

7 February 2020

Media release

## 2019 net profit increases by 7% to CHF 845 million

- **Second-highest net profit in the 150-year history of Zürcher Kantonalbank**
- **Record income of CHF 2,414 million (+4%)**
- **Client assets reach all-time high of CHF 333.3 billion**
- **Pleasing net inflow of new money of CHF 11.7 billion**
- **Significantly improved cost/income ratio of 59.9%**
- **Total profit distribution to Canton and municipalities of CHF 506 million**
- **Small changes to branch network**
- **Strengthening of pensions business and launch of 3a app**

Zurich, 7 February 2020 - In the financial year 2019, Zürcher Kantonalbank grew its net profit by 7% year on year to CHF 845 million and thus generated the second-highest net profit in its 150-year history. This result was driven primarily by strong growth in trading, the slightly positive performance of interest operations as well as the stable development of the commission and fee business, combined with higher other ordinary income. An ordinary dividend of CHF 356 million will be distributed to the Canton of Zurich and the municipalities for the financial year 2019. The anniversary dividend that was already announced last year amounts to CHF 150 million.

Commenting on the financial result for 2019, Martin Scholl, Chief Executive Officer of Zürcher Kantonalbank, stated: "I am extremely pleased with the strong operating result for the last financial year, which once again demonstrates the strength of our universal banking model. Zürcher Kantonalbank is therefore in excellent shape as it enters its 150th anniversary year."

Turning to the outlook, Martin Scholl commented: "In the current environment, which is impacted by a number of uncertainties, it is difficult to provide a forecast for the financial year 2020. However, we have repeatedly demonstrated in the past that with our broadly diversified business model, we are well positioned to respond rapidly to changes and deliver solid results. I am therefore looking to the future with confidence."

### Income reaches record level

Operating income rose by 4% to a new all-time high of CHF 2,414 million in the last financial year. This increase was driven primarily by pleasing performance in trading and significantly higher other ordinary income, while interest operations achieved a slightly positive performance and the commission and fees business was stable.

Income from interest operations totalled CHF 1,216 million in 2019, an increase of CHF 3 million compared to the previous year. That includes income from changes in allowances for defaults as well as losses from interest operations of CHF 6 million, compared to CHF -10 million in the previous year. The mortgage business – the main pillar of interest operations – achieved growth of +3.8%, slightly exceeding

the market as a whole. In absolute terms, mortgage volumes rose by CHF 3.1 billion to CHF 84.3 billion at the end of 2019.

The commission and fee business was stable year on year. Net commission and fee income totalled CHF 777 million in 2019, compared to CHF 776 million in the previous year, as growth in income from lending activities and from the other service business as well as the positive impact of lower commission expense offset the decline in commission income from the securities trading and investment business.

Trading income rose by around 12% year on year to CHF 319 million. This growth was driven primarily by income from trading in bonds, interest rates and credit derivatives but also reflected increases in foreign exchange, bank note and precious metals trading, as well as other trading income. In contrast, income from equity trading and trading in structured products decreased.

At CHF 102 million, other ordinary income also increased by around CHF 56 million year on year as a result of higher valuations of financial investments.

#### **Improved cost/income ratio**

Operating expenses totalled CHF 1,443 million in 2019, compared to CHF 1,430 million in the previous year. While personnel costs rose by 2% to CHF 1,026 million due to a slight increase in headcount as well as higher variable compensation, other operating expenses decreased by around 3% to CHF 417 million.

The cost/income ratio improved significantly to 59.9% from 61.4% in the previous year.

After the deduction of impairments on participations as well as the depreciation of tangible fixed assets (CHF 113 million) and changes in provisions and other impairments, as well as losses (CHF 12 million), operating income totalled CHF 846 million. After taking account of exceptional income as well as taxes, net profit amounted to CHF 845 million.

#### **Significantly higher distribution to the Canton and municipalities**

Including the anniversary dividend, Zürcher Kantonalbank will distribute CHF 506 million (2018: CHF 358 million) to the Canton of Zurich and the municipalities for the financial year 2019. The Canton will receive CHF 241 million of this sum in the form of an ordinary dividend (including the portion to cover capital costs) and CHF 100 million in the form of an anniversary dividend, and the municipalities will receive an ordinary dividend of CHF 115 million and an anniversary dividend of CHF 50 million.

In addition, a sum of CHF 22 million will once again be paid as compensation for the state guarantee. The payments related to the public service mandate totalled CHF 125 million, compared to CHF 140 million in the prior year.

#### **Customer assets reach record high**

Customer assets increased by a good CHF 38.1 billion to a record CHF 333.3 billion at the end of 2019. In addition to a pleasing inflow of new money of CHF 11.7 billion, this significant growth was driven in particular by positive market performance totalling CHF 26.5 billion.

#### **Extremely solid capital position**

Zürcher Kantonalbank's capital base remains extremely strong. The risk-based capital ratio on a going-concern basis was 20.0% at the end of 2019, compared to 20.2% at the end of 2018.

The leverage ratio (going concern) improved to 7.0% at the end of 2019 from 6.8%. Following the introduction of additional gone-concern capital requirements at the start of 2019, the risk-based capital ratio and the leverage ratio were reported on a gone-concern basis for the first time and amounted to 1.4% and 0.5%, respectively.

### **Changes to branch network**

In view of the continued significant decline in demand for basic counter services, Zürcher Kantonalbank will cease to offer these services in Bubikon, Fällanden, Dietlikon, Rafz and Gossau by the end of 2021. Direct dialogue with clients at physical locations remains a core component of the sales strategy, like before. Our customers continue to assign a high level of importance to personal advice – especially when faced with life events such as retirement or a house purchase. Against this backdrop, Zürcher Kantonalbank continues to make significant investments in its branch network and also plans to open new branches in Stettbach and in Zurich's university district.

### **Strengthening of the pensions business for private clients and launch of pensions app**

In recent years, Zürcher Kantonalbank has made large-scale investments in the further development of its services. In the last financial year, it further expanded its range of services for private clients and introduced a digitally supported pensions advisory offering. This offering complements the existing provision of pensions advice by financial planners and is an important step in the bank's efforts to strategically strengthen the pensions business. In March 2020, Zürcher Kantonalbank will also launch a digital stand-alone solution for the management of private pensions. The 3a app 'frankly' will allow for a fully digital onboarding process and enable clients to manage their own private pensions in a cost-effective manner.

Further information on the pensions app is available at: [frankly.ch](http://frankly.ch)

### **Contact**

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### **About the 150th anniversary**

Zürcher Kantonalbank celebrates its 150th anniversary in 2020. Under the motto 'Zäme Züri', the bank is underscoring its close ties to the Canton of Zurich. It is launching two projects to mark its anniversary: A temporary park or 'Erlebnisgarten', which will be created on the Landiwiese, and a journey through time to explore the history of the bank and the Canton of Zurich.

### **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 2019

## Erfolgsrechnung

	in Mio. CHF	2019	2018	Veränderung +/-
Geschäftsertrag		2'414	2'320	+4.0%
Geschäftsaufwand		-1'443	-1'430	+0.9%
Geschäftserfolg		846	892	-5.2%
Konzerngewinn		845	788	+7.2%
Gewinnausschüttung		506 <sup>1</sup>	358	+41.4%

## Kennzahlen

	in %			
Return on Equity (RoE)		7.2	7.1	+0.1%
Cost Income Ratio (CIR) <sup>2</sup>		59.9	61.4	-1.5%
Quote Hartes Kernkapital (CET1) (going-concern) <sup>3</sup>		17.7	17.8	-0.1%
Risikobasierte Kapitalquote (going-concern) <sup>3</sup>		20.0	20.2	-0.2%
Leverage Ratio (going-concern) <sup>3</sup>		7.0	6.8	+0.2%
Liquidity Coverage Ratio (LCR) <sup>4</sup>		123.0	127.0	-4.0%

## Bilanz

	in Mio. CHF	31.12.2019	31.12.2018	
Bilanzsumme		167'054	169'408	-1.4%
Hypothekarforderungen		84'311	81'256	+3.8%
Eigenkapital		12'337	11'852	+4.1%

## Kundengeschäft

	in Mio. CHF			
Total Kundengelder <sup>5</sup>		108'339	106'834	+1.4%
Total Kundenausleihungen		93'215	89'725	+3.9%
Total verwaltete Vermögen		333'341	295'194	+12.9%
Netto Zu- oder -Abfluss verwalteter Vermögen (NNM; +/-)		+11'656	+17'995	-35.2%

## Geschäftsstellen/Personalbestand

	Anzahl			
Geschäftsstellen <sup>6</sup>		66	75	-9
Personalbestand teilzeitbereinigt per Stichtag (FTE)		5'145	5'087	+58

<sup>1</sup> Inklusive Jubiläumsdividende.

<sup>2</sup> Berechnung: Geschäftsaufwand über Geschäftsertrag (exkl. Veränderungen von ausfallbedingten Wertberichtigungen sowie Verluste Zinsengeschäft).

<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.

# Erfolgsrechnung Konzern

in Mio. CHF	2019	2018	Veränderung	in %
<b>Erfolg aus dem Zinsengeschäft</b>				
Zins- und Diskontertrag	1'861	1'812	+50	+2.7%
Zins- und Dividendenertrag aus Finanzanlagen	35	44	-9	-20.5%
Zinsaufwand	-687	-633	-54	+8.5%
<b>Brutto-Erfolg Zinsengeschäft</b>	<b>1'210</b>	<b>1'223</b>	<b>-13</b>	<b>-1.1%</b>
Veränderungen von ausfallrisikobedingten Wertberichtigungen sowie Verluste aus dem Zinsengeschäft	6	-10	+17	-163.9%
<b>Subtotal Netto-Erfolg Zinsengeschäft</b>	<b>1'216</b>	<b>1'213</b>	<b>+3</b>	<b>+0.3%</b>
<b>Erfolg aus dem Kommissions- und Dienstleistungsgeschäft</b>				
Kommissionsertrag Wertschriften- und Anlagegeschäft	786	803	-17	-2.1%
Kommissionsertrag Kreditgeschäft	58	50	+9	+17.3%
Kommissionsertrag übriges Dienstleistungsgeschäft	150	147	+3	+2.1%
Kommissionsaufwand	-218	-224	+6	-2.8%
<b>Subtotal Erfolg Kommissions- und Dienstleistungsgeschäft</b>	<b>777</b>	<b>776</b>	<b>+1</b>	<b>+0.1%</b>
<b>Erfolg aus dem Handelsgeschäft</b>				
Erfolg aus dem Handelsgeschäft und der Fair-Value-Option	319	286	+33	+11.7%
<b>Übriger ordentlicher Erfolg</b>				
Erfolg aus Veräusserungen von Finanzanlagen	6	2	+4	+198.2%
Beteiligungsertrag	25	32	-7	-21.9%
– davon aus nach Equity-Methode erfassten Beteiligungen	2	2	+0	+2.6%
– davon aus übrigen nicht konsolidierten Beteiligungen	23	30	-7	-23.3%
Liegenschaftenerfolg	5	6	-1	-10.4%
Anderer ordentlicher Ertrag	68	9	+58	+614.0%
Anderer ordentlicher Aufwand	-2	-4	+2	-41.6%
<b>Subtotal Übriger ordentlicher Erfolg</b>	<b>102</b>	<b>46</b>	<b>+56</b>	<b>+122.1%</b>
<b>Geschäftsertrag</b>	<b>2'414</b>	<b>2'320</b>	<b>+94</b>	<b>+4.0%</b>
<b>Geschäftsaufwand</b>				
Personalaufwand	-1'026	-1'002	-24	+2.4%
Sachaufwand	-417	-428	+11	-2.6%
<b>Geschäftsaufwand</b>	<b>-1'443</b>	<b>-1'430</b>	<b>-13</b>	<b>+0.9%</b>
Wertberichtigungen auf Beteiligungen sowie Abschreibungen auf Sachanlagen und immateriellen Werten	-113	-192	+79	-41.2%
Veränderungen von Rückstellungen und übrigen Wertberichtigungen sowie Verluste	-12	194	-206	-106.0%
<b>Geschäftserfolg</b>	<b>846</b>	<b>892</b>	<b>-46</b>	<b>-5.2%</b>
Ausserordentlicher Ertrag	4	103	-99	-95.9%
Ausserordentlicher Aufwand	-0	-0	-0	+38.5%
Veränderungen von Reserven für allgemeine Bankrisiken	-	-200	+200	-100.0%
Steuern	-5	-7	+2	-23.8%
<b>Konzerngewinn</b>	<b>845</b>	<b>788</b>	<b>+57</b>	<b>+7.2%</b>

# Bilanz Konzern

in Mio. CHF	31.12.2019	31.12.2018	Veränderung	in %
<b>Aktiven</b>				
Flüssige Mittel	36'786	40'989	-4'202	-10.3%
Forderungen gegenüber Banken	4'917	4'803	+115	+2.4%
Forderungen aus Wertpapierfinanzierungsgeschäften	15'588	17'004	-1'416	-8.3%
Forderungen gegenüber Kunden	8'905	8'469	+436	+5.1%
Hypothekarforderungen	84'311	81'256	+3'055	+3.8%
Handelsgeschäft	9'168	9'364	-196	-2.1%
Positive Wiederbeschaffungswerte derivativer Finanzinstrumente	1'486	1'278	+208	+16.3%
Übrige Finanzinstrumente mit Fair-Value-Bewertung	-	-	-	-
Finanzanlagen	4'422	4'705	-283	-6.0%
Aktive Rechnungsabgrenzungen	293	293	-0	-0.2%
Nicht konsolidierte Beteiligungen	138	138	+0	+0.1%
Sachanlagen	651	677	-26	-3.9%
Immaterielle Werte	123	142	-19	-13.5%
Sonstige Aktiven	267	291	-24	-8.4%
<b>Total Aktiven</b>	<b>167'054</b>	<b>169'408</b>	<b>-2'354</b>	<b>-1.4%</b>
Total nachrangige Forderungen	337	166	+171	+102.8%
- davon mit Wandlungspflicht und/oder Forderungsverzicht	37	46	-9	-19.2%
<b>Passiven</b>				
Verpflichtungen gegenüber Banken	34'082	37'019	-2'937	-7.9%
Verpflichtungen aus Wertpapierfinanzierungsgeschäften	4'969	6'876	-1'907	-27.7%
Verpflichtungen aus Kundeneinlagen	85'089	85'537	-448	-0.5%
Verpflichtungen aus Handelsgeschäften	2'058	2'418	-360	-14.9%
Negative Wiederbeschaffungswerte derivativer Finanzinstrumente	1'303	752	+551	+73.4%
Verpflichtungen übrige Finanzinstrumente mit Fair-Value-Bewertung	2'844	2'472	+372	+15.1%
Kassenobligationen	143	167	-24	-14.5%
Obligationenanleihen	13'329	11'666	+1'663	+14.3%
Pfandbriefdarlehen	9'778	9'463	+315	+3.3%
Passive Rechnungsabgrenzungen	674	725	-51	-7.0%
Sonstige Passiven	205	205	+1	+0.3%
Rückstellungen	242	255	-14	-5.4%
Reserven für allgemeine Bankrisiken	200	200	-	-
Gesellschaftskapital	2'425	2'425	-	-
Gewinnreserve	8'875	8'445	+430	+5.1%
Währungsumrechnungsreserve	-7	-6	-2	+26.1%
Konzerngewinn	845	788	+57	+7.2%
<b>Eigenkapital</b>	<b>12'337</b>	<b>11'852</b>	<b>+485</b>	<b>+4.1%</b>
<b>Total Passiven</b>	<b>167'054</b>	<b>169'408</b>	<b>-2'354</b>	<b>-1.4%</b>
Total nachrangige Verpflichtungen	1'471	1'491	-20	-1.3%
- davon mit Wandlungspflicht und/oder Forderungsverzicht	1'471	1'491	-20	-1.3%
<b>Ausserbilanzgeschäfte</b>				
Eventualverpflichtungen	3'885	4'102	-218	-5.3%
Unwiderrufliche Zusagen	8'718	7'698	+1'020	+13.2%
Einzahlungs- und Nachschussverpflichtungen	257	263	-6	-2.3%
Verpflichtungskredite	-	-	-	-