



Luzerner
Kantonalbank

Letter to shareholders

2025 annual results

2025 annual results

LUKB achieved an outstanding result in its anniversary year and is proposing a higher distribution to the Annual General Meeting

Dear shareholders,

2025 was an important year for LUKB. We concluded our 2021 to 2025 strategy period and clearly exceeded all long-term targets. At the same time, we celebrated our 175th anniversary with the people of Lucerne.

With consolidated profit of CHF 295.5 million in 2025, we recorded the best annual result in our history. This was a 3.1% improvement over the 2024 annual result (CHF 286.6 million). Over the entire five-year strategy period, we significantly exceeded the target range of CHF 1,260 to 1,330 million with cumulative net profit of CHF 1,370.5 million.

This achievement is all the more remarkable in view of the high market volatility, geopolitical uncertainties and low policy rates of the past year.

Expertly mastering the challenges of the zero-interest-rate environment

The extraordinary market and interest rate environment had a major impact on our Bank's result. This is particularly evident in the interest business. The fact that, despite the worst-case scenario imaginable with zero interest rates since last June, our net interest income grew by 3.2% to CHF 458 million (2024: CHF 444 million) is primarily thanks

to our very active and successful interest rate management and the growth in loans to clients (+6.9%).

Although this growth is above the original growth target of 2% to 3.75%, it is well in line with the new regulatory requirements of Basel III final (capital requirements). In 2025, for example, we increased the total capital ratio from 18.5% to 20.6% and the core capital ratio (CET1 ratio) from 13.9% to 14.7%.

Non-interest business further strengthened

Our aim is to diversify income more broadly. For 2025, we had set ourselves the goal of generating non-interest income of at least CHF 215 million. We were successful. We posted strong year-on-year growth in the commission and service business (+10.1% to CHF 143 million) and in trading income (+34.5% to CHF 76 million). Both operating income components were boosted by the volatile markets and the generally positive developments on many stock exchanges over the year.

With income from non-interest business totalling CHF 233 million (2024: CHF 207 million), we clearly exceeded our ambitious target.

Cost discipline remains high

We reported operating income of CHF 691 million (+6.2%) for the past year. Operating expenses rose by 6.5% to CHF 326 million in the same period. As a result, the cost-income ratio for the 2025 financial year was unchanged from the previous year at 46.1%.

This demonstrates once again that our Bank is highly efficient and is well below its own strategic target of a maximum of 50%. It is therefore one of the most efficient full-service banks in Switzerland.

Higher distribution proposed

LUKB's strong performance was recognised by the capital markets in 2025. Recording a gain of around 45%, our share was one of the top performers in the Swiss Performance Index.

As shareholders, you should also benefit from the excellent annual result for 2025. At the Annual General Meeting of 13 April 2026, the Board of Directors will propose increasing the distribution from CHF 2.60 to CHF 2.70 per LUKB registered share – half as a dividend and half as a tax-free distribution from capital contributions. This underscores our policy of distributing 43% to 50% of profit, while at the same time securing sufficient equity capital for our future growth.

Together with the taxes and compensation for the state guarantee, the Canton of Lucerne will receive more than CHF 100 million for the first time with its 61.5 % stake.

Celebrating our bond with Lucerne

Around 30,000 visitors celebrated the bond between the people of Lucerne and our Bank at five events. Almost 100 associations and businesses from Lucerne were involved in the attractive anniversary programme as partners in the anniversary activities.

This commitment to our home canton is an expression of our gratitude for our 175-year success story as well as a promise for the future.

Smooth transition to the new strategy period

Thanks to the extremely successful conclusion of the anniversary year and the five-year strategy period, we are starting the new strategy period from a strong position. Our business model, which combines the accessibility of a Kantonalbank 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.

Consolidated profit for 2026 above previous year's level

In spite of the zero-interest-rate environment and significant investments, we expect consolidated profit to be above the previous year's level for the current year (2025: CHF 295.5 million).

Among other things, we want to increase income from non-interest business to at least CHF 240 million in 2026 (2025: CHF 233 million). The growth we are pursuing in asset advisory and asset management mandates will make an important contribution to this in the amount of at least CHF 1.2 billion. Overall, we assume that these earnings figures will also enable us to compensate well for the planned expenditure increase.

True to the principle that results follow effort, we will make significant investments in 2026 to launch our new five-year strategy. You will be able to see one of these investments at the Annual General Meeting on 13 April 2026 in the form of an updated brand image.

Watch this space!

Yours sincerely,
Luzerner Kantonalbank



Markus Hongler
Chairman of the
Board of Directors



Daniel Salzmann
CEO

Lucerne, 5 February 2026

General information

Detailed shareholder information
lukb.ch/aktionärsinformationen

Imagery

The imagery of the 2026 shareholder publications lets us look back with the people of Lucerne on the anniversary year in which LUKB celebrated its 175th anniversary. Five major public events were held to thank the population as part of the anniversary project "Lozärn ver-bonde" (Lucerne brings people together).

Rounding of figures

Individual figures are rounded for publication in this letter to shareholders. Addition/subtraction is carried out in each case with unrounded numbers.

Agenda

Publication of the 2025 annual report
LUKB is publishing its 2025 annual report exclusively digitally. The report will be available at report.lukb.ch from 20 March 2026.

Invitation to the 2026 Annual General Meeting sent out

20 March 2026

Results for Q1 2026

10 April 2026

2026 Annual General Meeting

13 April 2026

Half-year results for 2026

25 August 2026

Results for Q1-Q3 2026

30 October 2026

Annual results for 2026

29 January 2027

Contact/legal notice

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This report is a translation of the original German version and is provided for informational purposes only. In the event of differences or ambiguities between the English and the German version of this report, the German version shall prevail.

Consolidated income statement

Values in CHF thousands	2025	2024	absolute	Change in %
Interest and discount income	721,655	961,731	-240,075	-25.0
Interest and dividend income from financial investments	52,736	46,372	6,364	13.7
Interest expense	-298,780	-549,002	250,222	-45.6
Gross result from interest business	475,611	459,101	16,511	3.6
Changes in impairments for default risks, and losses from interest business	-17,514	-15,125	-2,389	15.8
Net result from interest operations	458,097	443,976	14,121	3.2
Commission income from securities and investment business	124,494	111,221	13,273	11.9
Commission income from lending business	4,086	3,704	382	10.3
Commission income from other service business	29,107	28,418	689	2.4
Commission expenses	-14,464	-13,231	-1,233	9.3
Result from commission business and services	143,223	130,111	13,112	10.1
Result from trading business and the fair value option	75,976	56,503	19,473	34.5
Income from the disposal of financial assets	3,952	16,472	-12,519	-76.0
Income from investments	4,052	3,305	747	22.6
of which from investments accounted for using the equity method	1,334	600	734	122.3
of which from other non-consolidated investments	2,718	2,705	13	0.5
Property income	7,502	7,235	267	3.7
Other ordinary income	1,582	1,796	-214	-11.9
Other ordinary expenses	-3,412	-8,882	5,469	-61.6
Other ordinary income	13,676	19,926	-6,250	-31.4
Operating income	690,972	650,517	40,456	6.2
Personnel expenses	-218,405	-208,991	-9,414	4.5
General and administrative expenses	-96,771	-86,770	-10,001	11.5
Compensation for state guarantee	-11,183	-10,779	-404	3.7
Operating costs	-326,359	-306,541	-19,818	6.5
Impairments on investments and depreciation and amortisation of property, plant and equipment and intangible assets	-30,349	-28,913	-1,436	5.0
Changes in provisions and other impairments and losses	-488	2,711	-3,199	-118.0
Operating result	333,776	317,774	16,002	5.0
Extraordinary income	212	31,580	-31,368	-99.3
Extraordinary expenses	0	-0	0	-100.0
Changes in reserves for general banking risks	0	-25,000	25,000	-100.0
Taxes	-38,491	-37,711	-780	2.1
Consolidated profit	295,497	286,642	8,855	3.1

Consolidated balance sheet

Values in CHF thousands	31.12.2025	31.12.2024	Change	
			absolute	in %
Assets				
Cash and cash equivalents	7,797,905	8,212,567	-414,663	-5.0
Amounts due from banks	658,583	346,240	312,343	90.2
Loans to clients	46,352,628	43,374,016	2,978,612	6.9
Amounts due from clients	5,434,950	5,138,593	296,357	5.8
Mortgage loans	40,917,678	38,235,423	2,682,255	7.0
Trading business	1,692,920	1,489,198	203,722	13.7
Positive replacement values of derivative financial instruments	89,613	174,381	-84,768	-48.6
Financial assets	5,290,101	5,153,687	136,414	2.6
Prepaid expenses and accrued income	100,701	100,972	-272	-0.3
Non-consolidated investments	28,343	29,045	-702	-2.4
Property, plant and equipment	213,763	218,537	-4,774	-2.2
Other assets	24,574	55,449	-30,875	-55.7
Total assets	62,249,130	59,154,092	3,095,039	5.2
Total subordinated receivables	11,069	8,234	2,835	34.4
of which subject to mandatory conversion and/or debt waiver	6,465	3,796	2,670	70.3
Liabilities				
Amounts due to banks	5,706,212	4,102,377	1,603,835	39.1
Liabilities from securities financing transactions	2,571,911	3,861,798	-1,289,887	-33.4
Amounts due from client deposits	30,009,649	29,101,601	908,048	3.1
Liabilities from trading business	55,949	88,167	-32,218	-36.5
Negative replacement values of derivative financial instruments	176,627	190,445	-13,819	-7.3
Liabilities from other financial instruments at fair value	927,691	695,172	232,519	33.4
Medium-term notes	206,221	282,512	-76,291	-27.0
Bonds and mortgage loans	18,053,005	16,417,127	1,635,878	10.0
Accrued expenses and deferred income	273,157	287,007	-13,850	-4.8
Other liabilities	17,223	52,265	-35,042	-67.0
Provisions	26,844	30,364	-3,520	-11.6
Reserves for general banking risks	694,354	694,354	0	0.0
Share capital	183,458	183,458	0	0.0
Capital reserve	487,068	552,806	-65,738	-11.9
Retained earnings	2,568,814	2,346,532	222,282	9.5
Treasury shares	-4,548	-18,534	13,986	-75.5
Consolidated profit	295,497	286,642	8,855	3.1
Total liabilities	62,249,130	59,154,092	3,095,039	5.2
Total subordinated liabilities	1,572,671	1,219,454	353,217	29.0
of which subject to mandatory conversion and/or debt waiver	1,572,671	1,219,454	353,217	29.0
Off-balance-sheet transactions				
Contingent liabilities	298,948	317,273	-18,325	-5.8
Irrevocable commitments	2,396,031	2,034,885	361,147	17.7
Liabilities relating to calls on shares and other equity securities	101,691	76,056	25,635	33.7
Credit commitments	0	688	-688	-100.0
Contract volume of derivative financial instruments	25,580,351	24,315,587	1,264,764	5.2
Securities and fiduciary investments	36,060,728	31,034,939	5,025,789	16.2

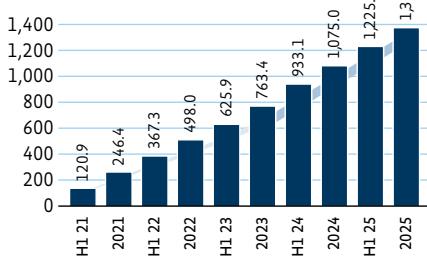
Key figures for the Group

Values in CHF million	2021	2022	2023	2024	2025
income statement					
Operating income	581.3	585.7	614.9	650.5	691.0
Operating costs	258.1	268.0	282.7	306.5	326.4
Operating result	282.7	284.6	303.5	317.8	333.8
Profit before taxes	282.7	288.9	303.5	349.4	334.0
(Consolidated profit + creation of reserves for general banking risks + taxes)					
Net profit after taxes	246.4	251.6	265.4	311.6	295.5
Consolidated profit	221.4	226.6	265.4	286.6	295.5
Balance sheet (end of period)					
Loans to clients	37,229.0	39,348.2	41,738.3	43,374.0	46,352.6
Client deposits	28,557.5	27,086.9	29,090.2	29,384.1	30,215.9
Equity before appropriation of profit	3,081.9	3,228.8	3,856.1	4,045.3	4,224.6
Total assets	52,837.4	56,980.0	57,397.1	59,154.1	62,249.1
Assets under management (end of period)					
Client assets under management	36,963.2	35,922.3	38,058.8	39,488.7	42,607.1
Net new money	2,730.2	1,420.2	1,506.5	767.6	1,285.1
Various key figures					
Total full-time equivalents (at end of period)	1,075.7	1,091.9	1,134.9	1,181.0	1,206.2
Cost-income ratio	42.9%	44.7%	45.6%	46.1%	46.1%
(Operating expenses in relation to [gross result from interest business + commission income + trading income + other ordinary income])					
Standard & Poor's rating of parent company					
Current liabilities	A-1+	A-1+	A-1+	A-1+	A-1+
Non-current liabilities	AA	AA	AA	AA+	AA+
Outlook	stable	positive	positive	stable	stable

Strategic financial figures for the Group (strategy period from 2021 to 2025)

Net profit after taxes

cumulative in CHF million



Total capital ratio

in %



Cost-income ratio

in %



- Strategic target (CHF 1,260–1,330 million)
- Net profit after taxes (cumulative)

- Strategic range (19–21 %)¹

- LUKB total capital ratio
- Minimum regulatory requirement

- Strategic maximum value (50 %)
- Cost-income ratio

¹ Internal bank target increased to 19–21 % as of 1 July 2025

Equity

Key figures for equity (at end of period)

Values in % or CHF million	2021	2022	2023	2024	2025
Core capital ratio (CET1 ratio)	12.3 %	12.2 %	13.4 %	13.9 %	14.7 %
Total capital ratio	17.6 %	17.2 %	18.0 %	18.5 %	20.6 %
Risk-weighted assets (RWAs)	23,947.0	25,553.4	27,833.6	28,208.5	27,904.3
Leverage ratio	6.8 %	6.7 %	7.6 %	7.7 %	7.7 %

Consolidated statement of shareholders' equity

Values in CHF 1,000	Share capital	Capital reserve	Retained reserve	Reserves for general banking risks	Treasury shares	Consolidated profit	Total
Equity as at 31.12.2024	183,458	552,806	2,346,532	694,354	-18,534	286,642	4,045,258
Acquisition of treasury shares	0	0	0	0	-2,542	0	-2,542
Disposal of treasury shares (employee participation programme)	0	0	0	0	15,887	0	15,887
Disposal of treasury shares (other)	0	0	0	0	641	0	641
Gain (loss) on disposal of treasury shares	0	-1,378	0	0	0	0	-1,378
of which financial assets	0	-1,365	0	0	0	0	-1,365
of which trading portfolio	0	-13	0	0	0	0	-13
Dividends and other distributions	0	-64,360	0	0	0	-64,360	-128,719
Increase (withdrawal) of reserves for general banking risks	0	0	0	0	0	0	0
Other allocations (withdrawals) of other reserves	0	0	222,282	0	0	-222,282	0
Consolidated profit	0	0	0	0	0	295,497	295,497
Equity as at 31.12.2025	183,458	487,068	2,568,814	694,354	-4,548	295,497	4,224,643

LUKB share

Key figures for the LUKB share

Key figures per LUKB share in CHF

	2021	2022	2023	2024	2025
Closing price (as at end of period)	83.00	82.70	72.00	63.90	92.70
Carrying amount (as at end of period)	72.64	76.11	78.20	82.02	85.31
Profit before taxes, depreciation and amortisation of goodwill	6.86	7.01	6.32	7.08	6.75
Net profit after taxes	5.81	5.93	5.38	6.32	5.97
Consolidated profit (earnings per share, EPS)	5.22	5.34	5.38	5.81	5.97
Distribution	2.50	2.50	2.50	2.60	2.70 ¹
Payout ratio (distribution/net profit after taxes)	43.1 %	42.2 %	46.5 %	41.3 %	45.2 % ²
Dividend yield (distribution/closing price)	3.01 %	3.02 %	3.47 %	4.07 %	2.91 % ²

Total income per LUKB share in CHF

	2021	2022	2023	2024	2025
Distribution from previous year's profit	2.50	2.50	2.50	2.50	2.60
Right to sell	-	-	1.20 ³	-	-
Change in value	2.90	-0.30	-10.70	-8.10	28.80
Total (total return)	5.40	2.20	-7.00	-5.60	31.40
as % of previous year's closing price	6.7 %	2.7 %	-8.5 %	-7.8 %	49.1 %

¹ Proposal to the Annual General Meeting of 13 April 2026

² Based on proposed distribution

³ Price according to corporate action letter to clients at start of subscription period

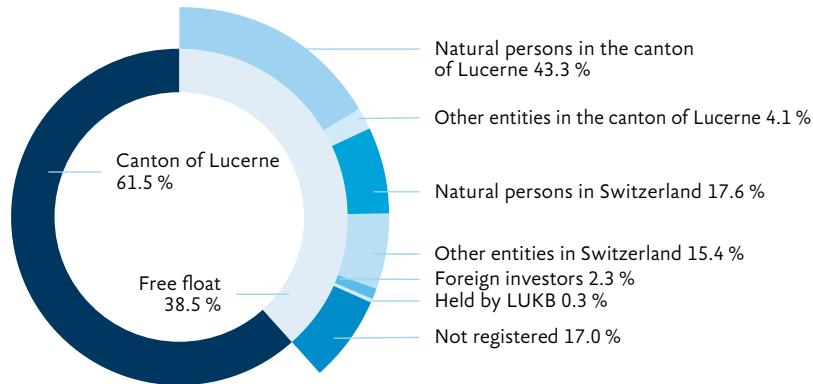
Total return on the LUKB share

Since the IPO (12 March 2001: first trading day for the LUKB share after the change of legal form), LUKB's total return (distribution of profits plus value change) until 19 January 2026 has been 611 %.



Shareholder structure as at 31 December 2025

Total LUKB shares	49,583,333
Registered shares in the share register	46,306,270
Registered shareholders	33,556
Registration rate	93.4 %



Basic LUKB share data

Nominal per registered share	CHF 3.70
Exchange listing	SIX SX
Ticker symbols	LUKN (SIX Financial Information and Bloomberg) LUKN.S (Reuters)
Valor	125 293 061
ISIN number	CH125930610