibungen auf Sachanlagen und immateriellen Werten	-117	-113	-4	+3.6%
Veränderungen von Rückstellungen und übrigen Wertberichtigungen sowie Verluste	-14	-12	-3	+23.6%
<b>Geschäftserfolg</b>	<b>801</b>	<b>846</b>	<b>-45</b>	<b>-5.3%</b>
Ausserordentlicher Ertrag	25	4	+21	-
Ausserordentlicher Aufwand	-0	-0	+0	-78.3%
Veränderungen von Reserven für allgemeine Bankrisiken	46	-	+46	-
Steuern	-8	-5	-3	+50.6%
<b>Konzerngewinn</b>	<b>865</b>	<b>845</b>	<b>+20</b>	<b>+2.4%</b>

# Bilanz Konzern

in Mio. CHF	31.12.2020	31.12.2019	Veränderung	in %
<b>Aktiven</b>				
Flüssige Mittel	52'154	36'786	+15'368	+41.8%
Forderungen gegenüber Banken	3'396	4'917	-1'521	-30.9%
Forderungen aus Wertpapierfinanzierungsgeschäften	16'942	15'588	+1'354	+8.7%
Forderungen gegenüber Kunden	9'253	8'905	+348	+3.9%
Hypothekarforderungen	87'679	84'311	+3'369	+4.0%
Handelsgeschäft	10'920	9'168	+1'752	+19.1%
Positive Wiederbeschaffungswerte derivativer Finanzinstrumente	1'593	1'486	+107	+7.2%
Übrige Finanzinstrumente mit Fair-Value-Bewertung	–	–	–	–
Finanzanlagen	5'035	4'422	+613	+13.9%
Aktive Rechnungsabgrenzungen	302	293	+10	+3.3%
Nicht konsolidierte Beteiligungen	135	138	-3	-2.4%
Sachanlagen	629	651	-22	-3.4%
Immaterielle Werte	86	123	-36	-29.4%
Sonstige Aktiven	239	267	-28	-10.4%
<b>Total Aktiven</b>	<b>188'364</b>	<b>167'054</b>	<b>+21'310</b>	<b>+12.8%</b>
Total nachrangige Forderungen	263	337	-75	-22.1%
– davon mit Wandlungspflicht und / oder Forderungsverzicht	18	37	-20	-52.4%
<b>Passiven</b>				
Verpflichtungen gegenüber Banken	34'838	34'082	+756	+2.2%
Verpflichtungen aus Wertpapierfinanzierungsgeschäften	4'823	4'969	-146	-2.9%
Verpflichtungen aus Kundeneinlagen	92'609	85'089	+7'520	+8.8%
Verpflichtungen aus Handelsgeschäften	1'320	2'058	-739	-35.9%
Negative Wiederbeschaffungswerte derivativer Finanzinstrumente	942	1'303	-361	-27.7%
Verpflichtungen übrige Finanzinstrumente mit Fair-Value-Bewertung	3'459	2'844	+616	+21.6%
Kassenobligationen	158	143	+15	+10.7%
Obligationenanleihen	25'385	13'329	+12'056	+90.4%
Pfandbriefdarlehen	10'743	9'778	+965	+9.9%
Passive Rechnungsabgrenzungen	798	674	+124	+18.4%
Sonstige Passiven	417	205	+212	+103.0%
Rückstellungen	222	242	-19	-8.0%
Reserven für allgemeine Bankrisiken	154	200	-46	-23.1%
Gesellschaftskapital	2'425	2'425	–	–
Gewinnreserve	9'214	8'875	+339	+3.8%
Währungsumrechnungsreserve	-8	-7	-0	+1.0%
Konzerngewinn	865	845	+20	+2.4%
<b>Eigenkapital</b>	<b>12'650</b>	<b>12'337</b>	<b>+313</b>	<b>+2.5%</b>
<b>Total Passiven</b>	<b>188'364</b>	<b>167'054</b>	<b>+21'310</b>	<b>+12.8%</b>
Total nachrangige Verpflichtungen	1'607	1'471	+136	+9.3%
– davon mit Wandlungspflicht und / oder Forderungsverzicht	1'607	1'471	+136	+9.3%
<b>Ausserbilanzgeschäfte</b>				
Eventualverpflichtungen	3'395	3'885	-490	-12.6%
Unwiderrufliche Zusagen	10'563	8'718	+1'844	+21.2%
Einzahlungs- und Nachschussverpflichtungen	251	257	-6	-2.3%
Verpflichtungskredite	–	–	–	–