Luzerner Kantonalbank

Media and analyst orientation

Annual results for 2025 of Luzerner Kantonalbank AG

Zurich, 5 February 2026

((The spoken word applies))

Record results to crown our anniversary year 2025

Presentation by Daniel Salzmann, CEO of LUKB

((part 1))

Ladies and Gentlemen,

Welcome to the presentation of Luzerner Kantonalbank's 2025 annual results.

Market environment in 2025 and LUKB's management activities

((Slide 4)) 2025 was a year of contrasts for us. We celebrated the Bank's 175th anniversary with around 30,000 people and at the same time achieved a record result – exact figures will be provided shortly. However, global uncertainties clouded the picture.

At 1.0 % to 1.5 %, GDP in Switzerland was on a path of moderate growth in 2025. It was supported by services, but dampened by weak export dynamics due to geopolitical uncertainties. The inflation rate in 2025 was low. As a bank, we must also prepare for a prolonged period of low or zero interest rates. During the period of negative interest rates from 2015 to 2022, our Bank already demonstrated that we can deal with this kind of market environment. However, a zero-interest-rate environment as we have today offers the least room for manoeuvre to increase returns.

How did we navigate LUKB through the turbulent year of 2025?

- In the sustained zero-interest-rate environment, our approach is as always to manage the balance sheet and interest rates in a targeted manner.
- We have continued our proven, risk-conscious lending policy. This means that we always have sufficient buffer to act calmly and prudently, even in exceptional circumstances.
- Our income diversification, which we have actively pursued in recent years, continues to gain in importance, especially in an environment characterised by low interest rates for the foreseeable future. Here, the investments made in consulting expertise as well as specialised products and services in recent years paid off in 2025. As a result, we were able to provide optimum support to our clients, some of whom were very unsettled by the geopolitical situation.

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Growth targets for 2025 exceeded

((Slide 5)) The progress made towards broadening our earnings base is reflected in our 2025 results. We exceeded all specific annual targets and thus made significant progress towards our key strategic priorities:

	2025 target	2025 result	Assessment
New money in investment mandates (asset advisory and asset management mandates)	> CHF 1 billion	CHF 1.093 billion	We have thereby created the basis for recurring income that is independent of interest business.
Income from non-interest business	> CHF 215 million	CHF 233 million	In 2025, we succeeded in significantly increasing income from non-interest business.
Growth in loans to clients	2.0 % to 3.75 %	6.9 %*	Even though we are seeking to increase commission, service and trading income over the next few years, profitable growth in interest business is just as crucial for LUKB. The increase in lending of almost 7 % will significantly underpin LUKB's success, particularly in view of rising interest rates in the medium term.

*By improving the quality of cover in our lending, we have been able to free up significant capital. This has enabled us to meet the increased demand for loans from clients. However: in the current environment, we are also taking the opportunity to talk to clients not only about their credit needs, but also opportunities for deeper collaboration – for example in the area of investments.

More than CHF 100 million for the canton

((Slide 6)) In the 2025 financial year, we achieved the best result in our history with consolidated profit of CHF 295.5 million, clearly exceeding the profit forecast formulated at the start of 2025. Compared to the previous year, we recorded an increase of 3.1 % – an achievement that is all the more remarkable as the previous year's result was positively influenced by one-off special effects from the Fundamenta transaction.

In light of this outstanding result, the Board of Directors will propose an increase in the distribution to the Annual General Meeting on 13 April 2026. Instead of CHF 2.60, CHF 2.70 per LUKB registered share will be distributed: half as a dividend and half as a distribution from statutory capital reserves exempt from withholding tax. The payout ratio will be 45.2 % (based on net profit after taxes). This corresponds to a dividend yield of 2.91 % measured against the closing price of the LUKB share at the end of 2025. If the Annual General Meeting approves the proposal in its current form, the distribution will be credited to our shareholders on 20 April 2026.

Based on this proposal for the appropriation of profit, the Canton of Lucerne will receive a profit distribution of CHF 82.3 million, cantonal taxes in the amount of CHF 7.3 million and compensation for the state guarantee in the amount of CHF 11.2 million, calculated according to a statutory formula. The Canton of Lucerne will receive total benefits of CHF 100.8 million from its investment in LUKB.

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All financial strategic targets of 'LUKB25' achieved

((Slide 8)) We not only celebrated an anniversary last year, but also concluded our five-year strategy period. These five years included the aftermath of the coronavirus pandemic, the start of the war in Ukraine and the downfall of Credit Suisse. We successfully mastered all of these challenges and are able to close the 2021 to 2025 strategy period with a consistently positive balance sheet. Our Bank has a stable foundation, is growing steadily in all key income segments and is keeping costs under control.

- **Cumulative net profit from 2021 to 2025:** Target of CHF 1,260 to 1,330 million.
  With a cumulative net profit of CHF 1,371 million at the end of 2025, we have significantly exceeded this strategy target, which had been increased several times since 2020.
- **Cost-income ratio**: Target: below 50 %.
  At 46.1 %, we have maintained the previous year's figure and clearly met our own targets in the final year of the strategy period. LUKB is dependably one of the most efficient full-service banks in Switzerland.
- **Total capital ratio:** increased target of 19 % to 21 %.
  Thanks to systematic lending management (strengthening loan collateral), our total capital ratio of 20.6 % at the end of 2025 was well within the upper half of our strategic target range.
- Minimum target for **CET1 ratio** (Common Equity Tier 1): increased minimum target of 14 %.
  At 14.7 %, our CET1 ratio at the end of 2025 clearly fulfilled both the regulatory requirements as well as the internal LUKB target.

High stakeholder value thanks to the systematic implementation of the LUKB25 strategy

((Slide 9)) With respect to this overview of the stakeholder value that our Bank created during the 2021 to 2025 strategy period, I would just like to address some particular points:

- **Investors**
  In the payout years of 2020 to 2025, we distributed around CHF 570 million to our shareholders. With a stake of 61.5 %, the Canton of Lucerne participated substantially in the success of our Bank as our main shareholder.
- **Employees**
  We are a major provider of highly qualified jobs and apprenticeships in the region. Over the past five years, our headcount has increased by 157 FTEs to 1,206.2 FTEs.
  In view of the increasing demands in our industry (such as technology and regulations) as well as demographic trends (the shortage of skilled workers), we are investing more in the training and development of our employees.
- **Company**
  As a public limited company under private law, we are fully liable for tax at the municipal, cantonal and federal levels. Our tax payments at these three levels totalled CHF 187.9 million over the past five years.

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All main pillars of income up – cost growth under control

Presentation by Marcel Hurschler, CFO of LUKB

Ladies and Gentlemen,

As usual, I would like to present some aspects of our 2025 annual financial statements in more detail.

I would like to start with a look at the historical development of our **consolidated profit**

2025: another chapter in our long-term success story

((Slide 11)) We have had a very successful year, thereby building on our long-term success story. This record result is not due to individual factors, instead it stems from the overall positive development of our Bank, which is based on a unique business model and deliberately very active financial management.

Active management of interest rate risk cushions the SNB's low interest rate policy

((Slide 12)) I would like to begin by explaining the developments behind **operating income** which was up by a good 6 %.

Despite the zero-interest-rate environment since last June, we generated the highest net interest income in our company's history in 2025. At CHF 458.1 million, this represents an increase of 3.2 % over the previous year.

As in the past, we reacted quickly to the monetary policy measures of the Swiss National Bank (SNB) in 2025 with active interest rate management. Our treasury result and the very pleasing allocation to provisions also contributed to the sustained positive development of the interest result.

Based on the Basel III final requirements, we have aligned lending growth more closely to available capital. We thus take into account not only the risk and litigation costs, but also the changes in capital costs in our pricing and conditions policy. The capital freed up thanks to further improvements in cover will enable our Bank to temporarily generate additional lending growth without this growth affecting our CET1 ratio.

Increased commission income thanks to growth in asset advisory and asset management mandates

((Slide 13)) The total result from the commission and services business in 2025 came to CHF 143.2 million – an increase of CHF 13.1 million or 10.1 %. We continue to see strong client demand for asset advisory and asset management mandates as well as specialised advice (financial planning, pension advice, etc.). Throughout the 2025 financial year, we recorded an inflow of CHF 1.1 billion for these two types of mandates. The volumes managed by LUKB Expert Fondsleitung AG increased by around 14.0 % to CHF 6.518 billion.

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Trading income: strong growth with unchanged risk exposure

((Slide 14)) Net trading income amounted to CHF 76.0 million, up CHF 19.5 million or 34.5 % on 2024.

We succeeded in growing in many trading areas: through increased client activity in foreign exchange trading, our offerings in digital assets (trading, custody and crypto savings plans), the expansion of our issuing activities in securities trading as well as the high levels of activity in the issuing business and in the secondary market with structured products. In the case of the latter, we generated sales of more than CHF 2.1 billion for the first time in 2025. At the end of 2025, the volume of issued structured products exceeded CHF 2 billion for the first time.

What is crucial for us is that, despite the intensified trading activities, we have been operating with an unchanged limit system and moderate risk exposure for years. We will continue to follow this course.

Other ordinary income slightly lower

((Slide 15)) As before, we want to generate additional income by holding equity securities in our financial assets and through our own properties. Here we are prepared to accept market fluctuations in income.

In 2025, we deliberately refrained from selling financial assets. This explains the year-on-year decline to CHF 13.7 million (down 31.4 %). As a result of the positive market development, the hidden compulsory reserves for equity securities held by LUKB were increased by CHF 16 million during 2025.

Income substantially increased and diversified

((Slide 16)) In summary: in the past year, we achieved some significant growth in three of our four pillars of income – the overall increase in operating income of CHF 40.5 million to CHF 691.0 million (up 6.2 %) demonstrates that our strategy of income diversification is working.

On a broad front, we are succeeding in achieving a steady increase in operating income, even in a volatile market environment. We can therefore compensate for weaker developments in an individual market area with strengths in other market areas, at least helping to stabilise our overall income. A review of recent years shows that LUKB has been able to steadily increase its profitability despite the many changes in the market environment.

Income from non-interest activities totalled CHF 232.9 million in 2025 (2024: CHF 206.5 million).

Growth course leads to planned recruitment and expansion of IT infrastructure

((Slide 17)) A controlled increase can be seen in **operating expenses**.

Our Bank has been on a profitable growth trajectory for many years – this is associated with a growing business volume that can only be managed with a higher number of employees and an expansion of the IT infrastructure. We also attach great importance to adhering to our own cost-income ratio target at all times. With a cost-income ratio of 46.1 %, we have once again met our target of a maximum of 50 % in 2025, making us one of the most efficient full-service banks in Switzerland.

At the end of 2025, our headcount stood at 1,206.2 FTEs, an increase of 2.1 % or 25.2 FTEs compared to the previous year (headcount at the end of 2024: 1,181.0 FTEs). Personnel will be expanded, among other areas, in specialist client-facing functions as well as in the areas of ICT, digitisation and data. Personnel expenses for 2025 amounted to CHF 218.4 million, which is 4.5 % more than in the previous year.

The increase in general and administrative expenses to CHF 96.8 million (up 11.5 %) was primarily driven by the expansion of the ICT infrastructure.

Based on the statutory formula, the payment of CHF 11.2 million made for the state guarantee was also higher than in the previous year (CHF 10.8 million).

Overall, our operating expenses in 2025 amounted to CHF 326.4 million, up 6.5 % on the previous year.

I would now like to explain some developments in key **balance sheet items**.

Growth in client assets (assets under management: AuM) of 7.9 %

((Slide 19)) At the end of 2025, our Bank was managing client assets of CHF 42.607 billion (excluding double counting) (up 7.9 %). Net new money increased by CHF 1.285 billion in the 2025 financial year. The positive performance contributed CHF 1.833 billion to AuM growth. Compared to the AuM on the start date of our now completed strategy period (CHF 32.420 billion), we increased this item by CHF 10.2 billion by the end of 2025. This corresponds to a high growth rate of around 31 %.

The main drivers of this development are falling cash ratios for our clients' assets and the successful expansion of asset advisory and asset management mandates. We intend to continue on this course.

Careful risk selection in loans to clients

((Slide 20)) As expected, the market environment has led to strong demand for loans in recent quarters. We determined that banks could be active in lending to different degrees depending on their capital adequacy and liquidity requirements. Thanks to our ongoing management measures, we were in an excellent position to make attractive offers to interesting counterparties. Interesting in this context means low risks or a collaboration that also generates commission, service or trading income for us.

For 2025, loans to clients increased by CHF 2.979 billion or 6.9 % to a total of CHF 46.4 billion. From this portfolio, CHF 40.918 billion was attributable to mortgage loans, which in turn achieved growth of CHF 2.682 billion (up 7.0 %).

Reviewing further reinforcement of the capital structure

((Slide 21)) The increase in eligible own funds led to a significant rise in the CET1 ratio to 14.7%.

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Let us now turn to **risk status**

The quality of the lending portfolio remains excellent

((Slide 23)) Lending quality remains very good despite steady growth. We have continued to adhere to our very conservative lending guidelines for years. Our traditionally low impairments client loans underscore this.

Low average loan-to-value ratio for residential properties declined further

((Slide 24)) The average loan-to-value ratio of residential loans held by our Bank has fallen further to 52.9 % (31 December 2024: 54.1 %).

S&P rating: AA+ stable

((Slide 25)) On 5 June 2024, Standard & Poor's (S&P) increased our rating for non-current liabilities from AA to AA+ and confirmed it on 27 March 2025. The outlook remains stable. The S&P rating for current liabilities remains unchanged at a high of A-1+.

Continuous improvement of ESG ratings

((Slide 26)) In recent years, we have professionalised our sustainability management and significantly expanded our corresponding reporting. We are pleased that these efforts have been rewarded, for instance, by improved ratings from the international agencies Sustainalytics and ISS.

Due to its significant impact on LUKB's results, I would like to conclude the presentation of the figures with a brief **detour on the interest rate environment**.

Active interest rate and liquidity management as key success drivers

((Slide 28)) In spite of significant growth in the commission, services and trading business, interest income will, of course, remain by far the most important source of LUKB's income for the foreseeable future. A zero-interest-rate environment is therefore a challenge for our bank. We do not expect the SNB to raise the policy rate in 2026. This assumption underlies our main scenario.

Impact of a prolonged zero-interest-rate scenario on LUKB's interest income

((Slide 29)) In this scenario, we will achieve interest income at the level of 2025 in 2026. As we were able to operate in an improved interest rate environment in the first six months of 2025, the growth in lending volume will have to compensate for the corresponding shortfall in income.

Significant potential for earnings growth in a stronger interest rate environment

((Slide 30)) However, contrary to expectations, if the SNB were to raise its policy rate during the course of this year, this would naturally result in a noticeable improvement in our interest income, as we indicated last November.

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I will now move on to the **LUKB share.**

LUKB's positive performance across the board was also recognised by the capital market.

((Slide 32)) Looking at the **total return** since the first day of trading on the stock exchange on 12 March 2001, our share achieved an impressive performance of over 600 % by January of this year. This corresponds to an average annual return of 7.5 % since the change of legal form in 2001.

- ((Slide 33)) The **closing price of the LUKB share** at the end of 2025 was CHF 92.70. (End of 2024: CHF 63.90). This corresponds to an increase in value of 45.1 %.
- Our Bank's **market capitalisation** based on the closing price of CHF 92.70 was around CHF 4.590 billion at the end of 2025.
- **Trading volume:** on average, 17,102 shares were traded every day in 2025. This is a significant increase over the previous year, when the daily average volume amounted to 12,311 shares.
- The **carrying amount** per share at the end of 2025 was CHF 85.31 (end of 2024: CHF 82.02).
- **Consolidated earnings per share (EPS)** rose further to CHF 5.97 (previous year: CHF 5.81). We are thus well above the EPS before the capital increase in 2023 – in other words, we have achieved profitable growth with the additional funds.
- This puts the **price-book ratio** at 1.09 at the end of 2025 (end of 2024: 0.78).
- The **price-earnings ratio** (based on consolidated profit) is 15.52 (end of 2024: 11.0).
- Together with the gross distribution of CHF 2.60 per share paid out in spring 2025, our shareholders could appreciate a **total return** of plus CHF 31.40 per share in 2025 (previous year: minus CHF 5.60). As a percentage of the closing price at the end of 2024, this corresponds to a total return of 49.1 %.

Shareholder base reflects strong position in Lucerne

- ((Slide 34)) The **free float** of our 49,583,333 shares remained unchanged at 38.5 % at the end of 2025; the canton's stake is 61.5 %.
- **Shareholder base:** at the end of 2025, 33,556 shareholders with a total of 46,306,270 shares were registered in the share register (end of 2024: 34,385 shareholders with 47,069,444 shares). The **registration rate** of all shareholders (including the Canton of Lucerne) was a high 93.4 % at the end of 2025 (end of 2024: 94.9 %).
- In line with our strategy, we see a slight shift in the **composition of the shareholder base** towards other entities, such as institutional investors. This shift is the main reason why the daily turnover of the LUKB share on the stock exchange has steadily increased over the past year.

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Presentation by Daniel Salzmann, CEO of LUKB

((part 2))

((Slide 36)) The positive share price performance also indicates confidence in the future viability of LUKB's business model in a challenging environment. We can meet these hopes of investors with our outlook for the result in the current year.

Positive expectations for the 2026 financial year

The likely persistence of the zero-interest-rate environment and the expected continuation of market volatility make investing an attractive option. We firmly believe that we can provide our clients with expert advice and suitable products to demonstrate the benefits of professional investment instruments. We are therefore aiming for **net growth in asset advisory and asset management mandates** of at least CHF 1.2 billion in 2026, which is slightly higher than previously expectations. We also see further potential for growth in **non-interest income** compared to 2025 and are aiming for a contribution of at least CHF 240 million to total income.

For 2026, we expect moderate economic growth in Switzerland (approx. 1.2 % to 1.3 %), with low inflation of approximately 0.5 %. This growth will boost demand for financing in many sectors. Thanks to our good starting position, we actively want to serve this need of the economy and, at 3.5 % to 5.5 % **lending growth** in 2026, go slightly above the target range for the entire strategy period up to 2030. However, the CET1 ratio must be above the strategic target of at least 14 %.

We will of course continue to limit the cost-income ratio to below 50 %, but we do not expect a record low for this figure in 2026. This is due to the planned increase in the number of employees, significant investments in ICT and steadily rising costs in the context of increasing regulation.

Overall, the aforementioned income and expense targets for the 2026 financial year result in consolidated profit that should be at least at the level of 2025 (CHF 295.5 million). This is despite the current low-interest-rate environment and significant investments at the start of our 2026 to 2030 strategy period.

Strategic investments from ‘LUKB25’ will pay off in the future

((Slide 37)) These financial targets are underpinned by significant strategic investments. We invested around CHF 50 million in the last strategy period.
Thanks to the extremely successful conclusion of our anniversary year and the five-year strategy period, we are starting the new strategy period from a position of strength. Our business model, which combines the accessibility of a cantonal bank with the networked expertise of a large bank, offers considerable potential for growth and scaling. Many of the strategic investments made in recent years will only take full effect in the years to come.

LUKB combines the expertise of a large bank with the accessibility of a cantonal bank

((Slide 38)) The focus here is on further strengthening our successful business model. We will align the traditional cantonal banking business even more closely to the needs of clients and optimise the interplay between artificial and human intelligence.

However, we see significant growth potential in the specialty business, both in the Lucerne economic region and across German-speaking Switzerland. Considerable investments will continue to be made in these competence centres, such as structured products, digital assets and asset management. From the outset, we deliberately structured these topics – whether in relation to personnel, IT or products – in a way that enables us to keep up with the leading providers in Switzerland. The only thing we still lack in these areas is visibility throughout Switzerland. This is where we will concentrate initial efforts.

The new strategy will be systematically rolled out based on the strengths of LUKB

((Slide 39)) Our strategy for the coming years focuses on LUKB's strengths and the business model.

- In our home market of Lucerne, we want to remain the undisputed market leader and grow profitably. We are growing with and as part of a residential and commercial region that will prosper and develop better than most other regions in Switzerland.
- We are strategically positioning ourselves with selected client groups throughout Switzerland with our specialty business.

By optimally positioning the advisory expertise of our employees and our specialised products and services, we will be able to achieve significant growth in the non-interest business.
If we succeed, LUKB will be one of the top five full-service banks in Switzerland in selected areas.

Planned strategic investments to further increase success in the long term

((Slide 40)) This ambition and the strategic focus on advisory and investment topics is also reflected in our strategic investments. It is also clear that the combination of artificial and human intelligence, for example in how we handle data, will be strategically important to LUKB. We will therefore significantly increase our investments in both areas.

Strategic targets for 2030 underline LUKB's ambitions

((Slide 42)) We have defined our ambition to generate growth in the coming years primarily in the non-interest business through commission, services and trading income in binding, measurable targets:

Strategic targets	Targets for 2026	Targets for 2030
Net growth in advisory and asset management mandates (performance-adjusted)	>CHF 1.2 billion	>CHF 1.8 billion
Net growth in lending business	3.5 % to 5.5 %	2.5 % to 4.0 %
Non-interest income	>CHF 240 million	>CHF 310 million
Cost-income ratio	<50 %	
Consolidated profit*	>CHF 295 million	>CHF 340 million

* adjusted for the creation/reversal of reserves for general banking risks

Good reasons to invest in LUKN

((Slide 43)) In summary, investors are interested in our shares for the following reasons:

Review:

- Profitability and cost discipline: cost-income ratio of 46.1 % in 2025
- Continuous growth in net profit: up 35 % (2021 to 2025)
- Attractive consolidated profit in 2025: CHF 295.5 million
- Reliable distribution policy: around 43 % to 50 % of net profit after taxes (43.7 % on average since 2021).

Outlook:

- Earnings per share: CHF 5.97, dilution of profit from capital increase already offset (based on consolidated profit). Profitable growth was achieved with the additional funds from the capital increase
- Attractive dividend yield: 2.91 % (according to the proposal to the 2026 AGM)

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Qualitative strategic thrusts of the 'LUKB30' strategy

((Slide 44)) We presented our **qualitative strategic thrusts for 2026 to 2030** back in November 2025 during the presentation on the 'LUKB30' strategy.

– We want to expand our position as **champion in the Lucerne** region in the long term and benefit from privileged access to clients and a structurally growing market.
– We also want to establish ourselves as the preferred partner for discerning clients in selected **specialty lines of business** beyond our home market.
– We will consistently focus on organic, profitable **growth in off-balance-sheet business** and fully exploit the potential of our scalable capital market business with our own infrastructure and products.
– We will leverage our **technology and data expertise** to benefit from our central, data-driven sales. By doing so, we will systematically invest in the development of customer experience management.
– We will promote **employee excellence** as well as AI readiness and digital fitness with targeted programmes. Among other things, we want to replace repetitive tasks with assistance systems and AI-based business processes to enable our employees to focus on more value-creating activities.

We will be happy to take some time now to answer your questions.

Note on the binding nature of this presentation texts

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