



# Consolidated Interim Financial Statements.

as at 30 June 2018.

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**Graubündner  
Kantonalbank**

## Group Key Figures.

(Half-yearly figures are not audited.)

	30.06.2018 in CHF million	31.12.2017 in CHF million	+/- in %
<b>Balance sheet / Off-balance-sheet</b>			
Client assets 1)	30,085	29,706	1.3
Loans to clients	19,299	19,028	1.4
Own funds 2)	2,533	2,530	0.1
<b>Headcount</b>			
	30.06.2018	31.12.2017	+/- in %
FTEs (adjusted for part-time positions, apprenticeships at 50%)	759.7	764.2	-0.6
<b>Income statement</b>			
	1st half 2018 in CHF million	1st half 2017 in CHF million	+/- in %
Operating income	198.0	197.8	0.1
Operating expenses	85.3	84.2	1.3
Operating result	105.0	105.4	-0.4
Profit before allocation to reserves without minority interests	105.4	106.1	-0.7
Group profit	99.4	98.7	0.8
<b>Key figures</b>			
	1st half 2018	1st half 2017	+/- in %
Net new money (in CHF million) 1)	683.9	167.0	
Operating expense/Operating income (CIR I) 3)	44.0%	44.9%	-2.0
Operating expense incl. depreciation/operating income (CIR II) 3)	46.5%	47.1%	-1.3
Return on equity (ROE) 2) 4)	8.5%	8.9%	-4.4
Own funds 2)/PC	1,015.5	977.9	3.8
Leverage Ratio	8.9%	9.0%	-1.5
Return on equity (ROE) on own funds target of 14.5% CET-1-ratio	11.0%	11.5%	-4.3
Excess capital (basis: 8%/CH standard)	130.8%	130.2%	0.4
Core capital ratio (CET-1-ratio/Tier-1-ratio)	18.5%	18.4%	0.3

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

# Half-Year and Management Report – Better than expected.



**Alois Vinzens**  
CEO

**Peter Fanconi**  
Chairman

GKB can look back on a very good half-year. Growth, productivity, profitability and the risk result were all considerably better than expected.

## **Consolidated profit increased to CHF 99.4 million**

The operating result, GKB Group operating profit, in the first half of 2018 is on a par with the record year of 2017 (operating result: CHF 105.0 million / -0.4%). The consolidated profit rose to CHF 99.4 million (+0.8%). With a return on equity of 8.5%, profitability exceeded the strategic minimum objective.

## **Operating income stable at +0.1%**

At CHF 131.0 million, net earnings from interest-related business exceeded the previous year's result by CHF 6.0 million (+5.0%) owing to a rise in gross interest earnings. Commission income from securities and investment business increased by CHF +3.0 million / +7.5%, mostly due to the positive development in asset management activities and the fund business. Other ordinary earnings (CHF 7.8 million / -20.2%) fell as a result of the weak stock market performance.

**Graubündner Kantonalbank (GKB) posts an excellent interim financial result on par with the record year of 2017. Consolidated profit increased by CHF 0.7 million to CHF 99.4 million. The outlook for the year as a whole is better than expected.**

## **Excellent productivity: cost/income ratio I of 44.0%**

Operating expenses (CHF 85.3 million), including the state guarantee contribution was up slightly on the previous year (+1.3% / CHF +1.1 million). The additional costs were the result of investments in the Bank's digital future. With a cost/income ratio II of 46.5% (-0.6 percentage points) and a cost/income ratio I of 44.0% (-0.9 percentage points), GKB continues to be among the most productive Swiss banks.

## **Strong growth in client business**

The business volume of the GKB Group is CHF 49.4 billion. Thanks to 1.8% growth in loans secured against mortgage, total client lending rose by CHF 270.8 million (+1.4%). Client assets increased by +1.3% to CHF 30.1 billion. The pleasing inflow of new money of CHF +683.9 million (+2.3%) generated growth despite a negative share price performance.

## **Above-average capital base**

GKB reported shareholders' equity (including non-controlling interests) of CHF 2,550.9 million for the first half of 2018. With a core capital ratio (CET 1) of 18.5%, it remains one of the best-capitalised banks. This is also confirmed by the very high leverage ratio of 8.9%.

### **Outlook for 2018: better than expected**

GKB is improving its outlook for 2018 based on the interim result. The Bank now expects an operating result of CHF 185 to CHF 190 million and consolidated profit of CHF 178 to CHF 183 million. The earnings per share is expected to be CHF 75. The growth objective for client assets has been raised to CHF 700 million.

## **Information on the summarised notes.**

### **Extraordinary income and expense**

The extraordinary income (CHF 2.9 million) primarily includes the earn-out compensation from the sale of the interest in Swisscanto (CHF 2.6 million). GKB also earned a profit of CHF 0.3 million on the sale of a bank property. No extraordinary expenses were incurred in the first half of 2018.

CHF 7.5 million was allocated the reserves for general bank risks.

### **Changes in the accounting and valuation principles**

None.

### **Material events after the closing date of the interim financial statements**

Retroactive to 1 July 2018, Graubündner Kantonalbank is increasing its stake in Albin Kistler AG from 25% to a 51% majority stake that can be fully consolidated.

Chur, 26 July 2018

## Group Balance Sheet.

	30.06.2018	31.12.2017	
<b>Assets</b>	in CHF 1,000	in CHF 1,000	+/- in %
Liquid assets	4,262,762	4,215,212	1.1
Amounts due from banks	586,057	534,894	9.6
Amounts due from customers	2,699,364	2,719,170	-0.7
Mortgage loans	16,599,235	16,308,625	1.8
Trading portfolio assets	333	126	>100
Positive replacement values of derivative financial instruments	206,221	199,233	3.5
Financial investments	1,394,501	1,338,354	4.2
Accrued income and prepaid expenses	40,101	26,798	49.6
Non-consolidated participations	25,703	29,014	-11.4
Tangible fixed assets	116,017	117,180	-1.0
Intangible assets	2,592	5,184	-50.0
Other assets	97,642	118,681	-17.7
<b>Total assets</b>	<b>26,030,528</b>	<b>25,612,471</b>	<b>1.6</b>
Total subordinated claims	10,185	10,000	1.9
<b>Liabilities</b>	30.06.2018	31.12.2017	
	in CHF 1,000	in CHF 1,000	+/- in %
Amounts due to banks	2,572,235	3,033,175	-15.2
Liabilities from securities financing transactions	800,000	900,000	-11.1
Amounts due in respect of customer deposits	16,174,096	15,807,062	2.3
Negative replacement values of derivative financial instruments	27,529	23,426	17.5
Cash bonds	14,679	18,833	-22.1
Bond issues and central mortgage institution loans	3,737,485	3,122,420	19.7
Accrued expenses and deferred income	73,054	106,035	-31.1
Other liabilities	53,130	25,638	>100
Provisions	27,411	27,514	-0.4
Reserves for general banking risks	1,372,223	1,364,723	0.5
Bank's capital	250,000	250,000	-
Capital reserves	49,441	49,224	0.4
Retained earnings reserves	772,319	697,954	10.7
Own shares	-9,195	-9,334	-1.5
Minority interests in equity	16,713	15,512	7.7
Consolidated profit	99,408	180,289	-44.9
<i>of which, minority interests in consolidated profit</i>	<i>1,501</i>	<i>2,723</i>	<i>-44.9</i>
<b>Total liabilities</b>	<b>26,030,528</b>	<b>25,612,471</b>	<b>1.6</b>

## Consolidated Income Statement.

	1st half 2018 in CHF 1,000	1st half 2017 in CHF 1,000	+/- in %
Gross result from interest operations	126,790	120,750	5.0
Changes in value adjustments for default risks and losses from interest operations	4,224	10,268	-58.9
Net result from interest operations	131,014	131,018	-0.0
Result from commission business and services	49,389	46,515	6.2
Result from trading activities and the fair value option	9,764	10,417	-6.3
Other result from ordinary activities	7,835	9,817	-20.2
<b>Operating income</b>	<b>198,002</b>	<b>197,767</b>	<b>0.1</b>
Personnel expenses	56,258	55,187	1.9
General and administrative expenses	27,459	27,452	0.0
Compensation for cantonal guarantee	1,549	1,528	1.4
<b>Operating expenses</b>	<b>85,266</b>	<b>84,167</b>	<b>1.3</b>
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	7,426	6,764	9.8
<i>of which, goodwill depreciation</i>	2,592	2,592	-
Changes to provisions and other value adjustments, and losses	-349	-1,416	-75.4
<b>Operating result</b>	<b>104,961</b>	<b>105,420</b>	<b>-0.4</b>
Extraordinary income	2,885	3,229	-10.7
Extraordinary expenses	0	8	-100.0
Changes in reserves for general banking risks	-7,500	-9,000	-16.7
Taxes	938	978	-4.1
<b>Consolidated profit</b>	<b>99,408</b>	<b>98,663</b>	<b>0.8</b>
<i>of which, minority interests in consolidated profit</i>	1,501	1,549	-3.1

## Statement of consolidated Equity Capital.

	in CHF 1,000								
	Bank's capital	Capital reserves	Retained earnings reserves	Unassigned reserves for general banking risks	Reserves for general banking risks (earmarked)	Own shares	Minority interests	Consolidated profit	Total
Equity on 1.1.2018	250,000	49,224	697,954	1,353,090	11,633	-9,334	15,512	180,289	2,548,368
Prior year's profit carried forward	-	-	177,566	-	-	-	2,723	-180,289	-0
Acquisition of own shares	-	-	-	-	-	-1,110	-	-	-1,110
Disposal of own shares	-	-	-	-	-	1,248	-	-	1,248
Profit (loss) on disposal of own shares	-	-17	-	-	-	-	-	-	-17
Dividends and other distributions	-	234	-103,200	-	-	-	-1,522	-	-104,488
Other allocations to (transfers from) the reserves for general banking risks	-	-	-	7,500	-	-	-	-	7,500
Consolidated profit	-	-	-	-	-	-	-	99,408	99,408
Equity on 30.06.2018	250,000	49,441	772,319	1,360,590	11,633	-9,195	16,713	99,408	2,550,909

# Graubündner Kantonalbank Participation Certificate.

Listed on SIX Swiss Exchange Sec. No. 134 020 Price: CHF 1,460.00<sup>2</sup>

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.

## Capital structure

Endowment and participation cap.: CHF 250 million  
750,000 PC at CHF 100 nom.  
CHF 175,000,000 endow. cap.

## Shareholders

Canton of Graubünden: 84.5% of capital (per 30.06.18)  
Board/Management: 0.1% of PC (per 30.06.18)

## Board/Management

Supervisory Board  
Chairman: Peter Fanconi (since 2014)  
CEO: Alois Vinzens (since 2003)  
No. of SB/EB members: 7/4

## Rating Standard & Poor's

Long term: AA  
Outlook: stable

## Key dates

Annual figures 2018: 8 February 2019  
Ex-dividend date: 8 March 2019  
Participation capital holders' meeting 2019: 4 May 2019

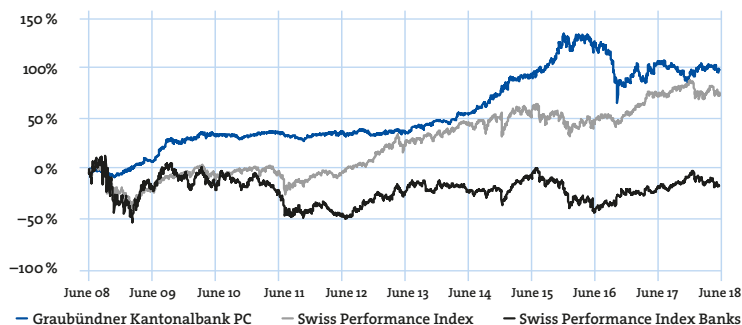
## Key figures per Participation Certificate (PC): Figures according to ZKB Research

per PC (adjusted in CHF)	2015	2016	2017	2018(S)	2019(S)	per PC (in CHF)	2015	2016	2017	2018
Equity capital <sup>1</sup>	945.4	968.4	1,011.1	1,046.0	1,081.6	Price <sup>3</sup> High	1,782	1,860	1,565	1,535
Adjusted net profit	68.8	67.3	78.4	72.4	74.4	Low	1,403	1,271	1,398	1,405
Dividend	38.0	38.0	40.0	40.0	40.0	P/E <sup>4</sup> High	25.9	27.6	20.0	21.2
Payout ratio	57.9%	57.2%	56.3%	55.9%	53.8%	Low	20.4	18.9	17.8	19.4

<sup>1</sup> not including goodwill/immateral <sup>2</sup> price as at 29.6.2018 <sup>3</sup> Highest/lowest prices based on actually paid prices

<sup>4</sup> Highest/lowest prices of a given year as a ratio of the adjusted net profit of that year

## 10 year performance (including dividend distributions)



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