Luzerner Kantonalbank

Letter to Shareholders

Half-year results for 2026

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LUKB is making an impressive start to the new 2026–2030 strategy period and has achieved the best half-year result since it was founded. The bank is thus sending a clear signal of its ambition to be among the top-five Swiss full-service banks by 2030.

Dear Shareholders

The Swiss economy demonstrated its resilience to global uncertainty in the first half of 2026. With a half-year result of 161.4 million Swiss francs, we achieved the best half-year result in our history. This strong result was underpinned by a more broadly diversified earnings base and continued high cost efficiency.

An inspired start to the new strategy period

We aim to develop our bank to ensure that it is in the top-five full-service banks in Switzerland by 2030. To achieve this aim, we are positioning ourselves as a champion in the Lucerne economic area with a strong regional presence and also as a nationwide specialist with comprehensive expertise in the investment, financing, pension and capital market business.

One of the ways in which we measure the progress made in implementing our strategy is by means of transparently communicated strategic financial targets. From these, you can conclude that LUKB has made an inspired start to the new strategy period.

Broad-based income growth

In the first half of 2026, we were once again able to significantly increase our profitability. Operating income rose by 6.3 %, from 347 million Swiss francs to 369 million Swiss francs, with all income components contributing to this growth.

With our strategy, we aim to achieve significantly higher growth rates with non-interest income – in particular with commission business and services (+11.1 %) and trading business (+12.1 %) – than with interest business (+3.1 %). In total, non-interest income rose by 12.7 % to 130 million Swiss francs in the first half of 2026, which exceeded our planned targets.

Increasing diversification

The development of client assets with advisory and management mandates is key to our objective of sustainable and reliable income diversification. Our expertise in the investment, financing, pension and capital market business is recognised both in our home market and increasingly throughout Switzerland and is bearing fruit: with growth of 806 million Swiss francs, we have already achieved two-thirds of our target for the year as a whole (over 1.2 billion Swiss francs). The growth in trading business performance (+12.1 %) is largely thanks to our competence centre for structured products.

The main drivers of the positive performance in interest operations despite the zero interest rate environment were the sustained hedging of business volumes and positive margin development in the lending business in particular. After our loans increased by almost +7 % last year, we made a deliberately cautious start to 2026. Loans to fund-based real estate clients thus fell slightly compared to the end of the previous year. All in all, this resulted in net growth of 0.8 % in lending transactions in the first half of 2026. We are holding firm to the target of 3.5 to 5.5 % lending growth for 2026 as a whole.

High cost efficiency

We are implementing our growth strategy while maintaining our proven risk policy. We also want to remain one of the most efficient full-service banks in Switzerland. Standing at 45.5 % in mid-2026, our cost-income ratio – the most important metric for operational efficiency – is even slightly below the figure recorded at the end of 2025. Furthermore, this is despite the fact that we already launched a significant number of strategic projects in the first half of 2026 and thus had invested in additional human resources and our technological infrastructure.

The consistently low cost-income ratio proves that a high level of efficiency is compatible with sustained investment and innovation is possible at LUKB, both now and in the future.

Financial stability

As shareholders, you expect LUKB to achieve profitable growth and a high level of stability. This is reflected in our clear vision of a appropriate capital base for LUKB. We are thus aiming for a total capital ratio for risk-weighted assets of between 19 and 21 %; a target that we are comfortably meeting with the ratio standing at 20.6 % as at the end of June 2026. At the same time, the Common Equity Tier 1 (CET1) ratio stood at 14.9 %, which means we are also meeting our strategic minimum target of over 14 %. By implementing additional management measures, we aim to further increase our profitability going forward and at the same time target a CET1 ratio between 14.2 and 14.9 %.

The healthy balance sheet and high degree of financial stability of our bank are also reflected in the rating confirmations: S&P confirmed the credit rating of AA+/Stable/A-1+ on 23 April 2026 and MSCI the ESG risk rating of AA on 1 June 2026.

Consolidated profit exceeding expectations

Thanks to the numerous positive developments, LUKB generated an outstanding consolidated profit of 161 million Swiss francs in the first half of 2026. Compared to the first half of 2025, this equates to an increase of 7.1 %. Even though we expect the second half of the year to be slightly more moderate, we are raising our target for consolidated profit for 2026 from over 295 million Swiss francs to 305 to 320 million Swiss francs (2025: 295.5 million Swiss francs).

The positive outlook for the 2026 annual result includes significant investments in the further development and geographical expansion of our business model.

Thank you for your interest in our progress!

Yours sincerely
Luzerner Kantonalbank

Markus Hongler Chairman of the Board of Directors	Daniel Salzmann CEO

Lucerne, 25 August 2026

Important dates

Publications

Results for Q1–Q3 2026
30 October 2026
Annual results 2026
29 January 2027
2026 Annual Report
16 March 2027
Results for Q1 2027
9 April 2027
Annual General Meeting 2027
12 April 2027
Half-year results for 2027
24 August 2027

General information

Report on the 2026 half-year results
LUKB prepares its annual and interim reports exclusively in a digital format. From 25 August 2026, the Half-Year Report will be available at report.lukb.ch.

Detailed shareholder information (in German only)
lukb.ch/aktionaersinformationen

Rounding of figures
Individual figures are rounded for publication in this letter to shareholders. All addition or subtraction operations are carried out in each case with unrounded numbers.

Disclaimer
This letter to shareholders is for information purposes only. It does not constitute an offer or an invitation to buy or sell shares or other financial instruments of Luzerner Kantonalbank AG, nor does it constitute investment advice or an investment recommendation. Only the valid official publications of Luzerner Kantonalbank AG are relevant. Forward-looking statements are based on estimates at the time of publication and may deviate from the actual performance due to risks and uncertainties.

Strategic targets (strategy period 2026–2030)

	Actual		Target
Amounts in million Swiss francs or as a percentage	6M 2026	2026	2030
Consolidated profit	161.4	305 to 320[1]	>340
Non-interest income	130.3	>240	>310
Net growth in asset management and advisory mandates (performance-adjusted)	806.1	>1,200	>1,800
Net growth in lending business (per year)	0.8 %	3.5 to 5.5 %	2.5 to 4.0 %
Cost-income-ratio	45.5 %	<50.0 %	<50.0 %

[1] increased as of August 2026 (previously >295 million Swiss francs)

LUKB share

Key figures

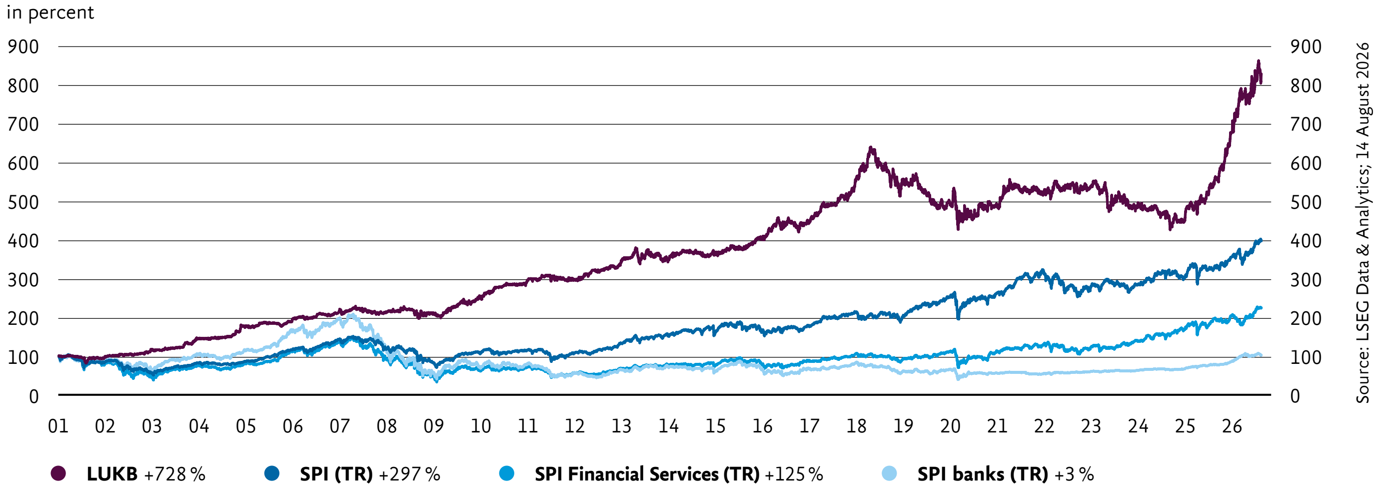
Amounts per LUKB share in Swiss francs or in percent	2022	2023	2024	2025	6M 2026
Closing price (at the end of the period)	82.70	72.00	63.90	92.70	110.20
Book value (at the end of the period)	76.11	78.20	82.02	85.31	85.87
Consolidated profit adjusted before taxes and depreciation of goodwill	7.01	6.32	6.44	6.75	7.34
Consolidated profit (Earnings per share; EPS)	5.34	5.38	5.81	5.97	6.52
Distribution	2.50	2.50	2.60	2.70	2.70
Payout Ratio (Distribution/Consolidated profit adjusted)	42.2 %	46.5 %	41.3 %	45.2 %	–
Dividend yields (Distribution/Closing price)	3.02 %	3.47 %	4.07 %	2.91 %	2.45 %

Total return per LUKB share in Swiss francs or in percent					
Dividend from previous year profit	2.50	2.50	2.50	2.60	2.70
Sale of entitlement / Rights	–	1.20[1]	–	–	–
Value change	-0.30	-10.70	-8.10	28.80	17.50
Total Return	**2.20**	**-7.00**	**-5.60**	**31.40**	**20.20**
in % of prior-year closing price	2.7 %	-8.5 %	-7.8 %	49.1 %	21.8 %

[1] Price according to corporate action notice to clients at the start of the subscription period

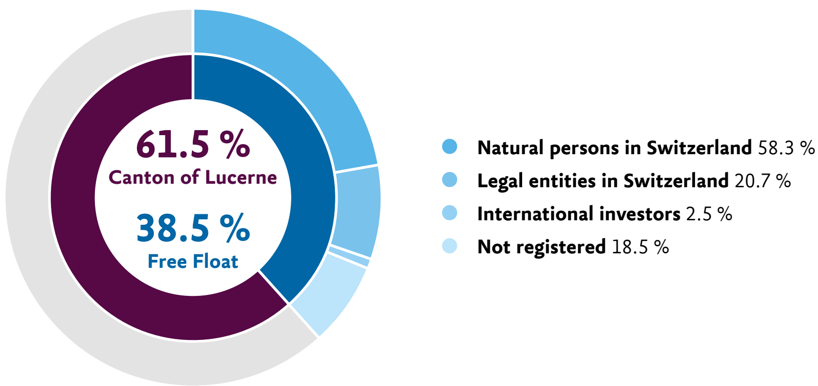
Total return

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 14 August 2026 has been 728 %.



Shareholder structure as at 30 June 2026

Total LUKB registered shares	49,583,333
Within the share register	
registered shares	46,059,912
registered shareholders	33,066
Registration quota	92.9 %



Basic data

Nominal per registered share	3.70 Swiss francs
Exchange listing	SIX SX
Ticker symbols	LUKN (SIX Financial Information and Bloomberg) LUKN.S (Reuters)
Valor	125 293 061
ISIN number	CH1252930610

Group

Key figures from the income statement and balance sheet

Amounts in million Swiss francs	2022	2023	2024	2025	6M 2026
Income statement					
Operating income	585.7	614.9	650.5	691.0	369.2
Operating expenses	268.0	282.7	306.5	326.4	170.9
Operating result	284.6	303.5	317.8	333.8	181.7
Consolidated profit adjusted before taxes and depreciation of goodwill	297.4	312.0	317.8	334.0	181.7
Consolidated profit	226.6	265.4	286.6	295.5	161.4
Balance sheet (as of period end)					
Loans to customers	39,348.2	41,738.3	43,374.0	46,352.6	46,717.1
Amounts due in respect of customer deposits	27,086.9	29,090.2	29,384.1	30,215.9	30,587.1
Equity (attributable to shareholders)	3,228.8	3,856.1	4,045.3	4,224.6	4,254.5
Total assets	56,980.0	57,397.1	59,154.1	62,249.1	63,217.7
Assets under management					
Client assets under management (as of period end)	35,922.3	37,685.8	39,488.7	42,607.1	43,993.3
Net new money	1,420.2	1,506.5	767.6	1,285.1	708.8

Various key figures

	2022	2023	2024	2025	6M 2026
Full-time-equivalent (as of period end)	1,091.9	1,134.9	1,181.0	1,206.2	1,226.0
Cost-income-ratio	44.7 %	45.6 %	46.1 %	46.1 %	45.5 %

Standard & Poor’s ratings (parent company)

	31.12.2022	31.12.2023	31.12.2024	31.12.2025	30.06.2026
Current liabilities	A-1+	A-1+	A-1+	A-1+	A-1+
Non-current liabilities	AA	AA	AA+	AA+	AA+
Outlook	positive	positive	stable	stable	stable

Consolidated income statement

Amounts in 1,000 Swiss francs	6M 2026	6M 2025	Change absolute	Change in %
Interest and discount income	344,638	381,891	-37,253	-9.8
Interest and dividend income from financial investments	26,384	24,468	1,916	7.8
Interest expense	-126,143	-170,167	44,024	-25.9
Gross result from interest operations	244,879	236,191	8,687	3.7
Changes in value adjustments for default risks and losses from interest operations	-5,970	-4,448	-1,522	34.2
Net result from interest operations	**238,909**	**231,744**	**7,165**	**3.1**
Commission income from securities trading and investment activities	69,952	60,212	9,741	16.2
Commission income from lending activities	2,126	1,891	235	12.4
Commission income from other services	14,395	14,300	95	0.7
Commission expense	-9,014	-6,658	-2,356	35.4
Result from commission business and services	**77,459**	**69,744**	**7,715**	**11.1**
Result from trading business and the fair value option	**45,544**	**40,643**	**4,901**	**12.1**
Result from the disposal of financial investments	5,485	2,251	3,234	143.7
Income from participations	1,566	2,272	-707	-31.1
of which, participations valued using the equity method	461	947	-487	-51.4
of which, from other non-consolidated participations	1,105	1,325	-220	-16.6
Result from real estate	3,949	3,900	49	1.3
Other ordinary income	524	1,136	-612	-53.9
Other ordinary expenses	-4,201	-4,270	69	-1.6
Other result from ordinary activities	**7,323**	**5,289**	**2,034**	**38.4**
Operating income	**369,235**	**347,420**	**21,815**	**6.3**
Personnel expenses	-115,550	-108,638	-6,913	6.4
General and administrative expenses	-49,474	-47,345	-2,129	4.5
Compensation for the state guarantee	-5,866	-5,670	-196	3.5
Operating expenses	**-170,890**	**-161,653**	**-9,237**	**5.7**
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	-16,210	-14,971	-1,239	8.3
Changes to provisions and other value adjustments and losses	-395	66	-461	-697.2
Operating result	**181,741**	**170,863**	**10,878**	**6.4**
Extraordinary income	0	208	-208	-100.0
Extraordinary expenses	0	0	0	n.a.
Changes in reserves for general banking risks	0	0	0	n.a.
Taxes	-20,310	-20,349	38	-0.2
Consolidated profit	**161,431**	**150,722**	**10,709**	**7.1**

Consolidated balance sheet

Amounts in 1,000 Swiss francs	30.06.2026	31.12.2025	Change absolute	Change in %
Assets				
Liquid assets	8,035,083	7,797,905	237,178	3.0
Amounts due from banks	627,165	658,583	-31,418	-4.8
Loans to customers	46,717,062	46,352,628	364,434	0.8
Amounts due from clients	5,827,152	5,434,950	392,203	7.2
Mortgage loans	40,889,910	40,917,678	-27,768	-0.1
Trading portfolio asset	1,928,057	1,692,920	235,137	13.9
Positive replacement values of derivative financial instruments	159,718	89,613	70,105	78.2
Financial investments	5,380,057	5,290,101	89,956	1.7
Accrued income and prepaid expenses	100,917	100,701	217	0.2
Non-consolidated participations	33,674	28,343	5,331	18.8
Tangible fixed assets	211,431	213,763	-2,332	-1.1
Other assets	24,531	24,574	-44	-0.2
Total assets	**63,217,694**	**62,249,130**	**968,564**	**1.6**
Total subordinated claims	11,929	11,069	860	7.8
of which, subject to conversion and/or debt waiver	7,135	6,465	670	10.4
Liabilities				
Amounts due to banks	5,113,721	5,706,212	-592,491	-10.4
Amounts due to securities financing transactions	2,907,017	2,571,911	335,106	13.0
Amounts due in respect of customer deposits	30,422,522	30,009,649	412,873	1.4
Trading portfolio liabilities	50,529	55,949	-5,420	-9.7
Negative replacement values of derivative financial instruments	174,296	176,627	-2,331	-1.3
Liabilities from other financial instruments at fair value	1,175,492	927,691	247,801	26.7
Cash bonds	164,628	206,221	-41,593	-20.2
Bond issues and central mortgage institution loans	18,593,245	18,053,005	540,240	3.0
Accrued expenses and deferred income	277,607	273,157	4,451	1.6
Other liabilities	58,825	17,223	41,602	241.5
Provisions	25,272	26,844	-1,572	-5.9
Reserves for general banking risks	694,354	694,354	0	0.0
Share capital	183,458	183,458	0	0.0
Capital reserve	420,971	487,068	-66,096	-13.6
Retained earnings reserve	2,797,418	2,568,814	228,604	8.9
Own shares	-3,092	-4,548	1,456	-32.0
Consolidated profit	161,431	295,497	-134,066	-45.4
Total liabilities	**63,217,694**	**62,249,130**	**968,564**	**1.6**
Total subordinated liabilities	1,567,896	1,572,671	-4,775	-0.3
of which, subject to conversion and/or debt waiver	1,567,896	1,572,671	-4,775	-0.3
Off-balance-sheet transactions				
Contingent liabilities	328,774	298,948	29,826	10.0
Irrevocable commitments	2,305,150	2,396,031	-90,881	-3.8
Liabilities for calls on shares and other equity	96,564	101,691	-5,127	-5.0
Credit commitments	3,901	0	3,901	n.a.
Contract volume of derivative financial instruments	26,315,160	25,580,351	734,809	2.9
Securities and fiduciary investments	38,804,963	36,060,728	2,744,235	7.6

Consolidated statement of changes in equity

Amounts in 1,000 Swiss francs	Share capital	Capital reserve	Retained earnings	Reserves for general banking risks	Own shares	Consolidated profit	Total
Equity as of 31.12.2025	**183,458**	**487,068**	**2,568,814**	**694,354**	**-4,548**	**295,497**	**4,224,643**
Purchase of own shares	0	0	0	0	-2,130	0	-2,130
Sale of own shares relating to employee participation programme	0	0	0	0	3,396	0	3,396
Sale of own shares (other)	0	0	0	0	190	0	190
Gain (loss) on sale of own shares	0	796	0	0	0	0	796
of which, financial investments	0	809	0	0	0	0	809
of which, trading portfolio assets	0	-13	0	0	0	0	-13
Dividends and other distributions	0	-66,892	0	0	0	-66,892	-133,785
Allocations to (transfers from) the reserves for general banking risks	0	0	0	0	0	0	0
Other allocations (transfers from) the retained earnings reserve	0	0	228,604	0	0	-228,604	0
Consolidated profit	0	0	0	0	0	161,431	161,431
Equity as of 30.06.2026	**183,458**	**420,971**	**2,797,418**	**694,354**	**-3,092**	**161,431**	**4,254,540**

Key figures for regulatory capital

Amounts in million Swiss francs or in percent (as of period end)	2022	2023	2024	2025	6M 2026
Risk-weighted assets (RWA)	25,553.4	27,833.6	28,208.5	27,904.3	27,836.2
CET1 ratio	12.2 %	13.4 %	13.9 %	14.7 %	14.9 %
Total capital ratio	17.2 %	18.0 %	18.5 %	20.6 %	20.6 %
Leverage ratio	6.7 %	7.6 %	7.7 %	7.7 %	7.7 %

Contact

kommunikation@lukb.ch
Tel. 0844 822 811

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