

Consolidated Interim Financial Statements.

As at 30 June 2021.



Group key figures.

(Half-yearly figures are not audited.)

Balance sheet / Off-balance-sheet

	in CHF million 30.06.2021	in CHF million 31.12.2020	+ / - in %
Client assets ¹⁾	41,427	38,129	8.6
Loans to clients	21,187	20,726	2.2
Own funds ²⁾	2,691	2,710	-0.7

Headcount

	30.06.2021	31.12.2020	+ / - in %
FTEs (adjusted for part-time positions, apprenticeships at 50 %)	787	791	-0.4

Income statement

	in CHF million 1st half 2021	in CHF million 1st half 2020	+ / - in %
Operating income	233.4	200.2	16.6
Operating expenses	97.3	94.3	3.2
Operating result	127.1	96.8	31.3
Profit before allocation to reserves without minority interests	111.1	92.6	20.1
Group profit	112.1	95.2	17.6

Key figures

	1st half 2021	1st half 2020	+ / - in %
Net new money (in CHF million) ¹⁾	1,297	1,076	
Operating expense / Operating income (CIR I) ³⁾	42.5 %	48.3 %	-11.9
Operating expense incl. depreciation / operating income (CIR II) ³⁾	45.0 %	51.1 %	-11.9
Return on equity (ROE) ^{2) 4)}	8.4 %	7.0 %	20.0
Own funds ²⁾ / PC	1,080	1,075	0.4
Leverage Ratio	7.9 %	10.9 %	-27.5
Core capital ratio (CET-1-ratio / Tier-1-ratio)	19.9 %	20.2 %	-1.5

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.



CEO Daniel Fust and Chairman Peter Fanconi.

Half-Year and Management Report: strong group growth thanks to excellent investment business

Graubündner Kantonalbank (GKB) is reaping the fruits of the strategic expansion of its investment business, supported by strong equity markets. At the same time, the Bank has posted pleasing lending growth. Consolidated profit rose by +17.6% year-on-year to CHF 112.1 million. With the tailwind from the first half, the prospects for the full financial year are improving too. The innovations in pensions are performing very positively.

"The half-year result shows an impressive +41.4 % growth in commission business and confirms that we have set the right course strategically by expanding the investment business and investing in the asset management business," says chairman Peter Fanconi. CEO Daniel Fust is delighted at how robust the Bank has proven to be: "We showed remarkable resilience in the challenging period of COVID-19. The entire team rose enthusiastically to the challenge. The healthy structure of the Bank also makes us less vulnerable to crises."

Operating result: +31.3 % year-on-year to CHF 127.1 million

The operating result (CHF 127.1 million, +31.3 %) benefited from significantly higher income from the investment business and income from financial investments. With a moderate increase in costs, the additional income significantly boosted consolidated profit to CHF 112.1 million (+17.6%). Earnings per participation certificate increased by +20.1% year-on-year to CHF 44.60.

Operating income: increase in all key income components

All key income components contributed to an increase in operating income to CHF 233.4 million. The increase of CHF +33.2 million (+16.6%) is mainly due to the Bank's acquisitions and the good stock market environment. GKB benefited from this because the Bank is well positioned with its own investment business and its subsidiaries Albin Kistler AG and Privatbank Bellerive AG. Overall, successful management of the SNB cap resulted in additional income (+2.2%) from interest operations. Credit risk as measured by items not making regular interest or amortisation payments (NPLs) declined further despite volume growth.

Share of commission business and services up to 37.1%

The result from commission business and services rose sharply by +41.4% to CHF 84.9 million (CHF +24.9 million). Due to this income growth, commission business as a share of total income rose to 37.1% (prior-year period: 30.7%). The increase is due to increased client investment volumes, the expansion of the mandate and fund business at the parent company and performance-related fees at Albin Kistler AG. The volume of GKB funds increased by +27.6% to CHF 2.8 billion between 31 December 2020 and 30 June 2021.

Cost/income ratio I: 42.5%

Operating expenses (CHF 97.3 million), including payment of the state guarantee, increased by CHF 3.0 million (+ 3.2%) year-on-year. The trend in costs reflects investments in the forward strategy and personnel costs. Productivity increased significantly due to the extraordinary growth in income. Cost/income ratio II fell to 45.0% (-6.1 percentage points), and cost/income ratio I fell as low as 42.5%.

Net acquired off-balance sheet volume: CHF +1.1 billion

The 2021 interim financial statements show a sharp increase in business volume at GKB Group to CHF 62.6 billion (+6.4%). The investment business saw a high inflow of new money in the off-balance sheet volume of around CHF +1.1 billion (+5.1%). The Bank increased loans to clients by CHF 460.6 million (+2.2%). The mortgage portfolio grew by +2.6% to CHF 18.4 billion. Client assets increased by +8.6% to CHF 41.4 billion, supported by positive market performance.

Proven structural resilience to crises

Graubündner Kantonalbank enjoys a structure that gives the Bank resilience to all kinds of crises. Above-average shock absorbers in the form of equity (CHF 2,741 million, giving a CET 1 ratio of 19.9%) and value adjustments/provisions (CHF 242.8 million) secure the company's long-term existence. The high productivity (cost/income ratio I: 42.5%), diversified income and geographical diversification of mortgage loans also reduce the risk of a major setback in earnings.

Outlook for 2021: consolidated profit of CHF 200 million

Based on the half-year figures, Graubündner Kantonalbank is raising its outlook for 2021. The adjusted forecast assumes a favourable environment on the capital markets and in credit risk. For the first time, consolidated profit is now expected to be CHF 200 million and earnings per participation certificate CHF 78.00, which is considerably higher than in 2020.

Position as an expert partner in the pensions market strengthened by Diventa AG and GKB Gioia 3a

Diventa AG, an independent management company for pension solutions set up in September 2020, successfully commenced operations on 1 January. The joint venture between GKB and ÖKK has been capitalised and Stefan Schena, CEO of ÖKK, has joined the Board of Directors. Initial experience shows that a pensions hub meets a market need. GKB also launched a digital retirement app for Savings 3 under the slogan "Gioia 3a – Make pensions a pleasure", with the aim of being simple, fast and clear. Our securities investments are also based on the GKB sustainability approach. With these two initiatives, GKB is sending a clear signal that it is strengthening its position as an expert partner for professional investment solutions; for pension funds and foundations as well as for private individuals.

Group Balance Sheet.

Assets

	in CHF 1'000 30.06.2021	in CHF 1'000 31.12.2020	+ / - in %
Liquid assets	8,455,351	8,180,260	3.4
Amounts due from banks	325,574	124,700	>100
Amounts due from customers	2,787,575	2,796,278	-0.3
Mortgage loans	18,399,496	17,930,176	2.6
Trading portfolio assets	571	2	>100
Positive replacement values of derivative financial instruments	41,231	30,536	35.0
Financial investments	2,088,682	2,113,905	-1.2
Accrued income and prepaid expenses	37,192	27,019	37.7
Non-consolidated participations	19,208	19,082	0.7
Tangible fixed assets	127,790	124,634	2.5
Intangible assets	10,094	13,458	-25.0
Other assets	75,763	59,560	27.2
Total assets	32,368,527	31,419,610	3.0
Total subordinated claims	10,185	10,185	-

Liabilities

	in CHF 1'000 30.06.2021	in CHF 1'000 31.12.2020	+ / - in %
Amounts due to banks	4,395,551	4,071,843	7.9
Liabilities from securities financing transactions	1,800,000	2,000,000	-10.0
Amounts due in respect of customer deposits	18,981,322	18,106,079	4.8
Trading portfolio liabilities	35	1	>100
Negative replacement values of derivative financial instruments	22,201	29,654	-25.1
Cash bonds	4,718	5,326	-11.4
Bond issues and central mortgage institution loans	4,225,285	4,315,280	-2.1
Accrued expenses and deferred income	82,974	81,991	1.2
Other liabilities	79,136	29,351	>100
Provisions	36,354	24,535	48.2
Reserves for general banking risks	1,326,695	1,343,739	-1.3
Bank's capital	250,000	250,000	-
Capital reserves	35,158	34,816	1.0
Retained earnings reserves	989,452	920,330	7.5
Own shares	-11,072	-11,789	-6.1
Minority interests in equity	38,666	37,567	2.9
Consolidated profit	112,051	180,886	-38.1
of which, minority interests in consolidated profit	10,918	8,064	+35.4
Total liabilities	32,368,527	31,419,610	3.0

Group off-balance-sheet.

	in CHF 1,000 30.06.2021	in CHF 1,000 31.12.2020	+/- in %
Contingent liabilities	69,398	71,776	-3.3
Irrevocable commitments	935,035	891,292	4.9
Obligations to pay up shares and make further contributions	1,129	4,004	-71.8
Total off-balance-sheet transactions	1,005,562	967,072	4.0

Consolidated Income Statement.

	in CHF 1'000 1st half 2021	in CHF 1'000 1st half 2020	+ / - in %
Interest and discount income	110,800	114,771	-3.5
Interest and dividend income from trading portfolios	23	23	0.0
Interest and dividend income from financial investments	2,606	3,414	-23.7
Interest expense	-15,615	-7,657	>100
Gross result from interest operations	129,044	125,865	2.5
Changes in value adjustments for default risks and losses from interest operations	4,384	4,751	-7.7
Net result from interest operations	133,428	130,616	2.2
Commission income from securities trading and investment activities	81,349	55,277	47.2
Commission income from lending activities	1,205	999	20.6
Commission income from other services	8,861	9,021	-1.8
Commission expense	6,482	5,248	23.5
Result from commission business and services	84,933	60,049	41.4
Result from trading activities and the fair value option	8,243	8,017	2.8
Result from the disposal of financial investments	4,036	2,276	77.3
Income from participations	770	1,531	-49.7
Result from real estate	2,087	2,150	-2.9
Other ordinary income	288	96	>100
Other ordinary expenses	409	4,571	-91.1
Other result from ordinary activities	6,772	1,482	>100
Operating income	233,376	200,164	16.6
Personnel expenses	63,894	61,103	4.6
General and administrative expenses	31,884	31,665	0.7
Compensation for cantonal guarantee	1,563	1,525	2.5
Operating expenses	97,341	94,293	3.2
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	9,113	8,943	1.9
of which, goodwill depreciation	3,365	3,365	-
Changes to provisions and other value adjustments, and losses	221	-82	>100
Operating result	127,143	96,846	31.3
Extraordinary income	514	0	-
Extraordinary expenses	1	1	-
Changes in reserves for general banking risks	-10,000	0	-
Taxes	5,605	1,603	>100
Consolidated profit	112,051	95,242	17.6
of which, minority interests in consolidated profit	10,918	2,683	>100

Information on the summarised notes.

Extraordinary income and expense

Extraordinary income in the first half of 2021 (CHF 514,000) includes CHF 474,000 of gains on the sales of two other properties. There were no material items in extraordinary income and expense in the prior-year period.

CHF 10.0 million was allocated to the reserves for general banking risks (previous year CHF 0).

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 2021 will be published at the end of August 2021.

Chur, 29 July 2021

Statement of consolidated Equity Capital.

	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
	in CHF 1,000								
Equity on 1.1.2021	250,000	34,816	920,330	1,343,739	-	-11,789	37,567	180,886	2,755,550
Prior year's profit carried forward	-	-	172,822	-	-	-	8,064	-180,886	-
Acquisition of own shares	-	-	-	-	-	-614	-	-	-614
Disposal of own shares	-	-	-	-	-	1,331	-	-	1,331
Profit (loss) on disposal of own shares	-	23	-	-	-	-	-	-	23
Dividends and other distributions	-	319	-103,700	-	-	-	-6,965	-	-110,346
Other allocations to (transfers from) the reserves for general banking risks	-	-	-	10,000	-	-	-	-	10,000
Withdrawal from reserves for general banking risks in order to create value adjustments for inherent risks without affecting profit or loss	-	-	-	-27,044	-	-	-	-	-27,044
Change in non-controlling interests	-	-	-	-	-	-	-	-	-
Consolidated profit	-	-	-	-	-	-	-	112,051	112,051
Equity on 30.06.2021	250,000	35,158	989,452	1,326,695	0	-11,072	38,666	112,051	2,740,951

Graubündner Kantonalbank Participation Certificate.

Listed on SIX Swiss Exchange. Sec. No. 134 020. Price: CHF 1,505.00¹

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 06/30/2021

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 06/30/2021)

Board/Management: 0.1% of PC (per 06/30/2021)

Board of directors/Management

Chairman of the Bank: Peter Fanconi (since 2014)

Chief Executive Officer: Daniel Fust (since 2019)

No. of BD/EB members 2021: 7/4

Rating Standard & Poor's

Long term: AA

Outlook: stable

Key dates

Annual figures 2021: February 2022

Participation certificate holder's meeting: 23 April 2022

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

per PC (adjusted in CHF)	2018	2019	2020	2021 estimation	2022 estimation
Equity capital ²⁾	1,039.5	1,079.1	1,081.8	1,094.9	1,108.6
Adjusted net profit	81.1	75.9	72.8	69.6	70.0
Dividend	40.0	46.0	40.0	40.0	40.0
Payout ratio	55.0 %	66.1 %	57.9 %	59.2 %	58.8 %

per PC (in CHF)		2018	2019	2020	2021
Price ³⁾	High	1,535	1,505	1,610	1,525
	Low	1,300	1,320	1,350	1,440
P/E ⁴⁾	High	18.9	19.8	22.1	21.9
	Low	16.0	17.4	18.5	20.7

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)



