

Media release

Zürcher Kantonalbank delivers net profit of CHF 418 million in the first half of 2019

- **Robust operating income of CHF 1,165 million**
- **Decrease in operating expenses underscores high cost discipline**
- **Client assets reach a record CHF 315.5 billion**
- **Net inflow of new money of CHF 2.5 billion**
- **Extremely strong capital position with common equity tier 1 (CET1) ratio of 17.2% and leverage ratio of 6.6%**

Zurich, 23 August 2019 – Zürcher Kantonalbank generated net profit of CHF 418 million in the first half of 2019, a decrease of around 5% compared to the result for the same period of 2018. Operating income declined by almost 4%, reflecting continued low interest rates and geopolitical uncertainty. This reduction was partly offset by a 3% decrease in costs.

Martin Scholl, Chief Executive Officer, stated: “We delivered a very solid result for the first six months of 2019, even if the challenging market environment impacted to some extent on our operating performance compared to the strong result for the first half of 2018. Highlights during the period include our continued strong cost discipline as well as the broad-based inflow of new money.”

Commenting on the outlook, Martin Scholl added: “Developments in the interest rate environment will continue to prove challenging in the second half of the year. At the same time, geopolitical conditions and the slowdown in global economic growth are likely to cause further uncertainty in the markets. I am nevertheless convinced that with our diversified business model and our close proximity to our clients, we will achieve another good result in the second half of the year.”

Robust operating income

Operating income totalled CHF 1,165 million in the first half of 2019, compared to CHF 1,211 million in the same period of the previous year. Continued low interest rates and the competitive environment impacted in particular on interest operations – the bank’s main income driver. In view of the slowdown in global economic growth and subdued levels of client activity, income in the investment and trading business also declined.

Net interest income decreased by 3% to CHF 606 million compared to the first half of 2018, mainly reflecting the negative interest rate environment, which increased the pressure on margins. The mortgage business – the main component of interest operations – grew by CHF 888 million or 1% in the first six months of 2019. Zürcher Kantonalbank thus continued to grow at a slightly slower rate than the market. In addition to competitive conditions in the mortgage business, this reflects Zürcher Kantonalbank’s commitment to high standards of quality when issuing mortgages. In total, mortgage loans grew to CHF 82.1 billion as of mid-2019.

Net commission and fee income totalled CHF 387 million. This reduction of almost 3% compared to the first half of 2018 was primarily due to lower income in the securities and investment business, which declined by almost 7% on the back of uncertainty in the financial markets as well as last year's sale of Swisscanto Funds Centre Ltd. In contrast, commission income from lending activities grew by 20% and income from the other service business rose by 3%.

Trading income decreased by 9% to CHF 138 million compared to the first half of 2018, as higher income from trading in bonds and in interest rate and credit derivatives was unable to offset the decline in trading in foreign exchange, bank notes and precious metals as well as equities and structured products.

Reduced cost base

Operating expenses decreased by 3% to CHF 683 million compared to the first half of 2018. As a result of disciplined cost management, reductions were achieved in both personnel costs (-2%) and in other operating expenses (-6%). The cost/income ratio was 59.1%, compared to 58.4% at the end of the first half of 2018.

Impairments on participations as well as the depreciation of tangible fixed assets and intangible assets totalled CHF 56 million, compared to CHF 65 million in the first half of 2018. Changes in provisions and other impairments and losses totalled CHF 7 million, compared to CHF 5 million in the same period of the previous year. As a result, Zürcher Kantonalbank generated an operating result of CHF 419 million in the first half of 2019, corresponding to a decrease of around 4% compared to the same period of the previous year.

Taking account of extraordinary income of CHF 1 million (first half of 2018: CHF 8 million) and after the deduction of taxes of CHF 2 million (first half of 2018: CHF 5 million), a net profit of CHF 418 million was recorded for the first half of 2019.

Record client assets and good net inflow of new money

Client assets grew by CHF 20.3 billion to a record CHF 315.5 billion in the first six months of the current financial year. The net inflow of new money contributed CHF 2.5 billion and positive market developments accounted for around CHF 17.7 billion of the growth in client assets.

Capital position remains extremely strong

Zürcher Kantonalbank has an extremely strong capital position, which is also reflected by its capital ratios. The risk-based capital ratio on a going-concern basis was 19.3% as of 30 June 2019, compared to 18.6% in mid-2018, and the common equity tier 1 (CET1) ratio was 17.2%, compared to 16.3%. The leverage ratio on a going-concern basis decreased to 6.6% from 6.8% at the end of the first half of 2018.

Zürcher Kantonalbank thus significantly exceeds regulatory capital requirements. It also meets the additional gone-concern requirements that entered into effect at the start of 2019 for systemically relevant banks with a domestic focus, both on a risk-based and an unweighted basis.

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). On a stand-alone basis, i.e. excluding the state guarantee, Zürcher Kantonalbank also ranks as one of the world's most secure universal banks, with an aa- rating from Standard & Poor's. 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.

Halbjahresabschluss Konzern

30. Juni 2019

Erfolgsrechnung	in Mio. CHF	1. Halbjahr 2019	1. Halbjahr 2018	Veränderung +/-
Geschäftsertrag		1'165	1'211	-3.9%
Geschäftsaufwand		-683	-706	-3.2%
Geschäftserfolg		419	436	-3.8%
Halbjahreskonzerngewinn		418	439	-4.8%

Kennzahlen	in %			
Return on Equity (ROE)		7.2	8.0	-0.8%
Cost Income Ratio (CIR) ¹		59.1	58.4	+0.7%
Quote Hartes Kernkapital (CET1) (going-concern) ²		17.2	16.3	+0.9%
Risikobasierte Kapitalquote (going-concern) ²		19.3	18.6	+0.7%
Leverage Ratio (going-concern) ²		6.6	6.8	-0.2%
Liquidity Coverage Ratio (LCR) ³		125	136	-11.0%

Bilanz	in Mio. CHF	30.06.2019	31.12.2018	
Bilanzsumme		170'612	169'408	+0.7%
Hypothekarforderungen		82'144	81'256	+1.1%
Eigenkapital		11'912	11'852	+0.5%

Kundengeschäft	in Mio. CHF			
Total Kundengelder ⁴		108'898	106'834	+1.9%
Total Kundenausleihungen		91'804	89'725	+2.3%
Total verwaltete Vermögen		315'466	295'194	+6.9%
Netto Zu- oder -Abfluss verwalteter Vermögen (NNM; +/-)		+2'477	+17'995	-86.2%

Geschäftsstellen/Personalbestand	Anzahl			
Geschäftsstellen ⁵		67	69	-2
Personalbestand teilzeitbereinigt per Stichtag (FTE)		5'135	5'087	+48

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

² Gemäss Bestimmungen für systemrelevante Banken.

³ Einfacher Durchschnitt der Tagesendwerte der Arbeitstage des Berichtsquartals.

⁴ Bestehend aus: Verpflichtungen aus Kundeneinlagen, Kassenobligationen, Obligationenanleihen und Pfandbriefdarlehen.

⁵ Inklusive Geschäftsstellen der Zürcher Kantonalbank Österreich AG in Salzburg und Wien.

Erfolgsrechnung Konzern

in Mio. CHF	1. Halbjahr 2019	1. Halbjahr 2018	Veränderung	in %
Erfolg aus dem Zinsengeschäft				
Zins- und Diskontertrag	987	881	+106	+12.0%
Zins- und Dividendenertrag aus Finanzanlagen	18	24	-6	-23.8%
Zinsaufwand	-408	-284	-124	+43.7%
Brutto-Erfolg Zinsengeschäft	597	621	-24	-3.9%
Veränderungen von ausfallrisikobedingten Wertberichtigungen sowie Verluste aus dem Zinsengeschäft	9	3	+6	+175.5%
Subtotal Netto-Erfolg Zinsengeschäft	606	625	-18	-2.9%
Erfolg aus dem Kommissions- und Dienstleistungsgeschäft				
Kommissionsertrag Wertschriften- und Anlagegeschäft	384	411	-27	-6.6%
Kommissionsertrag Kreditgeschäft	29	24	+5	+19.5%
Kommissionsertrag übriges Dienstleistungsgeschäft	72	70	+2	+3.1%
Kommissionsaufwand	-99	-109	+10	-9.6%
Subtotal Erfolg Kommissions- und Dienstleistungsgeschäft	387	396	-10	-2.5%
Erfolg aus dem Handelsgeschäft				
Erfolg aus dem Handelsgeschäft und der Fair-Value-Option	138	151	-13	-8.5%
Übriger ordentlicher Erfolg				
Erfolg aus Veräusserungen von Finanzanlagen	5	2	+3	+132.4%
Beteiligungsertrag	23	30	-7	-24.4%
– davon aus nach Equity-Methode erfassten Beteiligungen	1	1	-0	-5.5%
– davon aus übrigen nicht konsolidierten Beteiligungen	22	29	-7	-25.0%
Liegenschaftenerfolg	3	3	-0	-4.2%
Anderer ordentlicher Ertrag	4	5	-1	-26.8%
Anderer ordentlicher Aufwand	-1	-1	+1	-57.4%
Subtotal Übriger ordentlicher Erfolg	34	39	-5	-14.0%
Geschäftsertrag	1'165	1'211	-47	-3.9%
Geschäftsaufwand				
Personalaufwand	-486	-495	+9	-1.8%
Sachaufwand	-197	-210	+14	-6.4%
Geschäftsaufwand	-683	-706	+23	-3.2%
Wertberichtigungen auf Beteiligungen sowie Abschreibungen auf Sachanlagen und immateriellen Werten	-56	-65	+9	-13.8%
Veränderungen von Rückstellungen und übrigen Wertberichtigungen sowie Verluste	-7	-5	-1	+27.1%
Geschäftserfolg	419	436	-17	-3.8%
Ausserordentlicher Ertrag	1	8	-7	-89.7%
Ausserordentlicher Aufwand	-0	-	-0	-
Veränderungen von Reserven für allgemeine Bankrisiken	-	-	-	-
Steuern	-2	-5	+3	-55.1%
Halbjahreskonzerngewinn	418	439	-21	-4.8%

Bilanz Konzern

in Mio. CHF	30.06.2019	31.12.2018	Veränderung	in %
Aktiven				
Flüssige Mittel	43'622	40'989	+2'633	+6.4%
Forderungen gegenüber Banken	5'216	4'803	+414	+8.6%
Forderungen aus Wertpapierfinanzierungsgeschäften	12'562	17'004	-4'442	-26.1%
Forderungen gegenüber Kunden	9'660	8'469	+1'191	+14.1%
Hypothekarforderungen	82'144	81'256	+888	+1.1%
Handelsgeschäft	9'925	9'364	+561	+6.0%
Positive Wiederbeschaffungswerte derivativer Finanzinstrumente	1'532	1'278	+254	+19.9%
Übrige Finanzinstrumente mit Fair-Value-Bewertung	–	–	–	–
Finanzanlagen	4'537	4'705	-168	-3.6%
Aktive Rechnungsabgrenzungen	294	293	+1	+0.4%
Nicht konsolidierte Beteiligungen	137	138	-2	-1.1%
Sachanlagen	659	677	-19	-2.7%
Immaterielle Werte	125	142	-17	-11.8%
Sonstige Aktiven	199	291	-92	-31.7%
Total Aktiven	170'612	169'408	+1'204	+0.7%
Total nachrangige Forderungen	194	166	+28	+16.6%
– davon mit Wandlungsverzicht und/oder Forderungsverzicht	29	46	-17	-37.2%
Passiven				
Verpflichtungen gegenüber Banken	37'314	37'019	+295	+0.8%
Verpflichtungen aus Wertpapierfinanzierungsgeschäften	4'201	6'876	-2'676	-38.9%
Verpflichtungen aus Kundeneinlagen	86'515	85'537	+977	+1.1%
Verpflichtungen aus Handelsgeschäften	2'320	2'418	-99	-4.1%
Negative Wiederbeschaffungswerte derivativer Finanzinstrumente	911	752	+159	+21.1%
Verpflichtungen übrige Finanzinstrumente mit Fair-Value-Bewertung	2'687	2'472	+215	+8.7%
Kassenobligationen	157	167	-10	-5.9%
Obligationenanleihen	12'489	11'666	+823	+7.1%
Pfandbriefdarlehen	9'736	9'463	+273	+2.9%
Passive Rechnungsabgrenzungen	578	725	-147	-20.3%
Sonstige Passiven	1'545	205	+1'340	+654.4%
Rückstellungen	249	255	-7	-2.6%
Reserven für allgemeine Bankrisiken	200	200	–	–
Gesellschaftskapital	2'425	2'425	–	–
Gewinnreserve	8'875	8'445	+430	+5.1%
Währungsumrechnungsreserve	-7	-6	-1	+10.8%
Konzerngewinn	418	788	-370	-46.9%
Eigenkapital	11'912	11'852	+60	+0.5%
Total Passiven	170'612	169'408	+1'204	+0.7%
Total nachrangige Verpflichtungen	1'490	1'491	-1	-0.0%
– davon mit Wandlungsverzicht und/oder Forderungsverzicht	1'490	1'491	-1	-0.0%
Ausserbilanzgeschäfte				
Eventualverpflichtungen	3'893	4'102	-209	-5.1%
Unwiderrufliche Zusagen	9'141	7'698	+1'443	+18.7%
Einzahlungs- und Nachschussverpflichtungen	259	263	-4	-1.4%
Verpflichtungskredite	–	–	–	–