Media and analyst orientation

Luzerner Kantonalbank AG half-year results for 2026

Zurich, 25 August 2026

((Check against delivery))

Daniel Salzmann, CEO LUKB

Excellent start to the new strategy period

Ladies and Gentlemen

((Presentation p. 1))
Welcome to the presentation of Luzerner Kantonalbank's half-year results for 2026.

LUKB's market environment and management measures

((Presentation p. 2)) Before we take a closer look at our half-year results, I would like to briefly address the issues that shape LUKB's business environment:

- In contrast to the first half of 2025, when the US tariff policy caused a great deal of turbulence in the economy and on the markets, the market environment has been relatively favourable in recent months. Despite its global relevance, the US-Iran conflict is a clearly distinguishable factor.
- Although economic growth is below average, it is trending positively. Combined with manageable inflation and a robust employment market, the environment in our market area is currently comparatively healthy.
- And for us at Luzerner Kantonalbank, the local environment is even better than for other banks, as the canton of Lucerne is performing above the average. The general economic conditions in our home market are robust and growth is strong. At the same time, the canton and the municipalities are financially prosperous.
- The two biggest challenges we currently face are common to all the Swiss banks:
  - the zero-interest-rate environment that has persisted since June last year
  - and the increasing regulatory burden.
- We have many years of positive experience in dealing with a difficult interest rate environment in particular. You will hear more about that shortly from our CFO Marcel Hurschler, who will explain the half-year results in detail.

The half-year results for 2026 in brief

((Presentation p. 3))
These half-year results mark the successful start to our new 2026-to-2030 strategy period:

- we were able to build on the positive stimuli in our market environment and thus generate 161.4 million Swiss francs, the highest half-year consolidated profit in the history of LUKB.
- All of our revenue streams are up and continued to grow by a cumulative 21.8 million Swiss francs or 6.3 % compared with the good first half of the previous year.
- We have been able to diversify income as desired.
- We are holding true to our reputation as one of the most efficient full-service banks in Switzerland.
- In a nutshell, LUKB is completely on track in terms of its annual results for 2026.

S&P AA+ rating confirmed

((Presentation p. 6)) Moving slightly away from short-term developments, we have received positive signals from rating organisations for the first half of the year:

Standard & Poor's has confirmed our credit ratings.

ESG ratings established at a high level

((Presentation p. 7)) In the ESG environment, we have also established ourselves at a high level with all relevant observers. Regardless of the short-term trends, we are pursuing a long-term development path that is designed in particular to ensure a high level of transparency and credibility vis-à-vis rating agencies and professional investors.

Half-year results for 2026

((Presentation p. 8)) I would now like to hand over to our CFO Marcel Hurschler so he can explain the key aspects of the half-year results in detail.

Luzerner Kantonalbank

Marcel Hurschler, CFO LUKB

All profitability factors strengthened

Ladies and Gentlemen

I would like to explain to you how LUKB's successful half-year results for 2026 came about. In so doing, I will follow the structure of the income statement and start by taking a look at interest operations, which account for two-thirds of operating income.

Active interest rate and liquidity management supports interest income

((Presentation p. 9)) At 238.9 million Swiss francs, **interest income** for the first half of 2026 is the highest-ever half-year net interest income on record. It is 3.1 % higher than the comparable figure in the previous year. Furthermore, the figure from the previous year was achieved in a positive base rate environment for the Swiss franc.

The resolutely pursued lending and conditions policy is paying off. By optimising the portfolio, higher margins were selectively implemented in selected business areas. In addition, we have built up an investment portfolio over the past ten years or so that we can actively manage in coordination with the interest rate environment. Likewise, we are consistently generating positive contributions to income from the interest rate hedging business. LUKB's interest income is greater than the income from its client business – unlike other banks that appear to be similar on the surface. Our proven active interest rate risk and liquidity management significantly increases the resilience of our interest income.

These measures are reflected in gross interest income of 244.9 million Swiss francs that is reasonable in view of the zero-interest-rate environment. Despite a zero-interest-rate environment, this surpasses the previous record figure generated in the second half of 2024 (241.5 million Swiss francs). Compared to the first half of 2025, gross interest income increased by 3.7 %.

The difference between gross interest income and net interest income is made up of value adjustments for default risks and losses from interest operations. The quality of our lending portfolio remains very good. At 6.0 million Swiss francs, these value adjustments for default risks are slightly higher than in the same period in the previous year (4.4 million Swiss francs), but remain low in a historical context.

Prudent development of the lending business

((Presentation p. 10)) **Lending** remains a significant source of interest income. Following last year's strong volume growth, we have been deliberately more cautious in recent months, with **mortgage** portfolios even declining slightly. We accepted a temporary loan volume reduction of almost 600 million Swiss francs for the particularly price-sensitive client group of real estate companies (CISA transactions). However, the funds thereby freed up will remain available in the coming months for high-value-added lending transactions – for example, for business loans. This shift is partly reflected in the growth in amounts due from clients.

Low average loan-to-value ratio for residential properties

((Presentation p. 11)) The ordinary mortgage business grew slightly discounting CISA mortgages. Mortgages for residential properties account for by far the largest share of the business at over 80 %. Just under two-thirds of these properties are located in the canton of Lucerne. The average loan-to-value ratio of residential properties was 52.5 % as at 30 June 2026, a further decline compared to the end of 2025.

The quality of the lending portfolio remains high

((Presentation p. 12)) Credit quality remains excellent. We have consistently adhered to very conservative credit rating guidelines for years.

Let's move on from interest operations and the underlying lending issues to a different topic.

Strong growth in the strategically important commission business and services

((Presentation p. 13)) The non-interest business developed much more dynamically in the first half of the year. Totalling 77.5 million Swiss francs, the result from commission business and services was 11.1 % higher than the corresponding period in the previous year. The main drivers are the expansion of the mandate business and the activities in asset management. However, transactional brokerage income and the continuing rise in demand for specialist advice on topics such as taxes, pensions and inheritance also contributed to the higher commission income.

Planned increase in mandated client assets achieved

((Presentation p. 14)) The commission income generated from securities and the investment business even increased by 16.2 % to 70.0 million Swiss francs. While client assets under management rose to 44.0 billion Swiss francs – of which 709 million Swiss francs came from net new money – mandate volumes increased by 806 million Swiss francs after adjustment for performance. As a result, the mandate-based share of client assets increased again by 0.5 percentage points to 41.4 % in the first half of the year. This increase is strategically important for us in terms of sustainable income.

Growth in net trading income with no change in risk exposure

((Presentation p. 15)) Net trading income amounted to 45.5 million Swiss francs in the first half of 2026. This tops the previous record half-year result in the first half of 2025. The main driver of this increase was activities in the structured products business in particular. The steady expansion of client activities is leading to a consistent increase in trading income without LUKB having to increase its trading limits in recent years.

Other ordinary income slightly up

((Presentation p. 16)) At 7.3 million Swiss francs, other ordinary income for the first half of 2026 is around 2 million Swiss francs higher than in the same period in the previous year. LUKB was very reluctant to sell equity securities, which meant that hidden compulsory reserves increased by a further 3.6 million Swiss francs.

Operating income substantially increased and diversified

((Presentation p. 17)) The bottom line is that the growth in all of our income components has significantly increased our operating profitability to 369.2 million Swiss francs. Thanks to the disproportionate growth in trading, commission business and service income, the earnings split increased in line with the pursued strategy to 35.3 % (first half of previous year: 33.3 %). As we have already mentioned, the income ratio is less important to us than the growth of the non-interest business itself.

Increase in expenses in line with strategy

((Presentation p. 18)) This pleasing growth in earnings gives us the freedom to continuously develop LUKB and to vigorously pursue the implementation of the new strategy. As expected, this is reflected in operating expenses.

Our strategic ambition to be one of the top-five Swiss full-service banks by 2030 goes together with investing in people and technology. That's why we are making a point of expanding our client-oriented expertise – for example in private banking. This is evident in the growth in headcount and personnel expenses.

General and administrative expenses mainly reflect our ICT investments, which are necessary if we are serious about data-driven banking.

Record half-year consolidated profit

((Presentation p. 19)) Net profit in the first half of 2026 came to 161.4 million Swiss francs. This is the highest half-year consolidated profit in the history of LUKB. And because this successful interim result stems from a systematic increase in profitability, it is also a promise for the future success of LUKB. Our CEO Dany Salzmann will talk more about that.

Daniel Salzmann, CEO LUKB

Outlook to the end of 2026

((Presentation p. 21)) Based on the current state of knowledge regarding the overall geopolitical and economic policy situation, we expect the environment to be rather positive for LUKB. The Swiss economy is likely to grow slightly and inflation will probably continue to rise somewhat. The zero-interest-rate environment is likely to remain the inhibiting factor for domestically oriented full-service banks such as LUKB. However, LUKB has so far been able to cope very well with this zero-interest-rate environment.

Positive expectations for the 2026 financial year

((Presentation p. 22)) Our expectations of the 2026 annual result are shaped by the pleasing interim results at the middle of the year and expectations of a relatively stable environment, at least in the short term. I would like to explain our earnings forecast for 2026 in line with our **strategically key financial targets** for the 2026-to-2030 strategy period:

– ***Non-interest income***
  (Strategic target for 2030: at least 310 million Swiss francs)
  We aim to achieve above-average growth in non-interest income over the next few years. The long-term goal is well over 310 million Swiss francs in 2030. We were slightly ahead of the intermediate target for 2026 by mid-year, with non-interest income totalling 130 million Swiss francs. Experience shows that we record slightly lower non-interest income in the second half of the year, particularly in the trading business. We are working hard to achieve the objective of LUKB being able to report non-interest income of more than 240 million Swiss francs in 2026 for the first time and to continue to increase this amount over the next few years.

– ***Net growth in asset management and advisory mandates***
  (Strategic target for 2030: at least 1.8 billion Swiss francs)
  The main factor for the pleasing growth in non-interest income is undoubtedly the good performance of mandated funds. This is of particular strategic significance in terms of sustainable income. By the middle of the year, we had already achieved two-thirds of the annual target for 2026 of at least 1.2 billion Swiss francs with this income standing at CHF 806 million. In our experience, the performance-adjusted growth rate is slightly lower in the second half of the year. Our ambitious target for 2030 reflects our desire to further strengthen asset management and advisory mandates.

– ***Net growth in the lending business***
  (Strategic target by 2030: +2.5 to +4.0 % annually)
  As in the previous year, we expect LUKB to report stronger lending growth in the second half of the year. We are thus adhering to the forecast volume expansion of 3.5 to 5.5 % for 2026. In the lending business, we will continue to focus on sustainable risk-return performance over the next few years. If we are to achieve growth in lending, it will be in areas where we either secure a good risk-return ratio directly or acquire attractive additional business.

- ***Cost-income-ratio***
  (Strategic target: less than 50 %)
  Unsurprisingly, we are also sticking to our long-term upper limit of 50 % in terms of the cost-income-ratio. As we are aligning our expenditure planning with a more conservative earnings forecast, we expect a slightly lower figure for full-year 2026.

- ***Consolidated profit***
  (Strategic target for 2030: at least 340 million Swiss francs)
  As previously mentioned, performance in the first half of the year was so positive across the board that we will raise our profit forecast for the full year. Originally, we had targeted consolidated profit for 2026 to be at least at the level of the previous year, i.e. over 295 million Swiss francs. As the figure recorded by the middle of the year exceeded our expectations, we currently consider a profit of between 305 and 320 million Swiss francs to be realistic. This includes slightly lower income than in the first half of the year due to seasonal factors as well as various investments in strategic projects.

LUKB30: 50 million Swiss francs for strategic projects

((Presentation p. 23)) These projects focus on five areas. These are the areas in which we want to make significant progress to ensure we rank among the top-five Swiss full-service banks by 2030. I would be happy to discuss this in further detail when we announce the annual results early next year.

Your questions

((Presentation p. 24)) Marcel Hurschler and I will now be happy to answer any questions you may have.

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