



Consolidated Accounts for the Financial Year.

Ending 31 December 2020.



Group key figures.

Balance sheet / Off-balance-sheet

	in CHF million 12/31/2020	in CHF million 12/31/2019	+/- in %
Client assets ¹⁾	38,129	36,162	5.4
Net new money ¹⁾	1,387	184	
Loans to clients	20,726	20,079	3.2
Own funds ²⁾	2,710	2,707	0.1

Headcount

	12/31/2020	12/31/2019	+/- in %
FTEs (adjusted for part-time positions, apprenticeships at 50 %)	791	783	1.0

Income statement

	in CHF 1'000 2020	in CHF 1'000 2019	+/- in %
Operating income	407,336	415,346	-1.9
Operating expenses	196,594	188,625	4.2
Operating result	188,154	201,826	-6.8
Profit before allocation to reserves without minority interests	177,513	186,920	-5.0
Group profit	180,886	185,457	-2.5

Key figures

	2020	2019	+/- in %
Operating expense / Operating income (CIR I) ³⁾	48.7 %	46.0 %	5.9
Operating expense incl. depreciation / operating income (CIR II) ³⁾	52.2 %	49.6 %	5.2
Return on equity (ROE) ^{2) 4)}	6.8 %	7.2 %	-5.6
Profit / PC (EPS) ⁴⁾	71.2	75.0	-5.1
Own funds / PC ²⁾	1,087	1,086	0.1
Leverage Ratio	9.5 %	8.9 %	6.7
Core capital ratio (CET-1-ratio / Tier-1-ratio)	20.4 %	20.9 %	-2.4

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



CEO Daniel Fust and Chairman Peter Fanconi

Successful anniversary year for GKB.

Graubündner Kantonalbank's (GKB) broadly diversified business model is an important success factor which has proved itself in the 2020 pandemic year as well. The investment business generated strong earnings, albeit not quite on a par with the record year 2019. The importance of focusing on competent and comprehensive advice and a strong regional presence has also been made clear once again.

Within the context of the ongoing strategy review, the strategic agenda has been realigned and expedited. This will ensure the Bank's growth, above-average productivity and attractive returns for the coming years. The implementation of the strategy is already at an advanced stage and various projects and products will be launched very soon. In the medium term, these will further GKB's strategic initiatives and further strengthen its position.

The Bank's performance capability was particularly encouraging in the past year, including the implementation of an efficient system for processing COVID-19 loans. In sometimes very difficult circumstances, GKB was always there to help find solutions for its clients. The Bank also supported Graubünden as an economic area and a living environment and demonstrated its close ties to its home canton.

Net interest income

Net interest income improved by +2.9% to CHF 258.9 million. The Swiss National Bank's revised method for calculating the exemption threshold for banks counteracted the falling trend for interest income in the reporting year. The reversal of value adjustments that are no longer needed contributed CHF 3.6 million to the result.

Commission income contributed 31.8 percent to earnings

Owing to performance-related fees and excellent stock market performance, net fee and commission income reached an all-time high in 2019. In 2020, an increase in volume- and transaction-related fees helped to cushion the decline in earnings by -4.4% to CHF 128.3 million. Including the strategic investments in Albin Kistler AG and Privatbank Bellerive AG, at 31.8% GKB once again outstripped its strategic objective of generating 30% of its earnings from commission income.

Other earnings: affected by equity market performance

In 2019, the Bank profited from the above-average rise in equity prices, setting a very high benchmark for the reporting year. This explains the year-on-year decline in other ordinary earnings of CHF -8.7 million.

Operating expenses: cost/income ratio I of 48.7%

Operating expenses, including the settlement of the state guarantee, increased by +4.2% relative to the previous year. Among others, the digitalisation offensive, the #gkb2020 anniversary project and the recruitment of specialists are responsible for the increase in costs. The cost/income ratio II increased to 52.2% (previous year: 49.6%). The cost/income ratio I of 48.7% confirms GKB's long-standing status as one of the most productive banks.

Operating result: consolidated operating profit declined year-on-year

As a measure of operating success, the operating result was -6.8% below the prior year (CHF 201.8 million) at CHF 188.2 million. In contrast to the previous year, the operating business was under pressure from weaker equity market performance, which affected performance-related commission fees as well as valuation adjustments for financial investments.

Consolidated profit: CHF 180.9 million / -2.5 percent

At CHF 180.9 million, the reported consolidated profit was more or less on a par with the previous year. At CHF 177.5 million (CHF -9.4 million), the consolidated profit prior to allocations to reserves and excluding minority interests failed to match the prior-year result as expected. This results in earnings per participation certificate of CHF 71.21 (previous year: CHF 74.98).

Loans to clients: +3.2 percent growth in client lending

Following a lower growth rate of +1.9% in the previous year, client lending grew by +3.2% or CHF +647.5 million. This growth was once again supported by first-class mortgages granted to clients in other cantons and syndicated loans/bonded loans. In contrast, fundable demand for credit in Graubünden has declined considerably. By year-end, GKB had paid out CHF 161.7 million in COVID-19 loans (federal/canton).

Client assets: increased to CHF 38.1 billion

The client assets of CHF 38.1 billion (+5.4% / CHF +2.0 billion) were mainly improved by inflows of net new money of CHF +1.39 billion (previous year: CHF +184.3 million). These extraordinary inflows primarily represented client assets derived directly from the increase in the savings rate (corona pandemic). It is very encouraging that most of the acquisitions in investment volume took the form of mandates.

Equity base: core capital ratio is still above 20 percent

Equity remained unchanged at CHF 2.8 billion at the end of the year. This includes a reclassification of reserves for general banking risks in value adjustments for inherent default risks. At 20.4% (previous year: 20.9%), the Group's CET 1 ratio is slightly above the middle of the strategic target range of 17.5 to 22.5% and considerably higher than the 12% target prescribed by the supervisory authority. The strategic resistance to crisis aimed for by the Bank is reflected in the generously measured shock absorbers.

Distribution: unchanged dividend of CHF 40.00

The good result allows the Bank to hold the dividend payment at CHF 40.00. A total dividend of CHF 100 million will be paid to the Canton of Graubünden and the participation capital holders. The Canton of Graubünden will receive CHF 87.3 million (including payment for the state guarantee). CHF 3.7 million will be allocated to the contributory fund for non-commercial cultural, charitable, sport, business, tourism and social projects.

Outlook for 2021

The Bank expects a good result for the current year, too. Taking account of the economic environment, the consolidated profit is likely to be on a par with the reporting year. If equity markets perform in line with the historic average, earnings per share are expected to be around CHF 70.00.

Chur, 4 February 2021

Group Balance Sheet.

Assets

	in CHF 1,000	in CHF 1,000	
	12/31/2020	12/31/2019	+/- in %
Liquid assets	8,180,260	6,244,201	31.0
Amounts due from banks	124,700	338,286	-63.1
Amounts due from customers	2,796,278	2,701,145	3.5
Mortgage loans	17,930,176	17,377,780	3.2
Trading portfolio assets	2	292	-99.3
Positive replacement values of derivative financial instruments	30,536	25,267	20.9
Financial investments	2,113,905	1,536,064	37.6
Accrued income and prepaid expenses	27,019	28,811	-6.2
Non-consolidated participations	19,082	17,952	6.3
Tangible fixed assets	124,634	120,814	3.2
Intangible assets	13,458	20,187	-33.3
Other assets	59,560	98,018	-39.2
Total assets	31,419,610	28,508,818	10.2
Total subordinated claims	10,185	10,185	-

Liabilities

	in CHF 1,000	in CHF 1,000	
	12/31/2020	12/31/2019	+/- in %
Amounts due to banks	4,071,843	3,015,529	35.0
Liabilities from securities financing transactions	2,000,000	1,268,650	57.6
Amounts due in respect of customer deposits	18,106,079	16,696,704	8.4
Trading portfolio liabilities	1	0	-
Negative replacement values of derivative financial instruments	29,654	29,267	1.3
Cash bonds	5,326	7,624	-30.1
Bond issues and central mortgage institution loans	4,315,280	4,604,280	-6.3
Accrued expenses and deferred income	81,991	84,625	-3.1
Other liabilities	29,351	32,489	-9.7
Provisions	24,535	16,462	49.0
Reserves for general banking risks	1,343,739	1,393,900	-3.6
Bank's capital	250,000	250,000	-
Capital reserves	34,816	49,667	-29.9
Retained earnings reserves	920,330	849,143	8.4
Own shares	-11,789	-10,209	-15.5
Minority interests in equity	37,567	35,231	6.6
Consolidated profit	180,886	185,457	-2.5
of which, minority interests in consolidated profit	8,064	11,410	-29.3
Total liabilities	31,419,610	28,508,818	10.2

Group off-balance-sheet.

	in CHF 1,000	in CHF 1,000	+/- in %
	12/31/2020	12/31/2019	
Contingent liabilities	71,776	85,058	-15.6
Irrevocable commitments	891,292	792,439	12.5
Obligations to pay up shares and make further contributions	4,004	4	>999.9
Total off-balance-sheet	967,072	877,501	10.2

Consolidated Income Statement.

	in CHF 1,000	in CHF 1,000	
	2020	2019	+/- in %
Interest and discount income	228,635	238,220	-4.0
Interest and dividend income from trading portfolios	45	47	-4.3
Interest and dividend income from financial investments	6,079	7,692	-21.0
Interest expense	-20,518	-503	>-999.9
Gross result from interest operations	255,277	246,462	3.6
Changes in value adjustments for default risks and losses from interest operations	3,588	5,114	-29.8
Net result from interest operations	258,865	251,576	2.9
Commission income from securities trading and investment activities	119,169	123,128	-3.2
Commission income from lending activities	1,822	1,888	-3.5
Commission income from other services	18,537	20,068	-7.6
Commission expense	11,231	10,849	3.5
Result from commission business and services	128,297	134,235	-4.4
Result from trading activities and the fair value option	16,359	17,047	-4.0
Result from the disposal of financial investments	3,038	2,115	43.7
Income from participations	1,975	2,607	-24.2
Result from real estate	4,158	4,296	-3.2
Other ordinary income	237	3,611	-93.4
Other ordinary expenses	5,593	140	>999.9
Other result from ordinary activities	3,815	12,488	-69.5
Operating income	407,336	415,346	-1.9
Personnel expenses	125,622	123,379	1.8
General and administrative expenses	67,910	62,252	9.1
Compensation for cantonal guarantee	3,062	2,994	2.3
Operating expenses	196,594	188,625	4.2
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	20,753	21,627	-4.0
of which, goodwill depreciation	6,729	6,729	-
Changes to provisions and other value adjustments, and losses	-1,835	-3,268	43.8
Operating result	188,154	201,826	-6.8
Extraordinary income	2,141	3,832	-44.1
Extraordinary expenses	1	3	-66.7
Changes in reserves for general banking risks	-4,691	-12,873	63.6
of which, reserves for general banking risks (earmarked)	5,309	2,627	102.1
Taxes	4,717	7,325	-35.6
Consolidated profit	180,886	185,457	-2.5
of which, minority interests in consolidated profit	8,064	11,410	-29.3

Profit Appropriation of the Parent Company.

	in CHF 1,000	in CHF 1,000	+/- CHF 1'000
	12/31/2020	12/31/2019	
Annual profit	188,746	172,264	16,482
Profit carried forward	0	0	0
Distributable profit	188,746	172,264	16,482
Pursuant to the board of directors ruling, profit is to be appropriated as follows:			
Dividend on nominal capital of 40 % (previous year 40 %)	100,000	100,000	0
Funds for projects with cultural, charitable, sporting or economic purposes in the Canton of Graubünden	3,700	3,200	500
Allocation to voluntary retained earnings reserves	85,046	69,064	15,982
Allocation to statutory retained earnings reserves ¹⁾	0	0	0
New amount carried forward	0	0	0

1) No allocation to statutory retained earnings reserves, as 50 % of the nominal capital has been achieved.

Graubündner Kantonalbank Participation Certificate.

Listed on SIX Swiss Exchange. Sec. No. 134 020. Price: CHF 1,500.00¹

Graubündner Kantonalbank (GKB) is a mid-sized cantonal bank. In addition to private and corporate client business focused on the Canton of Graubünden, GKB has a long-standing tradition in private banking. Offering a comprehensive range of services, attractive employment options, progressive training opportunities and balanced value management, meeting the needs of its clients, employees, investors and the public is of paramount importance to GKB.

The bank holds strategic stakes in Privatbank Bellerive AG, Zurich, and Albin Kistler AG, Zurich.

¹ price as at 12/30/2020

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 12/31/2020)

Board/Management: 0.1% of PC (per 12/31/2020)

Board of directors/Management

Chairman of the Bank: Peter Fanconi (since 2014)

Chief Executive Officer: Daniel Fust (since 2019)

No. of BD/EB members 2020: 6/4

Rating Standard & Poor's

Long term: AA

Outlook: stable

Key dates

Ex-dividend date: 4 March 2021

Half-year figures 2021: 29 July 2021

Participation certificate holder's meeting 2022: 23 April 2022

Key figures per Participation Certificate (PC): Figures according to ZKB Research

per PC (adjusted in CHF)		2017	2018	2019	2020	2021
					estimation	estimation
Equity capital ²⁾		1'011.1	1'039.5	1'079.1	1'103.8	1'139.8
Adjusted net profit		78.4	81.1	75.9	68.4	71.2
Dividend		40.0	40.0	46.0	40.0	40.0
Payout ratio		56.3 %	55.0 %	66.1 %	61.0 %	57.8 %

per PC (in CHF)		2017	2018	2019	2020
Price ³⁾	High	1'566	1'535	1'505	1'610
	Low	1'398	1'300	1'320	1,350
P/E ⁴⁾	High	20.0	18.9	19.8	23.5
	Low	17.8	16.0	17.4	20.0

²⁾ not including intangible assets

³⁾ highest/lowest prices on actually paid prices

⁴⁾ highest/lowest prices of a given year as a ratio of the adjusted net profit of that year

10 year performance (including dividend distributions)



