



Review 2024

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Good annual result for 2024

Zuger Kantonalbank recorded a pleasing result for 2024 and continues to achieve solid growth. The main driver of the higher operating income was the extremely positive development in investment and asset management business. Alongside substantial credit growth, the result for interest operations registered a slight increase despite falling interest rates. Operating expenses were higher within the framework of strategic investment planning. The cost-income ratio is at a low 43.5 percent. As a measure of operating performance, the operating result amounts to CHF 142.1 million*, which is 0.9% higher than the result for 2023. The Supervisory Board is proposing an unchanged dividend of CHF 220 per share.

Zuger Kantonalbank is making good progress with its #gemeinsamvorwärts 2025 strategy. The growth trajectory embarked upon was continued successfully in the 2024 financial year. Various strategic initiatives were completed and transferred over to regular banking operations. Even in a challenging environment with falling interest rates and volatility in the financial markets, Zuger Kantonalbank's long-term focus with a strong equity base and stable refinancing proved its worth.

Interest operations confirm strong prior-year figures

After an exceptionally strong year in 2023, falling interest rates caused challenges in interest operations. Following the rise in interest rates in 2022 and 2023, the Swiss National Bank lowered key interest rates in four steps in the year under review. In addition, increased refinancing costs on the money and capital markets led to higher interest expense. Despite these challenges, Zuger Kantonalbank remains well positioned thanks to its strategic management

of balance sheet and interest rate risk that is focused on the long term. Zuger Kantonalbank succeeded in increasing the gross result from interest operations by 0.7% to CHF 212.7 million, with individual value adjustments amounting to CHF 12.7 million. This came alongside a value adjustment of CHF 4.0 million in value adjustments for inherent default risks. At CHF 204.0 million, the net result from interest operations was slightly higher year on year.

Expansion of investment and asset management business

Commission business and services, Zuger Kantonalbank's second-largest income pillar, was particularly positive in 2024, rising by 12.5% or CHF 9.6 million to CHF 87.0 million. The biggest contribution came from the higher result from the parent company investment and asset management business. Assets under management increased by CHF 1.6 billion, with CHF 0.5 billion of this figure attributable to inflows. Through this significant growth, we are further expanding our position in this strategically important segment.

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

Very positive performance from Immofonds Asset Management AG (IFAM)

A further contributory factor in this good result from commission business and services in the year under review was the performance of IFAM. The successful capital increases in IMMOFONDS and IMMOFONDS suburban coupled with the rise in fixed assets led to a CHF 4.0 million increase in operating income to CHF 14.8 million.

Result from trading activities and other activities down slightly

With only a slight dip of 3.9% from CHF 19.3 million to CHF 18.6 million, the result from trading activities was almost on a par with the previous year's record result. At CHF 5.6 million, the other result from ordinary activities remained stable at the level of the previous year.

Expenses aligned with growth ambitions, good cost-income ratio

The continuous business growth of Zuger Kantonalbank has an impact on operating expenses, which increased by 6.6% year on year from CHF 132.2 million to CHF 140.9 million. Personnel expenses grew by 8.3% from CHF 84.6 million 2023 to CHF 91.6 million. A major driver of this development were the new jobs created in connection with the #gemeinsamvorwärts 2025 growth strategy and the increased business volumes. The total number of employees at Zuger Kantonalbank at the end of 2024 was 504 full-time positions. The 3.8% increase in general

and administrative expenses from CHF 44.5 million to CHF 46.1 million was attributable primarily to increased operating costs as a result of the higher transaction and business volumes as well to the effects of general inflation. With higher income once again, the cost-income ratio increased only slightly in the year under review – from 42.2% to 43.5% – despite investments in the future.

Profit level maintained, stable dividend

In the year under review, depreciation and amortisation were virtually at the same level as in 2023. The modernisation work in the branch offices was completed. The corresponding investments will be written down over a period of five years. As in the prior year, the goodwill write-down from the acquisition of IFAM amounted to CHF 12.6 million. Operating losses were very low, at CHF 0.3 million. There was no repetition of the one-time income of CHF 4.1 million from 2023. As a result of this in particular, consolidated profit declined 2.0% year on year from CHF 124.8 million to CHF 122.4 million. The Supervisory Board is therefore proposing that an unchanged dividend of CHF 220 per share be paid to the shareholders of Zuger Kantonalbank.

Excellent capital position

Our capital base remains very strong. This was further strengthened in 2024 by the issue of a subordinated Tier 2 bond in the amount of CHF 150 million, resulting in an increase in the total capital ratio from 18.2% in 2023 to 19.8% despite the strong credit growth. Zuger Kantonalbank is thus ideally prepared for the future. The recent confirmation of the AA+ rating by Standard & Poor's likewise underscores the high level of security and stability of Zuger Kantonalbank. The rating agency attests to Zuger Kantonalbank's strong competitive position in the Zug business region, solid capitalisation and prudent lending practices.

Zuger Kantonalbank share

The Zuger Kantonalbank share price stood at CHF 8,240 at the end of 2024, a rise of 9.0% year on year (SMI: 4.2%). Together with the dividend of CHF 220 paid per share, this gives an overall return of 11.9%. This is the third time in succession that our stock has outperformed the overall market.

Outlook

Attractive investment environment

Inflation figures in the major industrialised nations are normalising steadily, shifting the focus of central banks to the economic situation. The changing political landscape in Europe and overseas is also bringing new impetus to the financial markets. Despite the persistent geopolitical tensions, we expect a solid year for Switzerland in 2025, thanks to the robust economy. Against this backdrop, we still regard the investment environment as attractive.

Strong real estate market in the Zug region

The canton of Zug remains one of the most sought-after housing markets in Switzerland. Falling interest rates continued to support the demand for owner-occupied housing property, which means that the upward trend in home prices is likely to continue. For rental apartments, the mean advertising period was only ten days, and the vacancy rate dropped to a very low 0.2%. Despite the moderate increase in construction activity, high demand is likely to keep driving rents higher across the board. For investors, the Zug real estate market continues to offer interesting investment prospects.

Challenges in refinancing environment

Client demand for financing is expected to remain high in 2025, and we continue to expect difficult conditions in the money and capital markets. Refinancing credit growth via customer deposits and bond issues will therefore remain challenging for commercial banks.

Successful continuation of strategy

Zuger Kantonalbank continued successfully along its growth trajectory. The priorities of our continuity-oriented business policy are the high level of security and stability of the bank in a demanding market environment as well as the comprehensive advisory offering for our clients. Earnings diversification is being driven forward, with the focus on a broader offering of investment and pension provision services. In wealth management and in business with private and corporate clients, our aim is to further expand our leading market position.

Upcoming dates

Publication of 2024 Annual Report

27 March 2025

Annual General Meeting

10 May 2025

Interim Report 2025

15 July 2025

Consolidated balance sheet as at 31 December 2024

(before distribution of profit)

in CHF 1,000 (rounded)	2024	2023	Change
Assets			
Liquid assets	2,315,994	2,969,382	-22.0%
Amounts due from banks	31,505	46,612	-32.4%
Amounts due from customers	1,022,672	811,369	26.0%
Mortgage loans	14,620,694	14,104,327	3.7%
Trading portfolio assets	329	154	113.5%
Positive replacement values of derivative financial instruments	12,789	3,577	257.5%
Financial investments	666,363	665,583	0.1%
Accrued income and prepaid expenses	14,914	13,161	13.3%
Non-consolidated participations	21,752	21,552	0.9%
Tangible fixed assets	117,179	121,169	-3.3%
Intangible assets	30,904	43,489	-28.9%
Other assets	33,065	19,948	65.8%
Total assets	18,888,160	18,820,324	0.4%
Liabilities			
Amounts due to banks	144,431	81,037	78.2%
Amounts due in respect of customer deposits	12,925,477	13,097,759	-1.3%
Negative replacement values of derivative financial instruments	3,580	16,177	-77.9%
Medium-term notes	11,063	14,199	-22.1%
Bond issues and central mortgage institution loans	4,136,000	3,982,000	3.9%
Accrued expenses and deferred income	78,676	77,048	2.1%
Other liabilities	36,211	53,217	-32.0%
Provisions	1,387	5,550	-75.0%
Reserves for general banking risks	790,682	790,682	
Share capital	144,144	144,144	
Capital reserve	90,848	90,529	0.4%
Retained earnings reserve	408,421	347,924	17.4%
Own shares	-5,127	-4,762	7.7%
Consolidated profit	122,368	124,820	-2.0%
Total liabilities	18,888,160	18,820,324	0.4%
Off-balance-sheet transactions			
Contingent liabilities	108,377	140,365	-22.8%
Irrevocable commitments	745,453	803,533	-7.2%
Liabilities for calls on shares and other equities	24,268	24,268	

Consolidated income statement

in CHF 1,000 (rounded)	2024	2023	Change
Interest and discount income	342,000	326,235	4.8%
Interest and dividend income from financial investments	3,345	3,296	1.5%
Interest expense	-132,679	-118,345	12.1%
Gross result from interest operations	212,665	211,186	0.7%
Change in value adjustments for default risks and losses from interest operations	-8,698	-8,972	-3.0%
Net result from interest operations	203,967	202,215	0.9%
Commissions from securities and investment transactions	58,555	51,372	14.0%
Commission income from lending activities	3,367	3,691	-8.8%
Commission income from other services	37,733	33,286	13.4%
Commission expense	-12,677	-11,007	15.2%
Result from commission business and services	86,978	77,342	12.5%
Result from trading activities and the fair value option	18,588	19,342	-3.9%
Result from divestment of financial investments	140		
Income from participations	1,412	1,390	1.6%
■ of which from other non-consolidated participations	1,412	1,390	1.6%
Result from real estate	3,439	3,796	-9.4%
Other ordinary income	587	505	16.2%
Other ordinary expenses	-2		
Other result from ordinary activities	5,576	5,691	-2.0%
Operating income	315,109	304,591	3.5%
Personnel expenses	-91,620	-84,606	8.3%
General and administrative expenses	-46,146	-44,466	3.8%
Compensation for government guarantee	-3,178	-3,178	
Operating expenses	-140,944	-132,250	6.6%
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	-31,681	-31,367	1.0%
Changes to provisions and other value adjustments, and losses	-349	-167	109.2%
Operating result	142,135	140,807	0.9%
Extraordinary income	449	4,132	-89.1%
Taxes	-20,216	-20,119	0.5%
Consolidated profit	122,368	124,820	-2.0%

Key figures

in CHF 1,000 (rounded)	2024	2023	Change
Consolidated balance sheet			
Total assets	18,888,160	18,820,324	0.4%
Loans to customers	15,643,366	14,915,697	4.9%
■ of which mortgage loans	14,620,694	14,104,327	3.7%
Customer deposits	12,936,540	13,111,958	-1.3%
Shareholders' equity			
Total regulatory capital	1,665,379	1,448,751	15.0%
Total capital ratio	19.8%	18.2%	
Consolidated income statement			
Net result from interest operations	203,967	202,215	0.9%
Result from commission business and services	86,978	77,342	12.5%
Result from trading activities	18,588	19,342	-3.9%
Operating income	315,109	304,591	3.5%
Operating expenses	-140,944	-132,250	6.6%
Operating result	142,135	140,807	0.9%
Consolidated profit	122,368	124,820	-2.0%
Statistical overview			
Assets under management	19,307,007	17,740,671	8.8%
Change in assets under management, performance-adjusted	468,461	1,300,526	-64.0%
Cost-income ratio	43.5%	42.2%	
Number of employees (FTE)	504	477	
Key share figures			
Share price at the end of the year (in CHF)	8,240	7,560	9.0%
Market capitalisation	2,375,493	2,179,457	9.0%
Dividend (in CHF)	220 ¹	220	
Dividend yield	2.7%	2.9%	

1 Proposal to the Annual General Meeting

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