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# Graubuendner Kantonalbank

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## Table Of Contents

# Graubuendner Kantonalbank

| SACP | a+ |
|---|---|
| Anchor | a- | |
| Business Position | Adequate | 0 |
| Capital and Earnings | Very Strong | +2 |
| Risk Position | Adequate | 0 |
| Funding | Average | 0 |
| Liquidity | Strong | |

\+

| Support | +2 |
|---|---|
| ALAC Support | 0 |
| GRE Support | +2 |
| Group Support | 0 |
| Sovereign Support | 0 |

\+

| Additional Factors | 0 |
|---|---|

| Issuer Credit Rating |
|---|
| AA/Stable/A-1+ |

## Major Rating Factors

| Strengths: | Weaknesses: |
|---|---|
| • Very strong capitalization supported by stable earnings, even during the pandemic-induced recession of 2020.<br>• A strong retail franchise in the home market of Graubuenden.<br>• Robust, close ties with the Swiss canton of Graubuenden, due to the canton's majority ownership of the bank and a statutory guarantee. | • Concentration risk on regional residential real estate lending, and exposure to the volatile tourism sector in the home market of Graubuenden.<br>• Growth potential and diversity limited by regional focus and developments.<br>• Low interest rates make it difficult to maintain high earnings capacity. |

**Outlook: Stable**

S&P Global Ratings' outlook on Switzerland-based Graubuendner Kantonalbank (GKB) is stable. It reflects our view that, over the next two years, GKB will continue to benefit from its status as a government-related entity (GRE), with strong ties to its majority owner, the Swiss Canton of Graubuenden (not rated). We consider that there remains an extremely high likelihood that the canton would provide timely and sufficient extraordinary support to GKB in the event of financial distress. Moreover, the stable outlook on GKB reflects our view that the bank's robust superior loss absorption capacity from its high capital and earnings buffer sufficiently offsets potential domestic financial risks, even if the economic cycle were to worsen unexpectedly over our two-year forecast horizon.

The likelihood of a downgrade is very low. In the event of a moderate deterioration in the bank's stand-alone credit profile (SACP), the potential for extraordinary support from the canton cushions the ratings on GKB. Furthermore, a negative rating action may occur if there is a change in GKB's role for, or link with, the Canton of Graubuenden, or changes in the statutory guarantee, that could lead to a weaker assessment of GKB's GRE status. We consider this scenario unlikely, but if it were to occur, we would expect GKB's existing obligations to be grandfathered.

We are unlikely to raise the ratings in the next 12-24 months. That said, all else remaining equal, we could raise the ratings on GKB if our view on the canton's ability to support GKB during times of financial stress had strengthened.

## Rationale

Our rating on GKB reflects its dominant cantonal franchise, with local operations being supported by favorable economic risk buffers of the local economy. In our view, the bank will remain resilient amid the ongoing COVID-19 pandemic and related recession. We continue to consider GKB's business position on a par with its domestically focused Swiss peers. We project that GKB's extraordinary business stability from its dominant regional franchise is well managed and robust for the foreseeable future, which partly offsets our structural concerns about its highly concentrated business model by region and product. We expects GKB's full-year 2020 earnings to reach their 2019 level of about Swiss franc (CHF) 170 million, despite the economy slowdown.

We forecast that GKB will maintain its key rating strength in capital and earnings in a domestic and global context with risk-adjusted capital ratio (RAC) at around 30%. Also, we expect that GKB's risk position will remain robust through the COVID-19 pandemic, because of the bank's focus on low-risk collateralized residential mortgage lending, and lending to small and midsize enterprises (SMEs), which are supported by the various national and regional support programs. We view positively that the majority of the GKB's mortgage loan book relates to borrowers in residential rather than tourist areas, and that the tourism sector represents less than 5% of the overall mortgage portfolio by property type. While we acknowledge some pressures on the economy and bank's portfolio that could arise in the 2020-2021 winter season, we view those as manageable and temporary.

We believe GKB's funding will continue to benefit from a large and reliable customer deposit base, in line with that of many domestic peers. In our view, GKB should withstand market stress without access to capital market funding for more than 12 months.

In addition, we believe that GKB will remain a GRE with an extremely high likelihood of receiving timely and sufficient extraordinary support from Graubuenden if ever needed. We base this opinion on GKB's very important role for, and integral link with, the local government, the Canton of Graubuenden.

### Anchor: 'a-' for banks operating only in Switzerland

Our criteria use our Banking Industry Country Risk Assessment (BICRA) economic risk and industry risk scores to determine a bank's anchor stand-alone credit profile (SACP), the starting point in assigning an issuer credit rating (ICR). Our anchor for a bank operating mainly in Switzerland is 'a-'. We consider the trend for economic and industry risk in Switzerland as stable.

We expect Switzerland's economy to contract in 2020 as a result of the pandemic, but to fully recover over the coming two years. Under this base case, we think the Swiss banking sector will remain resilient, supported by the country's diversified and competitive economy, very high household income levels, and a proven stress-resilient corporate sector. We think Swiss authorities' support measures for domestic firms and households should cushion the short-term effect on Swiss banks' loan books. Additionally, we view positively banks' prudent loan underwriting standards and high collateralization of the residential mortgage loans, which dominate most banks' customer portfolios. Considering these factors, we expect only a limited increase in credit losses, from historical low levels. We also expect that affordability risk in the housing market could slightly reduce over the coming years as price growth in the owner-occupied segment is likely to remain muted in the wake of the pandemic. However, we note that a particular, ongoing risk is the investment property segment (estimated 30% of the market), where we already observed signs of a price correction before the pandemic.

Our view of industry risk in Switzerland encompasses the stability of the domestic banking sector and our expectation that damage from the pandemic will remain contained. We view positively the limited presence of foreign players, the banks' high capitalization levels in an international comparison, and their low reliance on capital markets for funding. In our view, the Swiss regulator's initiatives remain more stringent than those in other European banking sectors. We expect that banks' net interest margins will further decline in a permanent low-interest-rate environment, as higher-yield assets mature and retail deposit rates remain floored at zero. However, we expect that repricing of lending products, additional fee income from investment advisory-related activities, and ongoing cost management can offset some of the pressure. We consider risk for Swiss banks from tech disruption as limited at present, given the population's preference for cash payments, the small size of the market with high barriers to entry, and technologically well-equipped banks.

**Table 1**

**Graubuendner Kantonalbank--Key Figures**

| | | --Year-ended Dec. 31-- | | | |
|---|---|---|---|---|---|
| **(Mil. CHF)** | **2020*** | **2019** | **2018** | **2017** | **2016** |
| Adjusted assets | 30,893.9 | 28,488.6 | 26,426.4 | 25,607.3 | 23,907.4 |
| Customer loans (gross) | 20,468.2 | 20,239.1 | 19,863.7 | 19,202.4 | 18,231.3 |
| Adjusted common equity | 2,651.7 | 2,629.8 | 2,530.5 | 2,440.0 | 2,337.6 |
| Operating revenues | 195.4 | 410.4 | 389.8 | 373.2 | 356.8 |
| Noninterest expenses | 98.5 | 205.3 | 201.3 | 177.0 | 201.1 |

**Table 1**

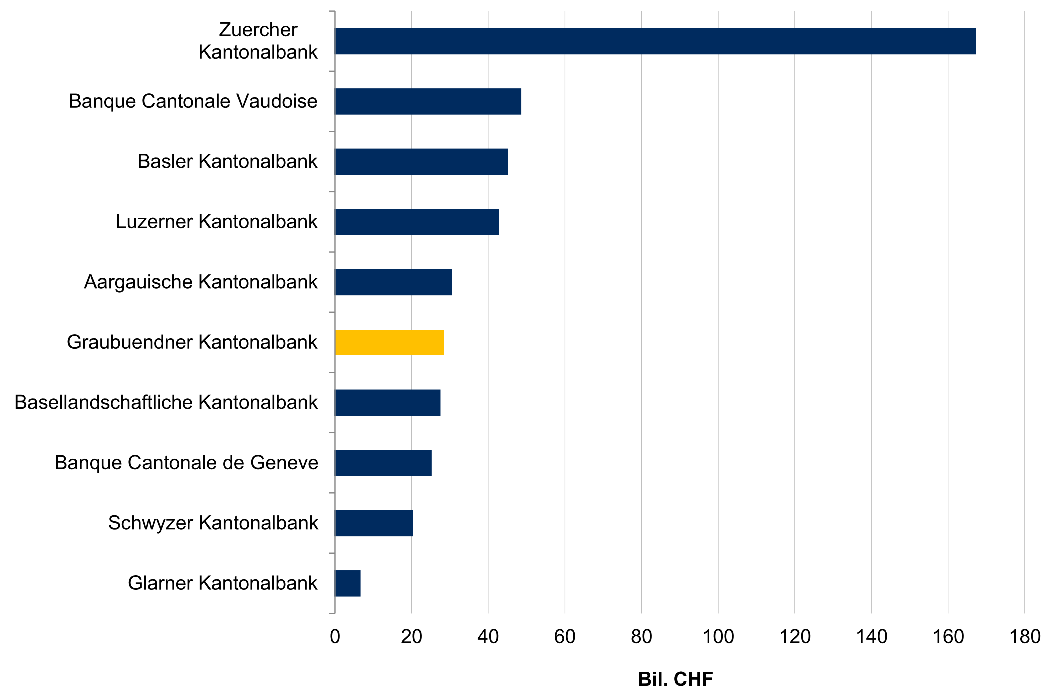
**Graubuendner Kantonalbank--Key Figures (cont.)**

| | | --Year-ended Dec. 31-- | | | |
|---|---|---|---|---|---|
| **(Mil. CHF)** | **2020*** | **2019** | **2018** | **2017** | **2016** |
| Core earnings | 95.2 | 194.1 | 194.1 | 193.5 | 155.1 |

*Data as of June 30. CHF--Swiss Franc.

**Chart 1**

**Graubuendner Kantonalbank Among The Midsize Rated Cantonal Banks**
By total assets, FY2019




Source: S&P Global Ratings. CHF--Swiss franc.


## Business position: A strong regional franchise complemented by private banking activities should remain stable through the pandemic

We continue to consider GKB's business position in line with that of domestically focused Swiss peers. We project that GKB's business stability from its dominant regional franchise is well managed and robust for the foreseeable future. Together with strong resilience and Swiss customers' financial health, this balances our structural concerns of its highly concentrated business model by region and product.

GKB is a midsize cantonal bank, with total assets of CHF30.9 billion as of June 30, 2020. As a sustained leading commercial bank in its home canton, GKB has high and stable market shares in retail and corporate banking (52% market share of business customers and 45% of private customers). The customer base has proven to be stable, and we expect it to continue to provide GKB with a sustainable source of stable revenues for the next two years. We expect revenue distribution to stay broadly unchanged.

Like most other Swiss cantonal banks, GKB operates almost solely in its home region, Graubuenden, with a focus on residential mortgage lending and lending to small and midsize companies. In addition, GKB engages selectively in corporate syndicated lending across Switzerland as a partner to larger cantonal or commercial banks, mainly to highly rated large Swiss corporate entities. We consider this selected expansion as having only limited diversification benefits, as well as generating exposure to some less familiar risks.

GKB's lending activities are complemented by its private banking operations. These focus mainly on domestic customers and some cross-border business with German and Italian clients owing to their geographic proximity, with total assets under management estimated at CHF20 billion. We believe that this niche activity will benefit from a more efficient growth strategy, fueled by domestic clients and stable earnings of about 15%-20%. We also think that the private banking operations will provide some diversification for GKB's risk and earnings profile.

In our view, the bank's management continues to demonstrate a strong track record, underpinned by prudent underwriting standards and conservative risk management. We expect this to support stability to GKB's sound business profile.

**Table 2**

| Graubuendner Kantonalbank--Business Position | | | | | |
|---|---|---|---|---|---|
| | | --Year-ended Dec. 31-- | | | |
| **(%)** | **2020*** | **2019** | **2018** | **2017** | **2016** |
| Total revenues from business line (currency in millions) | 195.4 | 414.2 | 397.0 | 380.2 | 380.1 |
| Return on average common equity | 6.9 | 6.5 | 7.0 | 7.2 | 6.9 |

*Data as of June 30.

### Capital and earnings: One of the highest capitalization buffers globally

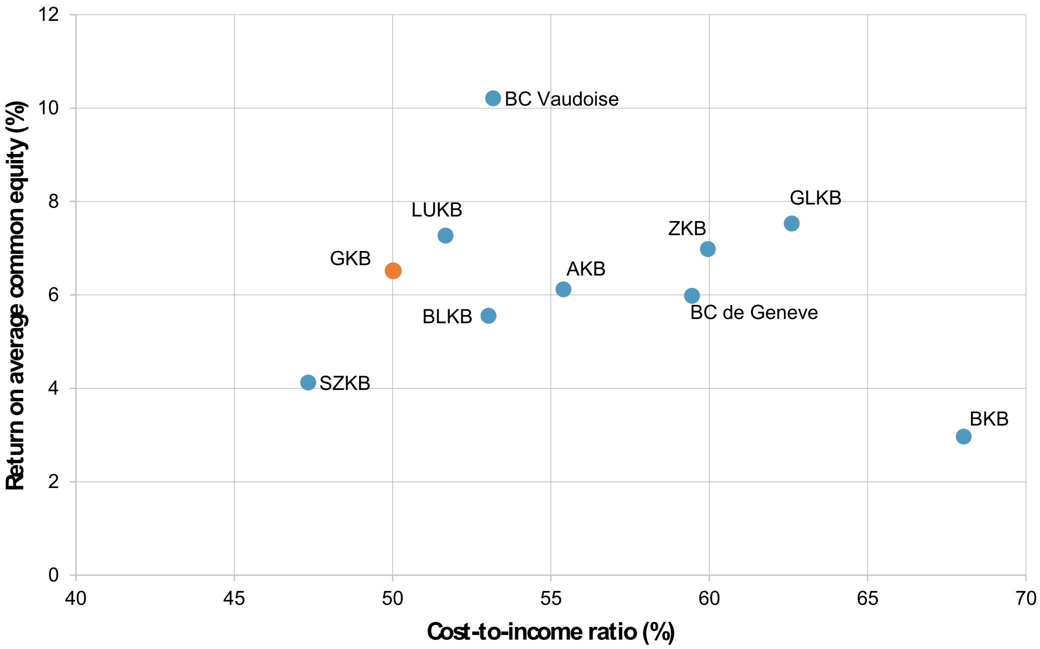
We expect that GKB will further maintain its key rating strength of capital and earnings position, which is primarily represented by our projection of GKB's RAC ratio at around 31%-32% over the next two years. We continue to expect that GKB's capitalization will remain at the upper end of our range for a very strong assessment and superior to that of other cantonal banks, and most other banks we rate globally.

In our view, GKB's earnings are predictable and stable. In our forecast, we expect that low interest rates and the pandemic-induced economic recession will put additional pressure on GKB's net interest margin and operating revenue, possibly until 2022. We estimate that operating income after loss provisions may slightly moderate to CHF180 million-CHF190 million in 2020-2022, compared with CHF200 million previously. Nevertheless, we expect earnings to remain supportive for GKB to maintain its outstanding capital position relative to the risk it takes. We estimate GKB's three-year average earnings buffer at roughly 150-160 basis points (bps), which also indicates sound capacity for its earnings to cover normalized losses. We do not expect any changes to the bank's dividend policy of distributing 50%-70% of earnings to the home canton and other shareholders.

We view GKB's capital as very high quality because it includes only core Tier 1 component in the form of share capital, a capital surplus, and reserves. We anticipate that GKB's majority owner, the canton of Graubuenden, which holds approximately 85% of GKB's capital with 100% of the voting rights, will remain supportive of the current capitalization buffers.

**Chart 2**

**Sound Profitability At An Extraordinary High Capitalization Levels**
… With sound efficiency relative to cantonal bank peers




Source: S&P Global Ratings. All data as per FY 2019.


**Table 3**

**Graubuendner Kantonalbank--Capital And Earnings**

| | | --Year-ended Dec. 31-- | | | |
|---|---|---|---|---|---|
| **(%)** | **2020*** | **2019** | **2018** | **2017** | **2016** |
| Tier 1 capital ratio | 20.2 | 20.9 | 18.8 | 18.7 | 18.5 |
| S&P Global Ratings' RAC ratio before diversification | N/A | 31.3 | 27.4 | 25.7 | 26.5 |
| S&P Global Ratings' RAC ratio after diversification | N/A | 18.6 | 18.7 | 19.5 | 20.7 |
| Adjusted common equity/total adjusted capital | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Net interest income/operating revenues | 64.4 | 60.1 | 64.6 | 65.7 | 67.2 |
| Fee income/operating revenues | 30.7 | 32.7 | 27.3 | 25.1 | 25.2 |
| Market-sensitive income/operating revenues | 4.1 | 4.7 | 5.7 | 5.3 | 5.1 |
| Cost to income ratio | 50.4 | 50.0 | 51.7 | 47.4 | 56.4 |
| Preprovision operating income/average assets | 0.7 | 0.7 | 0.7 | 0.8 | 0.7 |
| Core earnings/average managed assets | 0.6 | 0.7 | 0.7 | 0.8 | 0.7 |

*Data as of June 30. N/A--Not applicable.

**Table 4**

**Graubuendner Kantonalbank--RACF [Risk-Adjusted Capital Framework] Data**

| (CHF 000s) | Exposure* | Basel III RWA | Average Basel III RW(%) | S&P Global RWA | Average S&P Global RW (%) |
|---|---|---|---|---|---|
| **Credit risk** | | | | | |
| Government & central banks | 7,084,834.7 | 274,384.0 | 3.9 | 217,573.1 | 3.1 |
| Of which regional governments and local authorities | 838,004.5 | 274,384.0 | 32.7 | 30,168.2 | 3.6 |
| Institutions and CCPs | 2,501,169.1 | 654,895.2 | 26.2 | 266,607.5 | 10.7 |
| Corporate | 3,131,348.5 | 2,987,278.0 | 95.4 | 2,066,068.6 | 66.0 |
| Retail | 15,390,048.0 | 7,229,982.9 | 47.0 | 4,130,391.7 | 26.8 |
| Of which mortgage | 14,077,064.8 | 6,100,020.6 | 43.3 | 3,264,471.3 | 23.2 |
| Securitization§ | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other assets† | 260,194.2 | 274,979.1 | 105.7 | 257,406.4 | 98.9 |
| Total credit risk | 28,367,594.5 | 11,421,519.3 | 40.3 | 6,938,047.2 | 24.5 |
| **Credit valuation adjustment** | | | | | |
| Total credit valuation adjustment | -- | 67,165.7 | -- | 0.0 | -- |
| **Market Risk** | | | | | |
| Equity in the banking book | 120,155.1 | 155,980.8 | 129.8 | 663,142.7 | 551.9 |
| Trading book market risk | -- | 18,658.5 | -- | 27,987.8 | -- |
| Total market risk | -- | 174,639.3 | -- | 691,130.5 | -- |
| **Operational risk** | | | | | |
| Total operational risk | -- | 705,836.9 | -- | 778,779.2 | -- |
| (CHF 000s) | **Exposure** | **Basel III RWA** | **Average Basel II RW (%)** | **S&P Global RWA** | **% of S&P Global RWA** |
| **Diversification adjustments** | | | | | |
| RWA before diversification | -- | 12,369,161.2 | -- | 8,407,956.9 | 100.0 |
| Total Diversification/ Concentration Adjustments | -- | -- | -- | 5,758,270.7 | 68.5 |
| RWA after diversification | -- | 12,369,161.2 | -- | 14,166,227.6 | 168.5 |
| (CHF 000s) | | **Tier 1 capital** | **Tier 1 ratio (%)** | **Total adjusted capital** | **S&P Global RAC ratio (%)** |
| **Capital ratio** | | | | | |
| Capital ratio before adjustments | | 2583160.1 | 20.9 | 2629801.0 | 31.3 |
| Capital ratio after adjustments‡ | | 2583160.1 | 20.9 | 2629801.0 | 18.6 |

*Exposure at default. §Securitization Exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital.CHF--Swiss Franc. Sources: Company data as of 'Dec. 31 2019', S&P Global Ratings.

## Risk position: Exceptionally low loan losses despite regional concentration in Graubuenden

We expect GKB's risk profile to remain robust, because of the bank's focus on low-risk collateralized residential mortgage lending and lending to small and midsize companies. We also see bank's prudent underwriting standards as a supportive factor for the risk assessment.

These factors offset risks from GKB's regional concentration in a canton that relies considerably on the cyclical tourism sector. The winter season of 2020/2021 could bring some initial credit quality pressures for that segment. While the bank itself has only limited direct exposure to tourism industry, the canton's economy's overall dependency on tourism exposes the bank to spillover effects. At the same time, based on GKB's sustained prudent risk management and low risk appetite, we expect the bank to remain resilient to periods of economic stress through the cycle, including the pandemic.

We forecast risk costs to increase slightly, but to remain low, at about 5bps to 7bps of average customer loans between mid-2020 and 2022, up from negligible risk cost reported between 2016 and mid-2020.

Residential real estate loans, mainly from the home region, represented 68% of GKB's loan book at Dec. 31, 2019. Our concerns regarding regional concentration risks remain balanced by GKB's high granularity and adequate collateralization in its loan portfolio, which is represented by, for example, our 60% average loan-to-value ratio estimate for mortgage loans.

We observe that the share of nonresidential mortgage loans, at about 12% of GKB's portfolio, is a bit higher than at its cantonal bank peers. Although we consider that this elevates GKB's risk profile compared with its peers, we believe that the financing benefits from high granularity, which elevates the risks. We project GKB's lending growth to stay at about 1.5%-2% in the coming two years, slightly lower than in previous years and below some of the more aggressively growing cantonal banks.

We view positively that the majority of the bank's mortgage loan book relates to borrowers in residential rather than tourist areas, and that the tourism sector represents less than 5% of the overall mortgage portfolio by property type.

We expect the bank to maintain its conservative underwriting practices in mortgage lending, reflected in the high asset quality of the bank's credit portfolio, which we expect to broadly persist through this pandemic-induced recession. We project nonperforming loans only slightly increasing to 0.30% from about 0.20%-0.25% of customer loans in the next two years.

To diversify its loan book geographically and by sector, GKB participates in syndicated corporate loans mainly across Switzerland. Although corporate lending increases the credit risk in GKB's loan book, mitigating factors are that borrowers are mainly large, rated Swiss corporations, and GKB participates selectively and with small amounts. We do not believe that this activity, today representing less than 5% of GKB's loan book, will provide any significant diversification benefit or, at its current magnitude, increase GKB's credit risk to an extent that would lead us to revise down our capital or risk assessments.

**Table 5**

**Graubuendner Kantonalbank--Risk Position**

| | | --Year-ended Dec. 31-- | | | |
|---|---|---|---|---|---|
| **(%)** | **2020*** | **2019** | **2018** | **2017** | **2016** |
| Growth in customer loans | 2.3 | 1.9 | 3.4 | 5.3 | 3.0 |
| Total diversification adjustment/S&P Global Ratings’ RWA before diversification | N/A | 68.5 | 46.9 | 32.0 | 28.3 |
| Total managed assets/adjusted common equity (x) | 11.7 | 10.8 | 10.5 | 10.5 | 10.2 |
| New loan loss provisions/average customer loans | 0 | 0 | 0 | 0 | 0 |

**Table 5**

| Graubuendner Kantonalbank--Risk Position (cont.) | | | | | |
|---|---|---|---|---|---|
| | | --Year-ended Dec. 31-- | | | |
| (%) | 2020* | 2019 | 2018 | 2017 | 2016 |
| Net charge-offs/average customer loans | N.M. | 0 | 0 | 0 | 0 |
| Gross nonperforming assets/customer loans + other real estate owned | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Loan loss reserves/gross nonperforming assets | N/A | 320.1 | 413.5 | 431.2 | 456.8 |

*Data as of June 30. N/A--Not applicable. N.M.--Not meaningful. RWA--Risk-weighted assets.

### Funding and liquidity: A favorable funding profile, owing to stable retail deposits

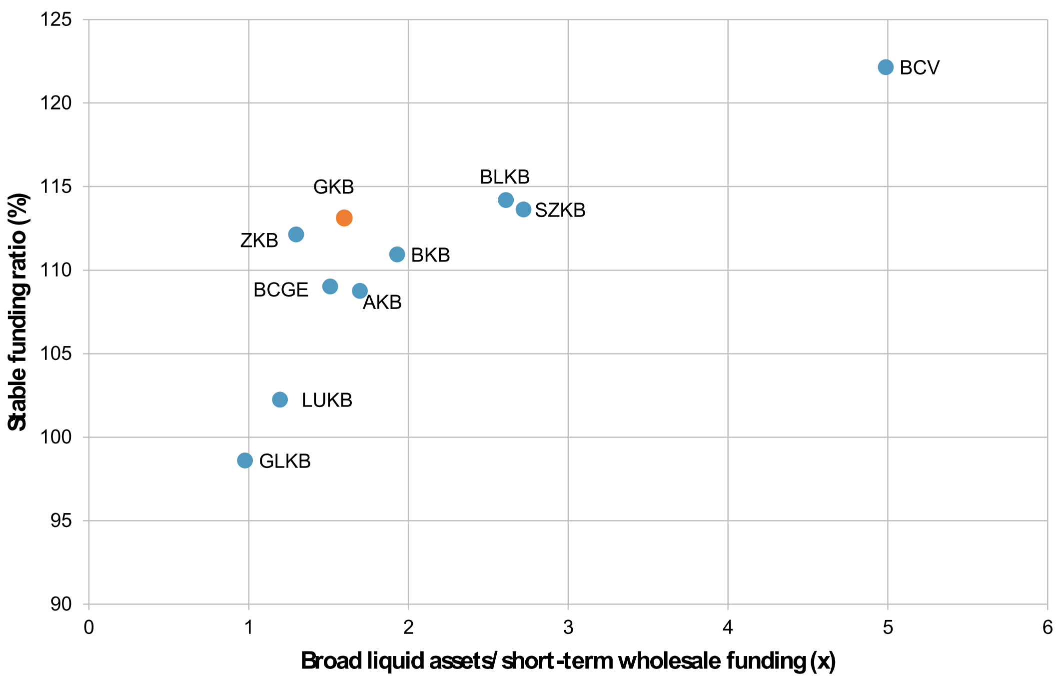
We believe that GKB's combined funding and liquidity position will remain on a par with its peers.

We believe GKB's funding will continue to benefit from a large and reliable customer deposit base (64% of its total funding base mid-2020) which is average compared with many domestic peers, as represented by a stable funding ratio of 113% as of end-2019. As is the case with most of the other cantonal bank peers, we expect GKB's deposits to remain resilient in times of unexpected systemic market stress, because of the bank's public-sector ownership, the statutory guarantee from the canton of Graubuenden, and GKB's sound brand. Moreover, the shareholder and guarantee structure supports GKB's access to low-cost, long-term wholesale funding (16% of its total funding base) and the ability to issue covered bonds. We expect GKB's stable funding ratio to remain at a comfortable 105%-115% over 2020-2022.

Securities portfolio of GKB increased significantly by about CHF500 million (+33%) in the first half of 2020, funded by a meaningful semiannual deposit inflow of CHF1.2 billion (+7.4%). A temporary increase in banks' balance sheet liquidity is a pattern we have observed during the pandemic in most of the markets, resulting predominantly from subdued consumption but also from sizable government support programs. Overall, we think GKB's liquidity will remain a strength, underpinned by our assessment of GKB's one-year liquidity ratio (broad liquid assets to short-term funding) of 1.6x at December 2019. In our view, the bank should withstand market stress without access to capital market funding for more than 12 months. GKB's liquid assets comfortably cover its short-term wholesale funding needs, minimizing the risk of a gap in its liquidity profile.

**Chart 3**

**Funding And Liquidity Metrics In Line With Cantonal Bank Peers**
… Stable over time and globally strong




Source: S&P Global Ratings. All data for FY2019 unless indicated otherwise.


**Table 6**

| Graubuendner Kantonalbank--Funding And Liquidity | | | | | |
|---|---|---|---|---|---|
| | | --Year-ended Dec. 31-- | | | |
| (%) | 2020* | 2019 | 2018 | 2017 | 2016 |
| Core deposits/funding base | 64.0 | 65.2 | 69.9 | 69.1 | 71.9 |
| Customer loans (net)/customer deposits | 114.1 | 120.3 | 119.2 | 120.4 | 117.7 |
| Long-term funding ratio | 80.0 | 82.9 | 86.7 | 84.4 | 87.0 |
| Stable funding ratio | 115.4 | 113.1 | 111.9 | 108.9 | 109.4 |
| Short-term wholesale funding/funding base | 21.9 | 18.9 | 14.8 | 17.3 | 14.5 |
| Broad liquid assets/short-term wholesale funding (x) | 1.6 | 1.6 | 1.7 | 1.4 | 1.6 |
| Net broad liquid assets/short-term customer deposits | 19.9 | 17.9 | 15.2 | 11.7 | 11.8 |
| Short-term wholesale funding/total wholesale funding | 60.8 | 54.5 | 49.1 | 56.1 | 51.7 |
| Narrow liquid assets/3-month wholesale funding (x) | 3.3 | 2.2 | 2.0 | 1.6 | 1.9 |

*Data as of June 30.

## Support: Likelihood of extraordinary support from canton Graubuenden, if needed

We believe that GKB will remain a GRE, and see an extremely high likelihood that GKB would receive timely and sufficient extraordinary support from Graubuenden if ever needed. We base our assessment on our view of the bank's:

- Integral link with the canton. We expect Graubuenden to provide considerable and timely credit support in all circumstances to GKB, due to the canton's majority ownership of GKB and possession of 100% of the voting rights, as well as its provision of a statutory guarantee for GKB; and
- Very important role in the canton, owing to the large impact of GKB's activities on the local economy.

Because of these factors, we incorporate a two-notch uplift into the long-term rating on GKB. We do not envisage that the bank's GRE status or our view of an extremely high likelihood of extraordinary government support will change in the foreseeable future.

GKB benefits from Graubuenden's statutory guarantee, which ultimately covers all of its liabilities, excluding those of its subsidiaries Privatbank Bellerive and Albin Kistler, subordinated liabilities, and nonvoting participation certificates (Partizipationskapital). We note, however, that the guarantee does not ensure timely repayment, as per our definitions, but we believe that the canton has strong incentives to help GKB meet its obligations on time, due to the bank's importance to the regional economy.

### Additional rating factors: None

No additional factors affect the ratings.

### Environmental, social, and governance

ESG factors have a neutral impact on our assessment of GKB's creditworthiness. Social and environmental credit factors are in line with those of the bank's peers in the banking industry, while the bank's governance standards are comparable with the practices in its home country.

## Related Criteria

- 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
- Criteria - Financial Institutions - Banks: Bank Rating Methodology And Assumptions: Additional Loss-Absorbing Capacity, April 27, 2015
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Criteria - Financial Institutions - Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Criteria - Financial Institutions - Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- Criteria - Financial Institutions - Banks: Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- Principles Of Credit Ratings, Feb. 16, 2011

## Related Research

- Research Update: Switzerland 'AAA/A-1+' Ratings Affirmed; Outlook Stable, Aug. 21, 2020
- COVID-19: Swiss Banking Sector To Remain Resilient, Jun. 17, 2020
- Tech Disruption In Retail Banking: Swiss Banks Are In No Rush To Become Digital Frontrunners, Feb. 13, 2020
- Banking Industry Country Risk Assessment: Switzerland, Nov. 20, 2019
- Swiss Cantonal Banks: Ratings As High As The Alps, Jan. 31, 2019

### Anchor Matrix

| Industry Risk | Economic Risk | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1 | **2** | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 1 | a | a | a- | bbb+ | bbb+ | bbb | - | - | - | - |
| **2** | a | **a-** | a- | bbb+ | bbb | bbb | bbb- | - | - | - |
| 3 | a- | a- | bbb+ | bbb+ | bbb | bbb- | bbb- | bb+ | - | - |
| 4 | bbb+ | bbb+ | bbb+ | bbb | bbb | bbb- | bb+ | bb | bb | - |
| 5 | bbb+ | bbb | bbb | bbb | bbb- | bbb- | bb+ | bb | bb- | b+ |
| 6 | bbb | bbb | bbb- | bbb- | bbb- | bb+ | bb | bb | bb- | b+ |
| 7 | - | bbb- | bbb- | bb+ | bb+ | bb | bb | bb- | b+ | b+ |
| 8 | - | - | bb+ | bb | bb | bb | bb- | bb- | b+ | b |
| 9 | - | - | - | bb | bb- | bb- | b+ | b+ | b+ | b |
| 10 | - | - | - | - | b+ | b+ | b+ | b | b | b- |

### Ratings Detail (As Of November 25, 2020)*

| | |
|---|---|
| **Graubuendner Kantonalbank** | |
| Issuer Credit Rating | AA/Stable/A-1+ |
| **Issuer Credit Ratings History** | |
| 01-Dec-2014 | AA/Stable/A-1+ |
| 03-Jul-2012 | AA+/Negative/A-1+ |
| 17-Dec-2010 | AA+/Stable/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.