

An aerial photograph of the town of Zug, Switzerland, showing its dense collection of buildings with red-tiled roofs and a prominent clock tower. The town is situated on the edge of Lake Zug, with the water extending to the horizon under a clear blue sky. In the background, the Swiss Alps are visible, partially shrouded in a layer of low-lying clouds or fog. The overall scene is bright and scenic, capturing the beauty of the region.

Interim Report 2025

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Good result for the first half of 2025

Zuger Kantonalbank can look back on a successful first half in 2025. Consolidated profit for the first six months amounts to CHF 70.9 million*, which is 18.3% above the prior-year figure. The growth was achieved in all business areas, underscoring the bank's broad-based profitability. The result is driven in particular by the dynamic development in securities and investment business plus a one-off effect in interest operations.

The first half of 2025 was characterised by a challenging environment. International trade conflicts and a generally downbeat global economy provided for increased market volatility and lacklustre growth. Against this backdrop, Zuger Kantonalbank nevertheless succeeded in further increasing its income and consolidating its market position. By mid-year, total assets increased to CHF 19.7 billion.

Solid development of interest operations – despite pressure on margins

The interest rate cuts by the Swiss National Bank in the first half of 2025 are resulting in greater pressure on margins in the deposit business. Loans to customers were unchanged from the previous year, amounting to CHF 15.6 billion at 30 June 2025. Customer deposits are also stable at CHF 12.9 billion. The bank views this continuity as a sign of the trust placed in it by its clients.

The gross result from interest operations is 5.2% higher at CHF 108.7 million. One-off income of CHF 8.7 million made a positive contribution to the result. Adjusted for this

special effect, the gross result is 3.3% below the prior-year figure. In view of the market conditions, the result can be deemed robust.

In the first half of 2025, the bank made individual value adjustments amounting to CHF 12.9 million, alongside value adjustments for inherent default risks of over CHF 12.2 million. The net result from interest operations is 7.2% higher at CHF 108.0 million.

Clear rise in commission and trading activities

Income from commission and service fee activities is 11.2% above the prior-year figure at CHF 46.2 million. This growth was driven mainly by securities trading and investment activities which increased by CHF 4.2 million (+14.9%) – supported in turn by a persistently high transaction volume. Compared with 31 December 2024, assets under management rose by CHF 0.8 billion to CHF 20.1 billion, around half of which resulted from the market performance.

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

Trading activities also performed well. The result from trading activities was 16.7% above the prior-year figure at CHF 9.9 million. This increase is due primarily to more activity in foreign currency trading.

Together with the other result from ordinary activities of CHF 3.9 million, the result for the first half of 2025 is operating income of CHF 168.0 million – an increase of 9.0% compared with the prior-year period.

Investments in future topics and efficiency improvements

In the first half, operating expenses amounted to CHF 71.2 million, up 3.6% on the previous year. The increase is due to planned investments in growth and innovation projects. After three years of expansion, the bank thus reports lower cost growth again.

Personnel expenses in the first half rose by CHF 1.5 million, due mainly to the downstream effect of the staff increase in 2024. General and administrative expenses rose by 4.3% to CHF 24.2 million, due in particular to volume-related additional costs for IT services and financial information.

Despite these investments, the cost-income ratio was lowered to 42.2%, an improvement of 1.6 percentage points versus the prior-year period.

Six-month Group profit well above the prior-year level

The operating result, a measure of operating performance, rose to CHF 82.4 million. This is an increase of 16.9% compared with the prior-year period. After deduction of taxes, the six-month Group profit amounted to CHF 70.9 million – an increase of 18.3% versus the prior year.

Outlook

Global economic growth is likely to be below the long-term potential rate for the full year in 2025. Whereas lower key interest rates could shore up the economy over the rest of the year, geopolitical uncertainties, armed conflicts and trade-policy tensions will remain the main risk factors.

Against this backdrop, Zuger Kantonalbank is cautiously optimistic for the second half. Thanks to its solid position, the bank believes it is in a position to achieve a slightly higher result in 2025 than in the previous year, even in a difficult environment.

Consolidated balance sheet

in CHF 1,000 (rounded)	30.06.2025	31.12.2024	Change
Assets			
Liquid assets	3,131,845	2,315,994	35.2%
Amounts due from banks	39,272	31,505	24.7%
Amounts due from customers	938,394	1,022,672	-8.2%
Mortgage loans	14,654,640	14,620,694	0.2%
Trading portfolio assets	302	329	-8.3%
Positive replacement values of derivative financial instruments	3,282	12,789	-74.3%
Financial investments	680,670	666,363	2.1%
Accrued income and prepaid expenses	20,762	14,914	39.2%
Non-consolidated participations	21,755	21,752	0.0%
Tangible fixed assets	116,793	117,179	-0.3%
Intangible assets	24,611	30,904	-20.4%
Other assets	23,490	33,065	-29.0%
Total assets	19,655,818	18,888,160	4.1%
Total subordinated claims	5,332	4,904	8.7%
Liabilities			
Amounts due to banks	73,568	144,431	-49.1%
Liabilities from securities financing transactions	548,000		
Amounts due in respect of customer deposits	12,893,127	12,925,477	-0.3%
Negative replacement values of derivative financial instruments	14,288	3,580	299.1%
Medium-term notes	8,195	11,063	-25.9%
Bond issues and central mortgage institution loans	4,452,000	4,136,000	7.6%
Accrued expenses and deferred income	72,367	78,676	-8.0%
Other liabilities	34,281	36,211	-5.3%
Provisions	1,334	1,387	-3.8%
Reserves for general banking risks	790,682	790,682	
Share capital	144,144	144,144	
Capital reserve	91,179	90,848	0.4%
Retained earnings reserve	466,466	408,421	14.2%
Own shares	-4,755	-5,127	-7.3%
Six-month/12-month profit, Group	70,943	122,368	-42.0%
Total liabilities	19,655,818	18,888,160	4.1%
Total subordinated liabilities	150,000	150,000	
■ of which with conversion obligation and/or waiver of claims	150,000	150,000	
Off-balance-sheet transactions			
Contingent liabilities	108,465	108,377	0.1%
Irrevocable commitments	621,134	745,453	-16.7%
Liabilities for calls on shares and other equities	24,268	24,268	

Consolidated income statement

in CHF 1,000 (rounded)	30.06.2025	30.06.2024	Change
Interest and discount income	144,875	174,290	-16.9%
Interest and dividend income from financial investments	2,112	1,894	11.5%
Interest expense	-38,253	-72,830	-47.5%
Gross result from interest operations	108,735	103,354	5.2%
Change in value adjustments for default risks and losses from interest operations	-750	-2,600	-71.1%
Net result from interest operations	107,985	100,754	7.2%
Commissions from securities and investment transactions	32,556	28,336	14.9%
Commission income from lending activities	1,405	1,928	-27.1%
Commission income from other services	18,517	17,055	8.6%
Commission expense	-6,290	-5,793	8.6%
Result from commission business and services	46,188	41,526	11.2%
Result from trading activities	9,912	8,495	16.7%
Result from divestment of financial investments	588		
Income from participations	1,193	1,143	4.4%
■ of which from other non-consolidated participations	1,193	1,143	4.4%
Result from real estate	1,666	1,860	-10.4%
Other ordinary income	499	392	27.3%
Other ordinary expenses	-4	-1	207.6%
Other result from ordinary activities	3,941	3,394	16.1%
Operating income	168,026	154,169	9.0%
Personnel expenses	-45,444	-43,962	3.4%
General and administrative expenses	-24,174	-23,178	4.3%
Compensation for government guarantee	-1,589	-1,589	
Operating expenses	-71,207	-68,730	3.6%
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	-14,451	-14,890	-2.9%
Changes to provisions and other value adjustments, and losses	17	-104	-116.6%
Operating result	82,384	70,445	16.9%
Extraordinary income	89		
Taxes	-11,531	-10,482	10.0%
Six-month profit, Group	70,943	59,964	18.3%

Consolidated statement of changes in equity

in CHF 1,000 (rounded)	Share capital	Capital reserve	Retained earnings reserve	Own shares	Reserves for general banking risks	Consolidated profit	Total
Equity as at 31.12.2024	144,144	90,848	408,421	-5,127	790,682	122,368	1,551,337
Acquisition of own shares				-1,487			-1,487
Disposal of own shares				1,859			1,859
Profit (loss) on disposal of own shares		200					200
Dividends from own equity securities		130					130
Dividends and other distributions						-64,323	-64,323
Other allocations to (transfers from) other reserves			58,045			-58,045	
Six-month profit						70,943	70,943
Equity as at 30.06.2025	144,144	91,179	466,466	-4,755	790,682	70,943	1,558,659

Abridged notes

Changes to accounting and valuation policies and any corrections to errors, and their impact on the interim financial statements

There are no changes or corrections to errors to report in comparison with the previous year.

Note on factors which have influenced the bank's economic situation during the reporting period and by comparison with the prior-year period

For comments on the development of business in the first half of 2025, please see pages 2 and 3 of this publication.

Extraordinary income and extraordinary expenses

in CHF 1,000 (rounded)	30.06.2025	30.06.2024	Change
Gains realised from the disposal of participations, tangible fixed assets and intangible assets	88		
Revaluation of participations and tangible fixed assets	1		
Total extraordinary income	89		

Material events occurring after the balance sheet date of the interim financial statements

No material events have occurred since the balance sheet date which significantly influence

the bank's assets, financial position or earnings as at 30 June 2025.

Key figures

in CHF 1,000 (rounded)	30.06.2025	31.12.2024	Change
Consolidated balance sheet			
Total assets	19,655,818	18,888,160	4.1%
Loans to customers	15,593,035	15,643,366	-0.3%
■ of which mortgage loans	14,654,640	14,620,694	0.2%
Customer deposits	12,901,322	12,936,540	-0.3%
Assets under management	20,139,556	19,307,007	4.3%

in CHF 1,000 (rounded)	30.06.2025	30.06.2024	Change
Consolidated income statement			
Net result from interest operations	107,985	100,754	7.2%
Result from commission business and services	46,188	41,526	11.2%
Result from trading activities	9,912	8,495	16.7%
Operating income	168,026	154,169	9.0%
Operating expenses	-71,207	-68,730	3.6%
Operating result	82,384	70,445	16.9%
Six-month profit, Group	70,943	59,964	18.3%
Change in assets under management, performance-adjusted	356,510	166,833	113.7%
Cost-income ratio	42.2%	43.8%	
Number of employees (FTE)	509	498	

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