



Interim Report 2024

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Good result for the first half of 2024

Zuger Kantonalbank is pleased to report a positive set of results for the first half of 2024. Business volumes increased again, in line with the growth trajectory embarked upon with our #gemeinsamvorwärts 2025 corporate strategy. The pleasing development in asset management is reflected in a higher result from commission business and services. As expected, consolidated profit for the first six months was down slightly year on year at 60.0 million*.

Zuger Kantonalbank increased its operating income to CHF 154.2 million (+1.7%) in the first half of 2024 from an already very high level in the previous year. The expansion of advisory capacity and investment in strategic projects are reflected in a CHF 4.2 million increase in operating expenses. This ultimately resulted in a six-month profit of CHF 60.0 million, which is 4.3% lower than the previous year's figure and in line with our expectations.

Substantial credit growth and stable interest operations

Credit volumes rose by 4.8% versus the year-end to CHF 15.6 billion. Customer deposits, meanwhile, grew by CHF 117.9 million to CHF 13.2 billion in the first half of the year. This increase, together with shifts in fixed-term deposits, led to higher interest expense in the first half of 2024. Coupled with considerable credit growth and targeted measures in asset and liability management as well as with regard to interest rate risks, the gross result from interest operations remained on a par with the previous year's high level at CHF 103.4 million. At CHF 2.6 million,

changes in value adjustments for default risks and losses from interest operations were significantly lower – by CHF 0.8 million, i.e. 23.7% – year on year. This led to a net result from interest operations of CHF 100.8 million (+1.0%).

Growth in asset management

The net result from commission business and services rose by 7.5% year on year to CHF 41.5 million. Buoyed by developments on the financial markets, assets under management increased by CHF 1.1 billion to CHF 18.8 billion versus 31 December 2023. On a performance-adjusted basis, the increase in assets under management totalled CHF 167 million. This growth in asset management business reflects customers' high level of trust in the investment and asset management expertise of Zuger Kantonalbank.

The result from trading activities fell by 13.1% year on year to CHF 8.5 million. This decrease was mainly attributable to the Swiss franc's lower interest rate differentials versus the other major currencies.

* All amounts in the report are stated in Swiss francs (CHF).

Investments in strategy implementation

Although operating expenses increased by 6.5%, Zuger Kantonalbank reported a good cost-income ratio of 43.8% in the first half of 2024 (previous year: 41.6%). Personnel expenses rose by 7.3% year on year to CHF 44.0 million, mainly as a result of the increase in advisory capacity. With its current headcount, the bank is perfectly placed for further growth. General and administrative expenses rose by 5.4% to CHF 23.2 million. This increase in costs was due to investments in IT security as well as the implementation of strategic projects in products and services. The rise in personnel and other operating expenses is set to taper off next year.

Higher level of depreciation and amortisation

Depreciation and amortisation rose by CHF 1.1 million year on year to CHF 14.9 million in the first six months of 2024. This increase was due to the completion of our branch modernisation programme. At CHF 0.1 million, operational losses remained at a very low level, as in previous years.

Outlook

Zuger Kantonalbank expects a solid business performance in the second half of 2024. Despite geopolitical uncertainties, the economic environment in Canton Zug remains positive. Inflation in Switzerland is now back within the Swiss National Bank's target range and, given the current global economic

environment, it is possible that key interest rates will be reduced further in the second half of 2024. Overall, the bank is optimistic that it will achieve a good result this year. The operating result is likely to be slightly below the previous year's record level.

Consolidated balance sheet

in CHF 1,000 (rounded)	30.06.2024	31.12.2023	Change
Assets			
Liquid assets	2,498,628	2,969,382	-15.9%
Amounts due from banks	65,365	46,612	40.2%
Amounts due from customers	968,168	811,369	19.3%
Mortgage loans	14,663,789	14,104,327	4.0%
Trading portfolio assets	238	154	54.5%
Positive replacement values of derivative financial instruments	9,546	3,577	166.9%
Financial investments	619,876	665,583	-6.9%
Accrued income and prepaid expenses	16,771	13,161	27.4%
Non-consolidated participations	21,336	21,552	-1.0%
Tangible fixed assets	118,106	121,169	-2.5%
Intangible assets	37,196	43,489	-14.5%
Other assets	23,712	19,948	18.9%
Total assets	19,042,732	18,820,324	1.2%
Total subordinated claims	4,904	4,553	7.7%
Liabilities			
Amounts due to banks	189,423	81,037	133.7%
Liabilities from securities financing transactions	80,000		
Amounts due in respect of customer deposits	13,216,578	13,097,759	0.9%
Negative replacement values of derivative financial instruments	6,504	16,177	-59.8%
Medium-term notes	13,249	14,199	-6.7%
Bond issues and central mortgage institution loans	3,924,000	3,982,000	-1.5%
Accrued expenses and deferred income	81,441	77,048	5.7%
Other liabilities	37,109	53,217	-30.3%
Provisions	4,321	5,550	-22.2%
Reserves for general banking risks	790,682	790,682	
Share capital	144,144	144,144	
Capital reserve	90,826	90,529	0.3%
Retained earnings reserve	408,421	347,924	17.4%
Own shares	-3,929	-4,762	-17.5%
Six-month/12-month profit, Group	59,964	124,820	-52.0%
Total liabilities	19,042,732	18,820,324	1.2%
Off-balance-sheet transactions			
Contingent liabilities	132,129	140,365	-5.9%
Irrevocable commitments	743,741	803,533	-7.4%
Liabilities for calls on shares and other equities	24,268	24,268	

Consolidated income statement

in CHF 1,000 (rounded)	30.06.2024	30.06.2023	Change
Interest and discount income	174,290	148,192	17.6%
Interest and dividend income from financial investments	1,894	1,807	4.8%
Interest expense	-72,830	-46,797	55.6%
Gross result from interest operations	103,354	103,202	0.1%
Changes in value adjustments for default risks and losses from interest operations	-2,600	-3,408	-23.7%
Net result from interest operations	100,754	99,794	1.0%
Commissions from securities and investment transactions	28,336	25,302	12.0%
Commission income from lending activities	1,928	2,170	-11.2%
Commission income from other services	17,055	16,074	6.1%
Commission expense	-5,793	-4,919	17.8%
Result from commission business and services	41,526	38,627	7.5%
Result from trading activities	8,495	9,775	-13.1%
Income from participations	1,143	1,136	0.6%
▪ of which from other non-consolidated participations	1,143	1,136	0.6%
Result from real estate	1,860	1,838	1.2%
Other ordinary income	392	483	-19.0%
Other ordinary expenses	-1		
Other result from ordinary activities	3,394	3,458	-1.9%
Operating income	154,169	151,654	1.7%
Personnel expenses	-43,962	-40,977	7.3%
General and administrative expenses	-23,178	-21,986	5.4%
Compensation for government guarantee	-1,589	-1,589	
Operating expenses	-68,730	-64,553	6.5%
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	-14,890	-13,786	8.0%
Changes to provisions and other value adjustments, and losses	-104	-111	-6.5%
Operating result	70,445	73,205	-3.8%
Extraordinary income		89	-100.0%
Taxes	-10,482	-10,603	-1.1%
Six-month profit, Group	59,964	62,690	-4.3%

Consolidated statement of changes in equity

in CHF 1,000 (rounded)	Share capital	Capital reserve	Retained earnings reserve	Own shares	Reserves for general banking risks	Consolidated profit	Total
Equity as at 31.12.2023	144,144	90,529	347,924	-4,762	790,682	124,820	1,493,336
Acquisition of own shares				-690			-690
Disposal of own shares				1,523			1,523
Profit (loss) on disposal of own shares		183					183
Dividends from own equity securities		115					115
Dividends, other distributions and reserve allocations			15,000			-79,323	-64,323
Other allocations to (transfers from) other reserves			45,497			-45,497	
Six-month profit						59,964	59,964
Equity as at 30.06.2024	144,144	90,826	408,421	-3,929	790,682	59,964	1,490,107

Abridged Notes

Changes to accounting and valuation policies and any corrections to errors, and their impact on the interim financial statements

There are no changes or corrections to errors to report in comparison with the previous year.

Note on factors which have influenced the bank's economic situation during the reporting period and by comparison with the prior-year period

For comments on the development of business in the first half of 2024, please see pages 2 and 3 of this publication.

Extraordinary income and extraordinary expenses

in CHF 1,000 (rounded)	30.06.2024	30.06.2023	Change
Gains realised from the disposal of participations, tangible fixed assets and intangible assets		89	-100.0%
Total extraordinary income		89	-100.0%

Material events occurring after the balance sheet date of the interim financial statements

No material events have occurred since the balance sheet date which significantly influence

the bank's assets, financial position or earnings as at 30 June 2024.

Key figures

in CHF 1,000 (rounded)	30.06.2024	31.12.2023	Change
Consolidated balance sheet			
Total assets	19,042,732	18,820,324	1,2%
Loans to customers	15,631,957	14,915,697	4,8%
■ of which mortgage loans	14,663,789	14,104,327	4,0%
Customer deposits	13,229,827	13,111,958	0,9%
Assets under management	18,810,818	17,740,671	6,0%
Consolidated income statement			
Net result from interest operations	100,754	99,794	1,0%
Result from commission business and services	41,526	38,627	7,5%
Result from trading activities	8,495	9,775	-13,1%
Operating income	154,169	151,654	1,7%
Operating expenses	-68,730	-64,553	6,5%
Operating result	70,445	73,205	-3,8%
Six-month profit, Group	59,964	62,690	-4,3%
Change in assets under management, performance-adjusted	166,833	1,139,410	-85,4%
Shareholders' equity			
Total capital ratio	17,3%	17,3%	
Cost-income ratio	43,8%	41,6%	
Number of employees (FTE)	498	459	

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