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Luzerner Kantonalbank

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Luzerner Kantonalbank

Rating Score Snapshot

Issuer Credit Rating
AA/Positive/A-1+

SACP: a → **Support: +3** → **Additional factors: 0**

Anchor	a-	
Business position	Adequate	0
Capital and earnings	Very strong	+2
Risk position	Adequate	0
Funding	Adequate	0
Liquidity	Adequate	
CRA adjustment		-1

ALAC support	0
GRE support	+3
Group support	0
Sovereign support	0

Issuer credit rating
AA/Positive/A-1+

ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Credit Highlights

Key strengths	Key risks
Timely support from Switzerland's Canton of Lucerne is extremely likely, in the event it is needed.	Lending growth is higher than that of many cantonal bank peers, potentially resulting in increased risk accumulation.
Very strong capitalization.	Concentrated in central Switzerland.
The bank boasts a strong retail franchise located in the canton.	A substantial amount of additional Tier 1 (AT1) instruments, which we consider as lower quality capital, is present.

We expect Luzerner Kantonalbank (LUKB) would receive extraordinary support from its cantonal owner, if needed. LUKB benefits from its high stand-alone creditworthiness in conjunction with its owner, the Canton of Lucerne. Moreover, the extremely high likelihood of timely and sufficient support from the canton if it were ever needed. We anticipate that LUKB's integral link with its owner, as well as the canton's guarantee on its unsubordinated obligations, will remain. These factors provide a three-notch uplift to LUKB's stand-alone credit profile (SACP) to arrive at our 'AA' long-term issuer credit rating (ICR) on the bank.

We anticipate capitalization will remain the bank's key rating strength. We forecast LUKB's risk-adjusted capital (RAC) ratio will hover around 18%-19% over the next 18-24 months. This is high in a global comparison, driven by the bank's sound earnings retention and its owner's capital increase in 2023. Our projection is underpinned by LUKB's stable profitability--we project a 6.0%-7.5% return on equity (ROE) until 2025. That appears low in international comparison, mainly due to the bank's high capitalization.

Dependence on more volatile income sources may make LUKB sensitive to market developments. We expect the bank to continue to expand further outside its home canton, focusing mainly on residential mortgage lending but also growing in the structured products and commercial real estate markets. We will monitor the new targets' implications and any changes to capital allocation as the bank extends its business. We believe any investments made outside LUKB's home turf, while diversifying its portfolio, may result in higher risks due to fiercer competition with strong banks in those markets. LUKB's risk-adjusted core earnings--measured by core earnings to S&P Global Ratings' risk-weighted assets--hovered around 1% as of year-end 2023. This is the lower end of Swiss cantonal banks, reflecting LUKB's dependence on market-sensitive income.

Outlook

Our positive outlook on LUKB reflects our view that the bank may benefit from the Canton of Lucerne's continued improved fiscal performance. This will potentially increase the canton's ability and willingness to provide extraordinary support for the bank in times of stress. Over the coming two years, we expect LUKB will continue to benefit from an extremely high likelihood of support from the Canton of Lucerne.

Upside scenario

We could consider upgrading LUKB if we considered the canton's continued improved fiscal performance to materially strengthen its ability and willingness to provide extraordinary support to the bank.

We could revise upward the bank's SACP and raise our issue ratings on LUKB's subordinated debt if we concluded that the bank's risk appetite had aligned with that of its peers. Furthermore, if our RAC ratio became less dependent on the issuance of hybrid instruments. Improvements in LUKB's SACP would not result in us raising the ICR.

Downside scenario

We would consider revising our outlook on LUKB to stable if the Canton of Lucerne's financial prospects were to wane. We could lower our ICR if LUKB's ties with the canton weakened or if there were changes to the canton's state guarantee, which we deem unlikely.

Key Metrics

Luzerner Kantonalbank--Key ratios and forecasts

	--Fiscal year ended Dec. 31--				
(%)	2022a	2023a	2024f	2025f	2026f
Growth in operating revenue	1.8	5.3	(0.3)-(0.3)	3.0-3.6	3.1-3.8
Growth in customer loans	5.7	6.1	3.6-4.4	3.9-4.7	4.0-4.9
Growth in total assets	7.8	0.7	3.6-4.4	3.8-4.6	3.9-4.8
Net interest income/average earning assets (NIM)	0.9	0.9	0.9-0.9	0.9-0.9	0.9-0.9

Luzerner Kantonalbank--Key ratios and forecasts (cont.)					
	--Fiscal year ended Dec. 31--				
(%)	**2022a**	**2023a**	**2024f**	**2025f**	**2026f**
Cost to income ratio	52.1	52.4	53.3-56.1	53.4-56.2	53.4-56.2
Return on average common equity	7.2	7.5	5.8-6.4	5.8-6.4	5.8-6.4
Return on assets	0.4	0.5	0.4-0.5	0.4-0.4	0.4-0.4
New loan loss provisions/average customer loans	0.0	0.0	0.0-0.0	0.0-0.0	0.0-0.0
Gross nonperforming assets/customer loans	0.1	0.1	0.1-0.1	0.1-0.1	0.1-0.1
Net charge-offs/average customer loans	N.M.	N.M.	0.0-0.0	0.0-0.0	0.0-0.0
Risk-adjusted capital ratio	16.2	18.9	18.4-19.3	18.1-19.1	17.8-18.8

All figures are S&P Global Ratings-adjusted. a--Actual. f--Forecast. NIM--Net interest margin. N.M.--Not meaningful.

Anchor: 'a-' For Banks Solely Operating In Switzerland

Our anchor for banks operating mainly in Switzerland, like LUKB, is 'a-'. We consider economic and industry risk trends in Switzerland to be stable.

The Swiss private sector has proven its resilience against multiple external stress scenarios. We expect Swiss households and corporates to maintain their credit strength amid a difficult economic outlook in 2024. Banks' robust asset quality reflects the superior financial strength of Swiss households and corporations, and prudent underwriting standards (these focus on collateralized lending, mainly residential mortgages or Lombard loans).

Overall, we see limited risks to Swiss banks' mortgage exposures stemming from households' debt servicing capacity against higher interest rates. This is because the existing stock of mortgage loans is predominately fixed-rate and underwriting standards already integrate much higher interest rates into affordability assessments. In any case, we believe that a strong Swiss labor market, tight and inelastic housing supply, and ongoing high demand due to persistently high immigration, support house prices.

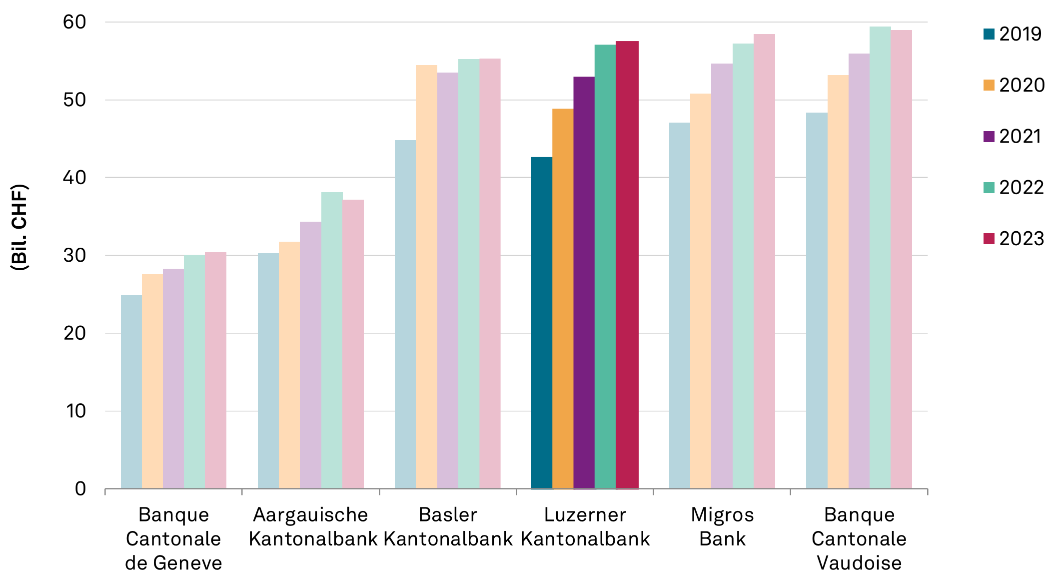
Our view of industry risk in Switzerland encompasses the stability of the domestic banking sector, despite the failure of Credit Suisse. In general, we did not observe a loss in customer confidence in Swiss banking since many domestic banks profited from inflows of assets under management and deposits from Credit Suisse after outflows escalated in 2023.

Business Position: Solid Retail Franchise In Its Home Region And Increased Business Growth Outside

We expect LUKB to successfully defend its predominantly regionally focused strong market franchise. Due to this, we consider its business profile on a par with other domestically focused Swiss peers. LUKB is a midsize cantonal bank with a high market share of about 30% in retail and corporate banking in the Canton of Lucerne and the surrounding area, financing mainly small and midsize enterprises. Over recent years, LUKB's real estate exposure outside its home canton has increased toward 35% as of December 2023. While this adds to diversification, these revenues are less stable than those of stronger local businesses in the Canton of Lucerne, in our view.

Chart 1

LUKB is a midsize Swiss cantonal bank
Total assets



CHF--Swiss franc. YTD--Year-to-date. Data as of June 2023, except for Luzener Kantonalbank which is as of Dec. 2023.
Source: Company filings.

We expect the bank to expand further outside its home canton, focusing mainly on residential mortgage lending. In addition, the bank has been increasingly involved in short-term mortgage financing to real estate funds over recent years.

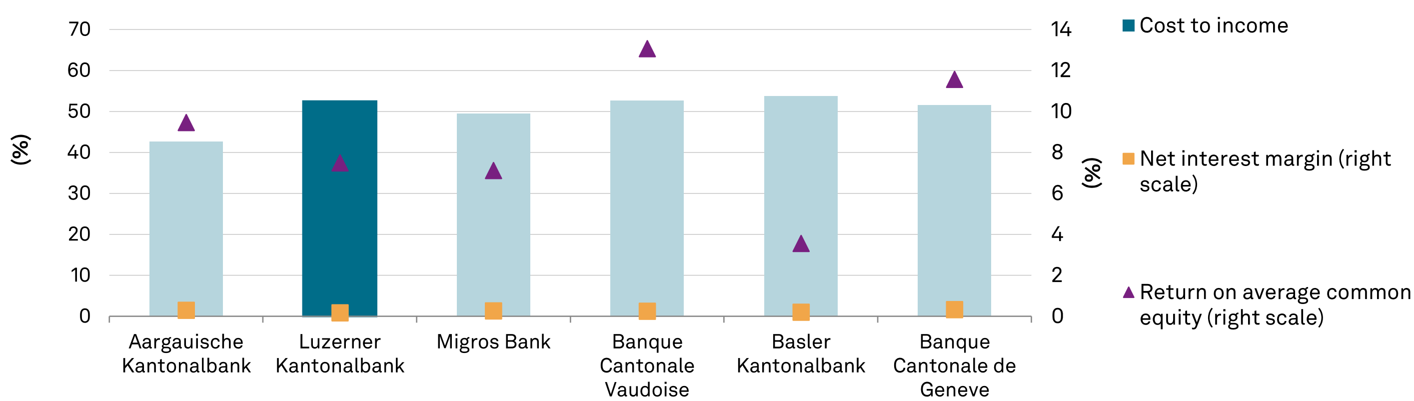
Total assets were about Swiss franc (CHF)57.4 billion as of Dec. 31, 2023. Growth figures are above those of many cantonal bank peers and we note the bank also intends to substantially increase its business in structured products, aiming to become one of the larger players in Switzerland. This might positively contribute to LUKB's earnings diversification but could become a source of additional operational and litigation risk in the long run. Since 2018, LUKB has offered structured products to retail clients. LUKB is also active in private banking, with assets under management amounting to CHF30 billion as of December 2023. If strong growth outside the home canton or, more generally, in businesses prone to higher volatility--such as structured products--result in a further material increase in share of volatile revenues, we might reconsider our assessment of business position.

The bank's 7.5% ROE was supported by a cost-to-income ratio (CIR) of 52% (both per S&P Global Ratings' calculation) on Dec. 31, 2023. This compares well and in line with other cantonal bank peers. LUKB remains committed to its maximum 50% CIR target.

In our view, management has effectively contained costs while pushing for important projects. This includes digitization, the reshaping of its organization, and adopting environmental, social, and governance requirements.

Chart 2

LUKB boasts sound efficiency, good returns, and similar margins to peers



Note: Cost to income, net interest margin and returns on average common equity as of June 30, 2023; except for Luzener Kantonalbank which is as of Dec. 2023. Net interest margin = Net interest income to average earning assets. Source: S&P Global Ratings.

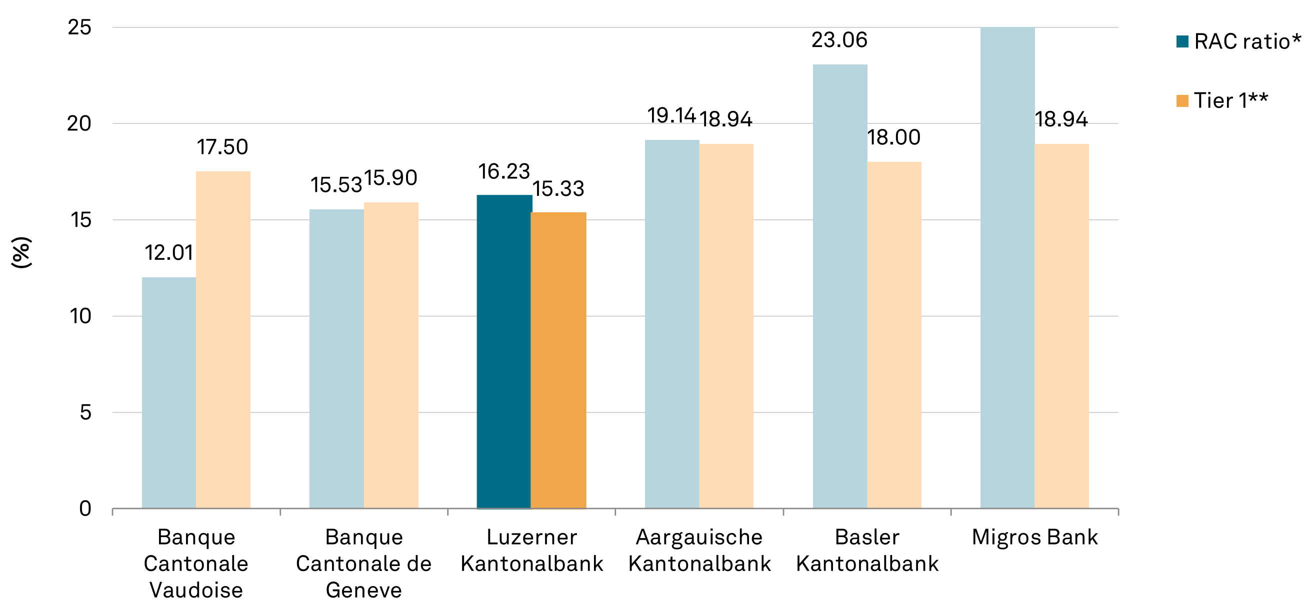
Capital And Earnings: A Key Rating Strength

We anticipate LUKB will maintain its high capitalization, mainly based on our expectation that the bank's RAC ratio will be 18%-19% by 2025. This is supported by the bank's regulatory capital ratio target of 16%-20%, after 18% as of Dec. 31, 2023. We expect a 3%-4% customer loan growth next two years.

LUKB supports its capitalization buffer with CHF810 million of AT1 capital instruments, which we fully recognize in our RAC ratio. We note, however, that LUKB has become reliant on hybrid capital, representing 17% of total adjusted capital, which is higher than its cantonal peers. We consider hybrid capital to be lower quality.

Chart 3

LUKB's high capital ratios place it well in the peer group
S&P Global Ratings risk-adjusted capital versus Tier 1 ratios



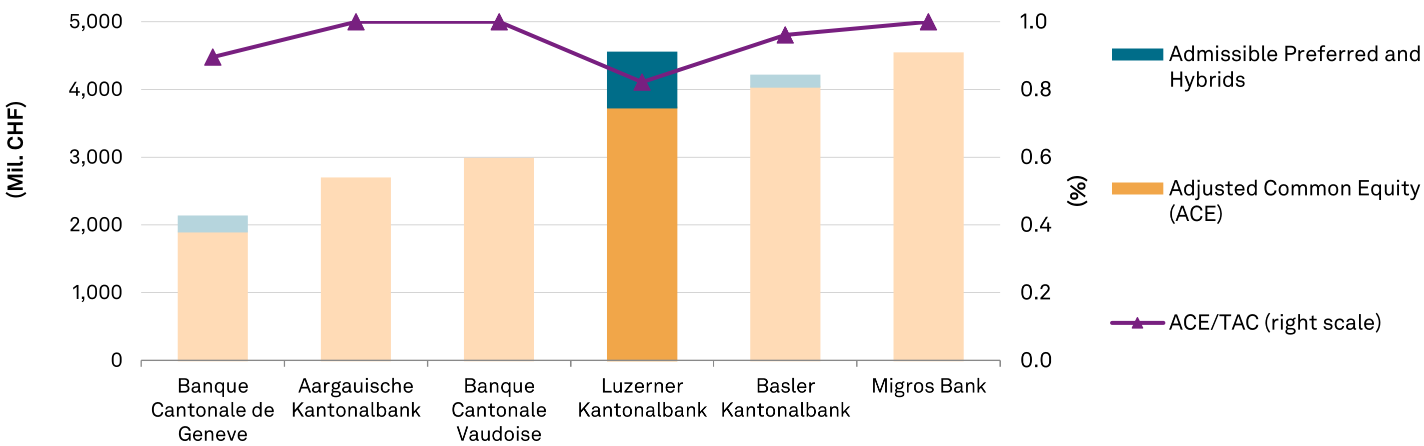
LUKB--Luzerner Kantonalbank. RAC--Risk-adjusted capital.*As of Dec. 31, 2022. **As of June 30, 2022. Source: S&P Global Ratings.

We anticipate the bank's dividend strategy and payout ratio will remain broadly unchanged, including the fee paid for the cantonal guarantee. In 2023, LUKB paid CHF95 million to its owner and we expect similar payout ratios in the next two years.

Chart 4

LUKB has a higher dependence on hybrid capital instruments

S&P Global Ratings Total Adjusted Capital* (TAC) as of December 2022



*LUKB--Luzerner Kantonalbank. Total Adjusted Capital = Adjusted Common Equity + Admissible Preferred and Hybrids. CHF--Swiss franc.

Source: S&P Global Ratings.

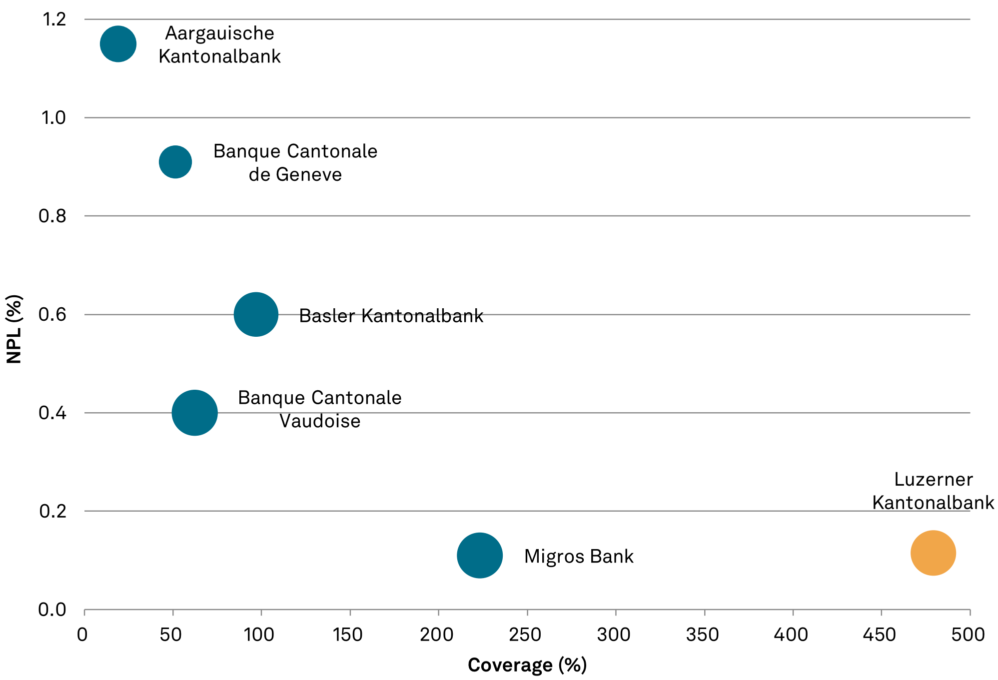
Risk Position: An Accelerated Lending And Asset Management Business Mitigated By A Robust Economy And Highly Collateralized Loan Portfolio

We expect LUKB's asset quality to remain on a par with domestic peers. This is helped by sound risk management and the robust Swiss economy, as well as stable Swiss housing markets. We anticipate LUKB's loan book will remain dominated by residential real estate loans (75%-80% of the loan portfolio), which exposes the bank to concentration risk. We believe this is mitigated by its focus on granular low-risk and well-collateralized lending. This is indicated by an average loan-to-value ratio of 54.6% as of Dec. 31, 2023. Regional concentration in its home canton is somewhat mitigated by 35% of residential properties originating outside the canton.

We forecast LUKB's customer lending will increase by 3%-4% in 2024 and in 2025. This follows a 6.1% increase in customer loans in 2023, partly driven by mortgage-secured products granted inside and outside the canton. Growth remains higher than the domestic peer average. In addition, LUKB entered several real estate projects at its own risk. As demonstrated by the number of new contracts, LUKB gains market share based on its competitive and partially low pricing structure. We believe LUKB's underwriting standards have not been compromised to attract new business.

Chart 5

LUKB has very low NPL exposure and high coverage in peer comparison
Data as of June 30, 2023; except for LUKB which is as of December 2023



LUKB--Luzerner Kantonalbank. NPL--Gross nonperforming assets/customer loans + other real estate owned (%).
Coverage--Loan loss reserves/gross nonperforming assets (%). Bubble size represents total assets.
Source: S&P Global Ratings.

LUKB's participation in syndicated corporate loans, representing less than 5% of total loans, exposes it to somewhat higher credit risk. However, we acknowledge LUKB's selective participation in this type of lending, and its adherence to sound underwriting standards. We consider LUKB's nonperforming exposure to total customer loans of 0.12% (as of Dec. 31, 2023) as very low, albeit about in line with many other cantonal banks.

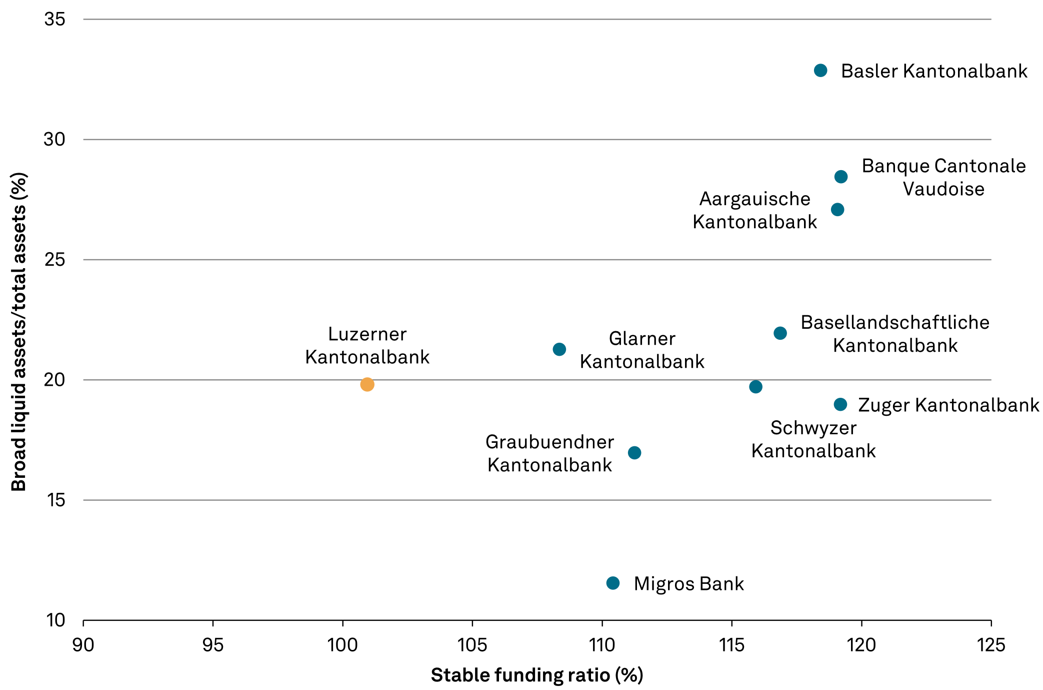
Funding And Liquidity: Strong Retail Deposit Franchise But A Higher Reliance On Wholesale Funding Than Most Peers

We expect the bank's prudent management and an explicit guarantee by the Canton of Lucerne--which reinforces customer confidence--will continue to support our neutral assessment of LUKB's liquidity and funding position.

We anticipate that LUKB's stable funding ratio will remain at adequate levels over the next two years (101% as of Dec. 31, 2023) and see the bank's funding profile staying in line with domestic peers. We expect LUKB will continue to benefit from a stable customer deposit base, given its strong local franchise.

Chart 6

LUKB's funding and liquidity metrics are below peers



LUKB--Luzerner Kantonalbank. Notes--Funding and liquidity profile as of June 30, 2023; except for LUKB, which is of December 2023. Source: S&P Global Ratings.

At the same time, the customer deposit share of LUKB's overall funding base has declined over the last few years, amounting to 56% as of Dec. 31, 2023 (-3 percentage points compared to 2021). This is due to a higher share of senior and hybrid instruments. We expect the funding structure will remain similar in the medium-term, including about one quarter of short-term wholesale refinancing, which is at a high level compared to peers.

LUKB's liquidity will also remain adequate, in our view, when compared globally, given its liquidity position would allow it to endure more than 12 months without access to market funding. This is indicated by its stable 1.1x broad liquid assets to short-term wholesale funding at year-end 2023, or its 19.8% liquid assets to total assets for the same period. We do not expect ratios will increase materially as LUKB will continue to tightly manage its liquidity.

We also consider the bank has proper governance in place to prevent any funding concentrations and conducts appropriate liquidity stress testing. Importantly, we also reflect some intrinsic advantages from the cantonal ownership and guarantee in the bank's SACP. We note that the cantonal backbone improves availability and lowers the costs of market funding for the bank.

Comparable Ratings Analysis

We factor in a negative one notch adjustment on LUKB's SACP to capture a more holistic view of LUKB's creditworthiness. We think LUKB remains in transition due to bank's increased risk appetite and higher reliance on hybrids and wholesale funding compared to other domestic cantonal bank peers. While the relative weaknesses individually are not material enough to impact any other SACP factors directly, they collectively contribute to a weaker overall assessment than peers with an SACP of 'a+'.

Support: A Three-Notch Uplift Due To An Extremely High Likelihood Of Extraordinary Support

We expect LUKB will remain a government-related entity and see an extremely high likelihood that LUKB would receive timely and sufficient extraordinary support from its major stakeholder, the Canton of Lucerne, in the event of financial distress. We base this on our view of the bank's integral link with, and very important role for, the canton.

LUKB benefits from the existing cantonal guarantee on its unsubordinated obligations, which is stipulated by law, as well as its ownership structure and importance for the canton's regional economy. We think that any default by LUKB would have a significant negative impact on the regional economy. Because of this, we add a three-notch uplift to LUKB's 'a' SACP to derive the long-term rating.

We expect the existing cantonal guarantees will remain in the medium term. Beyond our outlook horizon, we see a potential risk that future agreements between Switzerland and the EU regarding preferential Swiss market access might include the removal of the remaining guarantees for all cantonal banks.

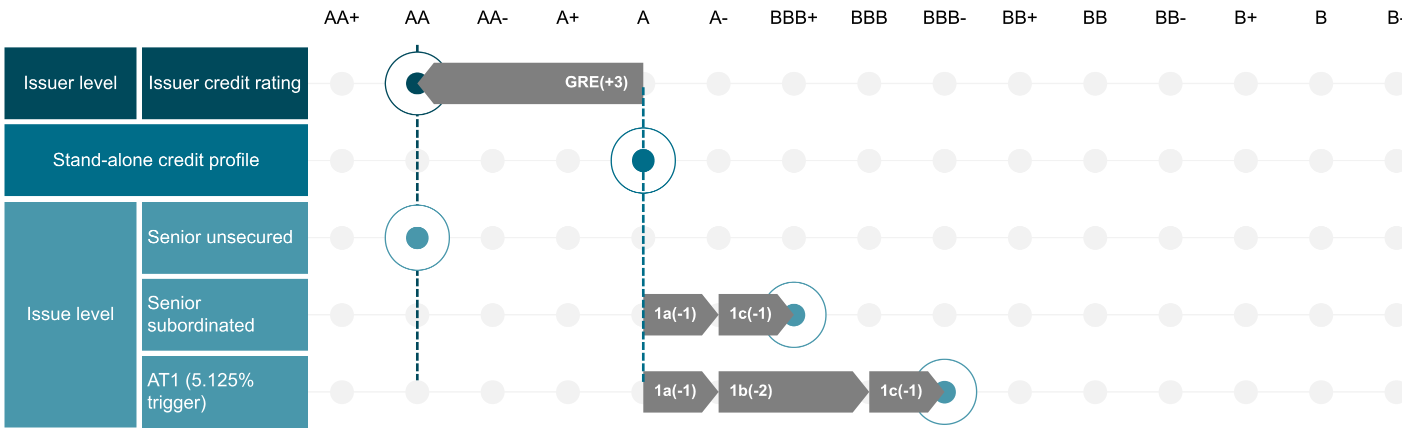
Environmental, Social, And Governance

We consider environmental, social, and governance in line with those of peers in the banking industry, while the bank's governance standards are comparable with a wider practice in its home country. The cantonal bank's franchise and mandate are focused on providing basic services to the canton's population and to support the economic development in the region. Also, the bank intends to reduce its carbon footprint by the year 2025, in line with the canton's climate strategy.

Hybrids

We rate LUKB's debt instruments according to their respective features. We understand that LUKB's hybrid debt is specifically excluded from the state guarantee granted by the Canton of Lucerne, and consequently we notch down from the bank's SACP.

Luzerner Kantonalbank: Notching



Key to notching

---- Issuer credit rating
----- Group stand-alone credit profile
GRE Government-related entity
1a Contractual subordination
1b Discretionary or mandatory nonpayment clause and whether the regulator classifies it as regulatory capital
1c Mandatory contingent capital clause or equivalent

Note: The number-letter labels in the table above are in reference to the notching steps we apply to hybrid capital instruments, as detailed in table 2 of our “Hybrid Capital: Methodology And Assumptions” criteria, published on March 2, 2022.
The nonoperating holding company (NOHC) issuer credit rating and senior unsecured debt ratings are notched from the group stand-alone credit profile (SACP) under our criteria. Since ALAC notching does not benefit NOHCs, for simplicity the diagram above is stylized to show the positioning of these ratings with reference to the group SACP.
AT1--Additional Tier 1.

Key Statistics

Table 1

Luzerner Kantonalbank--Key figures

	--Fiscal year ended Dec. 31--				
(Mil. CHF)	**2023**	**2022**	**2021**	**2020**	**2019**
Adjusted assets	57,382	56,956	52,805	48,698	42,493
Customer loans (gross)	41,738	39,348	37,229	34,946	32,684
Adjusted common equity	3,734	3,098	2,943	2,834	2,759
Operating revenues	624	593	582	535	504
Noninterest expenses	327	309	297	281	261
Core earnings	265	248	246	214	205

CHF--Swiss franc.

Table 2

Luzerner Kantonalbank--Business position

	--Fiscal year ended Dec. 31--				
(%)	2023	2022	2021	2020	2019
Total revenues from business line (mil. CHF)	624.0	597.1	582.4	539.0	504.5
Commercial & retail banking/total revenues from business line	100.0	100.0	100.0	100.0	100.0
Return on average common equity	7.5	7.2	7.3	7.2	7.3

N/A--Not applicable.

Table 3

Luzerner Kantonalbank--Capital and earnings

	--Fiscal year ended Dec. 31--				
(%)	2023	2022	2021	2020	2019
Tier 1 capital ratio	N/A	15.3	15.7	15.8	16.5
S&P Global Ratings' RAC ratio before diversification	N/A	16.2	16.3	16.8	17.4
S&P Global Ratings' RAC ratio after diversification	N/A	12.4	12.5	13.1	13.4
Adjusted common equity/total adjusted capital	82.2	79.8	78.4	79.3	84.4
Net interest income/operating revenues	67.7	65.8	63.9	68.4	69.1
Fee income/operating revenues	18.9	20.1	20.7	19.3	19.7
Market-sensitive income/operating revenues	12.3	13.1	14.3	11.0	10.0
Cost to income ratio	52.4	52.1	51.0	52.5	51.7
Preprovision operating income/average assets	0.5	0.5	0.6	0.6	0.6
Core earnings/average managed assets	0.5	0.5	0.5	0.5	0.5

N/A--Not applicable. RAC--Risk-adjusted capital. N.M.--Not meaningful.

Table 4

Luzerner Kantonalbank--Risk-adjusted capital framework data

	EAD(1)	Basel III RWA (2)	Average Basel III RW (%)	S&P Global Ratings RWA	Average S&P Global Ratings RW (%)
Government and central banks	9,878	19	0	7	0
Of which regional governments and local authorities	0	0	0	0	0
Institutions and CCPs	3,948	1,020	26	750	19
Corporate	12,352	9,044	73	8,152	66
Retail	31,611	11,135	35	8,755	28
Of which mortgage	28,391	9,868	35	6,584	23
Securitization (3)	0	0	0	0	0
Other assets(4)	274	254	93	276	101
Of which deferred tax assets	0	--	--	0	0
Of which amount of over (-) or under (+) capitalization of insurance subsidiaries	0	--	--	0	0
Total credit risk	58,062	21,473	37	17,940	31
Total credit valuation adjustment	--	195	--	0	--
Equity in the banking book	530	1,822	344	3,560	672
Trading book market risk	--	977	--	1,465	--

Table 4

Luzerner Kantonalbank--Risk-adjusted capital framework data (cont.)					
Total market risk	--	2,799	--	5,025	--
Total operational risk	--	1,073	--	1,117	--
RWA before diversification	--	25,553	--	24,083	100
Single name(On Corporate Portfolio) (5)	--	--	--	780	10
Sector(On Corporate Portfolio)	--	--	--	447	5
Geographic	--	--	--	2,950	13
Business and Risk Type	--	--	--	3,158	11
Total diversification/ Concentration adjustments	--	--	--	7,336	30
RWA after diversification	--	25,553	--	31,418	130
		Tier 1 capital	**Tier 1 ratio (%)**	**Total adjusted capital**	**S&P Global Ratings RAC ratio (%)**
Capital ratio before adjustments		3,918	15.3	3,908	16.2
Capital ratio after adjustments (6)		3,918	15.3	3,908	12.4

Footnotes: (1) EAD: Exposure At Default (2) RWA: Risk-Weighted Assets (3) Securitisation Exposure includes the securitisation tranches deducted from capital in the regulatory framework (4) Other assets inlcudes Deferred Tax Assets (DTAs) not deducted from ACE (5) For Public-Sector Funding Agencies, the single name adjustment is calculated on the regional government and local authorities portfolio (6) For Tier 1 ratio, adjustments are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons).

Table 5

Luzerner Kantonalbank--Risk position

	--Fiscal year ended Dec. 31--				
(%)	**2023**	**2022**	**2021**	**2020**	**2019**
Growth in customer loans	6.1	5.7	6.5	6.9	6.5
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	30.5	30.1	28.4	29.8
Total managed assets/adjusted common equity (x)	15.4	18.4	18.0	17.2	15.4
New loan loss provisions/average customer loans	(0.0)	(0.0)	0.0	0.0	0.0
Net charge-offs/average customer loans	N.M	N.M.	0.0	0.1	0.1
Gross nonperforming assets/customer loans + other real estate owned	0.1	0.1	0.1	0.2	0.2
Loan loss reserves/gross nonperforming assets	479.2	510.4	601.4	301.0	268.7

N/A--Not applicable. N.M.--Not meaningful. RWA--Risk-weighted assets.

Table 6

Luzerner Kantonalbank--Funding and liquidity

	--Fiscal year ended Dec. 31--				
(%)	**2023**	**2022**	**2021**	**2020**	**2019**
Core deposits/funding base	55.8	52.1	59.2	57.2	58.9
Customer loans (net)/customer deposits	143.9	144.6	129.6	137.3	143.7
Long-term funding ratio	81.7	78.3	85.7	82.9	85.4
Stable funding ratio	101.0	101.5	110.2	104.3	102.3
Short-term wholesale funding/funding base	20.0	23.4	15.5	18.5	15.8
Broad liquid assets/short-term wholesale funding (x)	1.1	1.1	1.6	1.3	1.2
Broad liquid assets/total assets	19.8	23.2	22.9	21.1	17.1
Broad liquid assets/customer deposits	39.4	48.9	42.3	40.6	32.1

Table 6

Luzerner Kantonalbank--Funding and liquidity (cont.)					
	--Fiscal year ended Dec. 31--				
(%)	2023	2022	2021	2020	2019
Net broad liquid assets/short-term customer deposits	3.9	4.1	16.3	8.3	5.3
Short-term wholesale funding/total wholesale funding	43.6	47.3	36.4	41.6	37.3
Narrow liquid assets/3-month wholesale funding (x)	1.6	1.2	2.0	1.6	1.4

N/A--Not applicable.

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- LUKB's Capital Increase Supports Capital Buffers And Quality Of Capital, May 26, 2023
- European Housing Prices: A Sticky, Gradual Decline, Jan. 11, 2023
- Luzerner Kantonalbank 'AA' Ratings Affirmed Despite Weaker Stand-Alone Creditworthiness; Outlook Positive, Sept. 21, 2022
- Full Analyses: Switzerland, Feb. 13, 2023
- Banking Industry Country Risk Assessment: Switzerland, May 30, 2022
- Luzerner Kantonalbank Outlook Revised To Positive On The Canton's Improved Fiscal Performance; Ratings Affirmed, May 24, 2022

Ratings Detail (As Of March 26, 2024)*	
Luzerner Kantonalbank	
Issuer Credit Rating	AA/Positive/A-1+
Junior Subordinated	BBB-
Senior Unsecured	AA
Subordinated	BBB+

Ratings Detail (As Of March 26, 2024)*(cont.)	
Issuer Credit Ratings History	
24-May-2022	AA/Positive/A-1+
01-Dec-2014	AA/Stable/A-1+
03-Jul-2012	AA+/Negative/A-1+
Sovereign Rating	
Switzerland	AAA/Stable/A-1+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.