



Consolidated Financial Statements Half-Year 2023



CEO Daniel Fust and Chairman Peter Fanconi.

Higher profitability and positive outlook for GKB

Graubündner Kantonalbank substantially improved its operating income in the first half of 2023. Not only did the return to a positive interest rate environment energise the Bank's deposit business, the strong acquisition performance also contributed to a record half-year result. The outlook for the year as a whole is therefore more positive than expected.

Strong growth in client business

GKB reported Group-wide growth in business volume of 3.7 percent to CHF 72.2 billion in the first half. CEO Daniel Fust: "This above-average growth and profit increase stem from our consistent client focus and positioning as a safe and sustainable investment bank. This half-year result confirms our strategy and encourages us to resolutely pursue our chosen course."

Loans to clients grow by 2.5 percent

At 2.5 percent, loans to clients grew on a par with the previous year's high rate. The mortgage portfolio also increased considerably on the previous year by 1.9% to CHF 19.9 billion. The increase of CHF 0.9 billion in the investment volume outstripped expectations in a challenging market environment.

Revitalisation of deposit business leads to higher consolidated profit

The SNB's departure from the negative interest rate regime allowed GKB to raise the profitability of its client deposits again. Bank Chairman Peter Fanconi is very pleased about the increase in profitability: "The normalisation of money and capital market interest rates revitalised the deposit business, which had a positive impact on both profitability and productivity. The resulting consolidated profit of CHF 119.2 million for the first half is a new record."

119.2

CHF million
Consolidated profit +15.3%

Operating profit increases by 28.2 percent to CHF 135.7 million

The increase of CHF 29.9 million in the operating profit mirrors the positive development of business operations. The additional earnings primarily arise from interest income, book gains on financial investments and the initial consolidation of BZ Bank. Operating expenses also increased, albeit less strongly than income. The impressive resurgence of productivity growth resulted in an improved cost/income ratio II of 45.9 percent.

Above-average capital ratio

GKB reported shareholders' equity (including minority interests) of CHF 2,848.8 million as well as value adjustments and provisions for inherent credit risks of CHF 288.2 million for the first half of 2023. This is also reflected in the high equity ratio (CET 1 ratio) of 18.8 percent.

Outlook for 2023: consolidated profit of CHF 230 million

GKB is improving its outlook for 2023 based on the interim result. If the SNB raises interest rates further and equity markets remain stable, the Bank expects a consolidated profit of approximately CHF 230 million (previously CHF 210 million) and earnings per participation certificate of around CHF 94.00 (previously CHF 80.00).

135.7

CHF million

Operating result +28.2%

45.9%

Cost/income ratio II

Group key figures

(Half-yearly figures are not audited.)

Balance sheet / Off-balance-sheet

	in CHF million 6/30/2023	in CHF million 12/31/2022	+ / - in %
Client assets ¹⁾	48,765	46,760	4.3
Loans to clients	23,131	22,571	2.5
Own funds ²⁾	2,791	2,801	-0.4

Headcount

	6/30/2023	12/31/2022	+ / - in %
FTEs (adjusted for part-time positions, apprenticeships at 50 %)	835	825	1.2

Income statement

	in CHF million 1st half 2023	in CHF million 1st half 2022	+ / - in %
Operating income	260.0	221.0	17.6
Operating expenses	114.4	104.1	9.9
Operating result	135.7	105.8	28.2
Profit before allocation to reserves without minority interests	127.4	98.8	29.0
Group profit	119.2	103.4	15.3

Key figures

	1st half 2023	1st half 2022	+ / - in %
Net new money in CHF million ¹⁾	688	1,419	
Operating expense / Operating income (CIR I) ³⁾	43.5 %	47.7 %	-8.9
Operating expense incl. depreciation / operating income (CIR II) ³⁾	45.9 %	50.6 %	-9.3
Return on equity (ROE) ²⁾⁴⁾	9.3 %	7.4 %	26.3
Own funds ²⁾ / PC in CHF	1,120	1,091	2.6
Leverage Ratio	8.3 %	7.8 %	6.4
Core capital ratio (CET-1-ratio / Tier-1-ratio)	18.8 %	19.5 %	-3.6

- 1) Client funds, client deposits and fiduciary investments incl. client assets with account and custody account management at third-party banks (incl. double counting); without cash management positions
- 2) Equity before the appropriation of profits without minority interests
- 3) without value adjustments interest rates; CIR II: depreciation excl. goodwill depreciation
- 4) Basis: profit before allocation to reserves without minority interests

All amounts listed in this document have been rounded. This can lead to a minimal difference to the total amounts.

Group Balance Sheet

Assets

	in CHF 1'000 6/30/2023	in CHF 1'000 12/31/2022	+ / - in %
Liquid assets	5,700,262	7,743,231	-26.4
Amounts due from banks	86,221	267,918	-67.8
Amounts due from customers	3,198,174	3,015,373	6.1
Mortgage loans	19,932,464	19,555,845	1.9
Trading portfolio assets	6,165	5,308	16.1
Positive replacement values of derivative financial instruments	44,077	39,286	12.2
Financial investments	1,794,118	2,230,379	-19.6
Accrued income and prepaid expenses	46,037	34,335	34.1
Non-consolidated participations	26,875	35,160	-23.6
Participations valued using the equity method	2,183	2,390	-8.7
Tangible fixed assets	140,341	139,623	0.5
Intangible assets	30,534	34,466	-11.4
Other assets	133,681	149,919	-10.8
Total assets	31,141,131	33,253,232	-6.4
Total subordinated claims	0	0	-

Liabilities

	in CHF 1'000 6/30/2023	in CHF 1'000 12/31/2022	+ / - in %
Amounts due to banks	1,715,609	2,586,716	-33.7
Liabilities from securities financing transactions	140,000	1,751,580	-92.0
Amounts due in respect of customer deposits	19,958,002	20,398,054	-2.2
Trading portfolio liabilities	0	0	-
Negative replacement values of derivative financial instruments	44,027	47,271	-6.9
Cash bonds	930	1,182	-21.3
Bond issues and central mortgage institution loans	6,169,000	5,374,000	14.8
Accrued expenses and deferred income	150,909	139,623	8.1
Other liabilities	64,010	38,846	64.8
Provisions	49,831	46,967	6.1
Reserves for general banking risks	1,252,257	1,264,617	-1.0
Bank's capital	250,000	250,000	-
Capital reserves	36,194	35,747	1.3
Retained earnings reserves	1,152,854	1,064,431	8.3
Own shares	-12,439	-11,331	9.8
Minority interests in equity	50,708	57,992	-12.6
Consolidated profit	119,239	207,538	-42.5
of which, minority interests in consolidated profit	6,815	9,757	-30.2
Total liabilities	31,141,131	33,253,232	-6.4

Group off-balance-sheet

	in CHF 1,000 6/30/2023	in CHF 1,000 12/31/2022	+/- in %
Contingent liabilities	58,718	62,016	-5.3
Irrevocable commitments	1,280,741	1,084,665	18.1
Obligations to pay up shares and make further contributions	1,129	1,129	-
fiduciary transactions	12,348	12,719	-2.9
Total off-balance-sheet transactions	1,352,936	1,160,529	16.6

Consolidated Income Statement

	in CHF 1'000 1st half 2023	in CHF 1'000 1st half 2022	+ / - in %
Interest and discount income	254,189	115,225	>100
Interest and dividend income from trading portfolios	0	23	-100.0
Interest and dividend income from financial investments	4,685	2,331	>100
Interest expense	94,435	-15,372	>100
Gross result from interest operations	164,439	132,951	23.7
Changes in value adjustments for default risks and losses from interest operations	-3,132	3,016	<-100
Net result from interest operations	161,307	135,967	18.6
Commission income from securities trading and investment activities	74,082	68,696	7.8
Commission income from lending activities	1,507	1,216	23.9
Commission income from other services	10,852	9,833	10.4
Commission expense	7,413	6,594	12.4
Result from commission business and services	79,028	73,151	8.0
Result from trading activities and the fair value option	9,919	9,299	6.7
Result from the disposal of financial investments	1,010	1,697	-40.5
Income from participations	3,421	1,430	>100
of which, participations valued using the equity method	476	343	38.6
of which, other non-consolidated participations	2,945	1,086	>100
Result from real estate	2,481	2,341	6.0
Other ordinary income	2,871	110	>100
Other ordinary expenses	25	2,954	-99.2
Other result from ordinary activities	9,758	2,624	>100
Operating income	260,012	221,041	17.6
Personnel expenses	70,706	67,023	5.5
General and administrative expenses	42,002	35,451	18.5
Compensation for cantonal guarantee	1,708	1,594	7.2
Operating expenses	114,416	104,068	9.9
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	10,203	10,487	-2.7
of which, goodwill depreciation	3,932	4,288	-8.3
Changes to provisions and other value adjustments, and losses	279	-669	>100
Operating result	135,672	105,816	28.2
Extraordinary income	2,057	12	>100
Extraordinary expenses	1	0	-
Changes in reserves for general banking risks	-15,000	0	-
of which, reserves for general banking risks (earmarked)	0	0	-
Taxes	3,489	2,438	43.1
Consolidated profit	119,239	103,390	15.3
of which, minority interests in consolidated profit	6,815	4,607	47.9

Information on the summarised notes

Extraordinary income and expense

The extraordinary income in the first half of 2023 includes a profit of CHF 2.05 million from the sale of a minority stake. There were no material items in extraordinary income and expenses in the prior-year period.

An allocation of CHF 15 million was made to the reserves for general banking risks in the period under review (previous year: no allocation).

Changes in the accounting and valuation principles

None.

Material events after the closing date of the interim financial statements

None.

Disclosure report

The disclosure report as at 30 June 2023 will be published in August 2023.

Chur, 27 July 2023

Statement of consolidated Equity Capital

	in CHF 1,000							
	Bank's capital	Capital reserves	Retained earnings reserves	Unassigned reserves for general banking risks	Own shares	Minority interests	Consolidated profit	Total
Equity on 1.1.2023	250,000	35,747	1,064,431	1,264,617	-11,331	57,992	207,538	2,868,993
Prior year's profit carried forward	-	-	197,781	-	-	9,757	-207,538	-
Change to scope of consolidation	-	-	-355	-	-	-	-	-355
Acquisition of own shares	-	-	-	-	-1,977	-	-	-1,977
Disposal of own shares	-	-	-	-	870	-	-	870
Profit (loss) on disposal of own shares	-	131	-	-	-	-	-	131
Dividends and other distributions	-	317	-109,250	-	-	-16,794	-	-125,727
Other allocations to (transfers from) the reserves for general banking risks	-	-	-	15,000	-	-	-	15,000
Withdrawal from reserves for general banking risks in order to create value adjustments for inherent risks without affecting profit or loss	-	-	-	-27,360	-	-	-	-27,360
Change in non-controlling interests	-	-	246	-	-	-246	-	-
Consolidated profit	-	-	-	-	-	-	119,239	119,239
Equity on 30.06.2023	250,000	36,194	1,152,854	1,252,257	-12,439	50,708	119,239	2,848,813

Graubündner Kantonalbank

Listed on SIX Swiss Exchange. Sec. No. 134 020. Price: CHF 1,665.00¹

¹ price as at 06/30/2023

Portrait

Graubündner Kantonalbank offers everything that makes up a modern universal bank – for private individuals, businesses and the public sector. The company is headquartered in Chur and has over 40 branches in Graubünden. With around 1,000 employees, GKB is one of the largest employers in the canton. It expresses its close relationship with Graubünden in a variety of ways. In addition to its economic activities, it is committed to the canton through its sponsorship, its contributory funds and its voluntary work.

GKB holds majority stakes in Privatbank Bellerive AG, Albin Kistler AG and BZ Bank Aktiengesellschaft as well as a minority stake in Twelve Capital Holding AG. GKB participation certificates have been listed on the stock exchange since 1985.

Capital structure

Endowment and participation capital: CHF 250 million
Participation capital: 750,000 PC at CHF 100 nom.
CHF 175,000,000 endowment capital

Shareholders

Canton of Graubünden: 84.5% of capital (per 06/30/2023)
Board/Management: 0.1% of PC (per 06/30/2023)

Board of directors/Management

Chairman of the Bank: Peter Fanconi (since 2014)
Chief Executive Officer: Daniel Fust (since 2019)
No. of BD/EB members 2023: 7/4

Rating Standard & Poor's

Long term: AA
Outlook: stable

Key dates

Annual figures 2023: 9 February 2024
Participation certificate holder's meeting: 20 April 2024

