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Ratings

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Graubuendner Kantonalbank

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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. • A strong retail franchise in its home market, the Swiss Canton of Graubuenden. • Robust close ties with Graubuenden, due to the canton's majority ownership of the bank and a statutory guarantee.	• Growth potential and diversity limited by regional focus and developments. • Concentration risk on regional residential real estate lending, and exposure to the volatile tourism sector in Graubuenden. • Low interest rates cycle complicate maintenance of a 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). We believe GKB has strong ties to its majority owner, the Swiss Canton of Graubuenden (not rated), and we consider that there continues to be 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 offset potential domestic financial risks, even if the economic cycle worsened unexpectedly over our two-year forecast horizon.

The likelihood of a downgrade is very low as long as the bank's stand-alone credit profile (SACP) is at or above our 'bb+' threshold. In the event of a small deterioration in the SACP, the potential of 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, or changes in the statutory guarantee that lead to a weaker assessment of GKB's GRE status. Nevertheless, we currently consider this scenario unlikely. If it were to occur, however, we would expect GKB's existing obligations to be grandfathered.

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

Rationale

Our ratings on GKB reflect the bank's dominating cantonal franchise, supported by its operations in favorable conditions of low banking and industry risk for Swiss banks. We continue to consider GKB's business position neutral for the ratings, compared with that of domestically focused Swiss banks. We project that GKB's extraordinary business stability from its dominant regional franchise is very well managed and robust for the foreseeable future, which partly offsets our structural concerns of its highly concentrated business model by region and product. Moreover, we view positively that GKB's reorganized private banking activities should benefit from a more efficient growth strategy fueled by domestic clients and more stable earnings.

We forecast that GKB will gradually improve further its key rating strength in capital and earnings in a domestic and global context. This is primarily supported by our projection that GKB's risk-adjusted capital (RAC) ratio will gradually increase to 29.0% in the next 12-24 months, from 27.4% at year-end 2018. Also positive, we expect that GKB's risk position will remain robust and neutral in our ratings assessments, because the bank has efficiently focused mainly on low-risk collateralized residential mortgage lending and lending to small and midsize enterprises (SMEs), alongside the bank's proven prudential underwriting standards. This is partly offset by structural concerns that GKB is dependent on future fluctuations in the local economy, and, similar to its domestic peers, that GKB is exposed to the risks related to the cumulative rise in Swiss house prices and domestic lending over past several years. We view positively, however, 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.

In line with most peers, GKB's combined funding and liquidity position will remain neutral in our assessment of its stand-alone creditworthiness. We believe GKB's funding will continue to benefit from a large and reliable customer deposit base, which is relatively average compared with that of many domestic peers as represented, for example, by a stable funding ratio of 112% as of year-end 2018. GKB's liquidity will remain a strength, in our view, compared with many banks globally, underpinned by our assessment of GKB's ratio of broad liquid assets to short-term funding of 1.7x at year-end 2018, and our view that the bank will likely 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 GKB's liquidity profile.

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

As a result, we apply a two-notch uplift to the SACP on GKB, leading to the long-term rating of 'AA'. In our view, the Swiss bank resolution regime, which came into effect on Jan. 1, 2016, does not impede cantons' ability to provide extraordinary support to banks that we consider to be GREs, including GKB.

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

We use our Banking Industry Country Risk Assessment economic risk and industry risk scores to determine a bank's anchor, the starting point in assigning an issuer credit rating (ICR). Our anchor for a bank operating mainly in Switzerland is 'a-'. We view the trends for both economic and industry risk as stable.

Our economic risk score of '2' for Switzerland is supported by the country's highly diversified and competitive economy, very high household income levels, and banks' prudent loan underwriting standards. However, it also reflects that risks remain, owing to the cumulative rise in Swiss house prices over past several years. Although imbalances remain moderate in a global context, they have led the regulator to enact macro prudential measures to rein growth in mortgage indebtedness. We recognize that house price rises have cooled down since beginning 2014, while lending has recently picked up again after several years with moderate growth. In our view, house prices and household indebtedness remain historically high. The elevated mortgage debt level is mitigated by the large amount of financial assets, including pensions, held by households in Switzerland.

Our industry risk score of '2' primarily reflects the banking sector stability and a relatively high share of deposit funding. Banks' net interest margins continue to decline gradually, given the pressure on deposit margins from the negative yield environment. This is partly offset, however, by higher margins on lending products, fee income from investment advisory-related activities, and cost management. As a result, banks are still able to generate returns on core banking products that are adequate to meet their cost of capital. Moreover, in our view, the Swiss regulator's regulatory initiatives are more stringent than those in other European banking industries.

Table 1

Graubuendner Kantonalbank Key Figures					
		--Year-ended Dec. 31--			
(Mil. CHF)	**2019***	**2018**	**2017**	**2016**	**2015**
Adjusted assets	26,571.5	26,426.4	25,607.3	23,907.4	23,284.0

Table 1

Graubuendner Kantonalbank Key Figures (cont.)

		--Year-ended Dec. 31--			
(Mil. CHF)	**2019***	**2018**	**2017**	**2016**	**2015**
Customer loans (gross)	20,051.5	19,863.7	19,202.4	18,231.3	17,706.5
Adjusted common equity	2,633.0	2,530.5	2,440.0	2,337.6	2,300.6
Operating revenues	207.2	389.8	373.2	356.8	370.5
Noninterest expenses	98.6	201.3	177.0	201.1	186.8
Core earnings	99.8	194.1	193.5	155.1	176.2

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

Business position: A strong regional franchise complemented by private banking activities

We continue to consider GKB's business position neutral for its ratings compared with that of domestically focused Swiss banks. We project that GKB's extraordinary business stability from its dominant regional franchise is very well managed and robust for the foreseeable future. This offsets our structural concerns of its highly concentrated business model by region and product. Moreover, we view positively that GKB's reorganized private banking activities should benefit from a more efficient growth strategy fueled by domestic clients and more stable earnings.

GKB is a midsize cantonal bank in light of gradually increased total assets of Swiss franc (CHF) 26.6 billion as of June 30, 2019. As a sustained leading commercial bank in its home canton, GKB manages continued 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 solid, and we expect it to continue to provide GKB with a sustainable source of stable revenues for the next two years. Operating revenues in mid-2019 comprise net interest income at about 59%, fee income at 32%, and 4% market-sensitive income. We expect the distribution to stay relatively unchanged when compared with previous years, but marginal variations are to be expected between the distribution of fee income and interest income as a consequence of the prevailing interest environment. Consequently, we expect the bank's future stability to be superior to that of larger domestic and international peers in countries with similar industry risk as Switzerland.

For structural reasons, 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, and we expect that the bank will continue to maintain its very successful business model largely unchanged in coming years. In addition, GKB engages strategically 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 a beneficial add on, but consider unlikely to have a material impact on our assessment of the banks stand-alone strength given its limited additional diversification in terms of risk and earnings.

GKB's lending activities are complemented by its private banking operations, which focus mainly on domestic clients and some cross-border business, due to the geographic proximity, with German and Italian clients, with total assets under management estimated at CHF20 billion. As part of its growth strategy, GKB reorganized these activities among its subsidiaries Privatbank Bellerive AG (not rated; 55% share) and Albin Kistler AG (to 51% increase in July 2018 after initial 25% share acquisition in July 2016). 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 risk and earnings diversification, but they will not lead us to revise up our business position assessment.

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 provide ongoing stability to GKB's sound financial position.

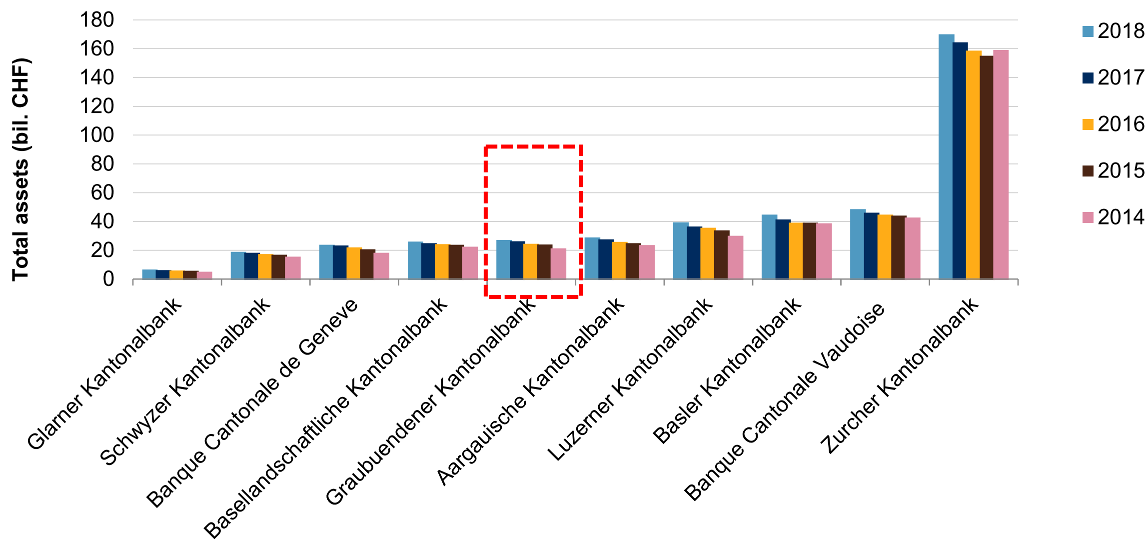
Table 2

Graubuendner Kantonalbank Business Position					
		--Year-ended Dec. 31--			
(%)	**2019***	**2018**	**2017**	**2016**	**2015**
Total revenues from business line (mil. CHF)	210.0	397.0	380.2	380.1	387.7
Return on average common equity	7.2	7.0	7.2	6.9	7.1

*Data as of June 30.

Chart 1

Size Of Swiss Cantonal Banks Rated by S&P Global Ratings
Graubuendner Kantonalbank remains relatively midsize



Data as of December 2018. Source: S&P Global Ratings.

Capital and earnings: One of the highest RAC ratios worldwide, supported by strong earnings capacity

We forecast that GKB will continue to gradually improve its key rating strength of capital and earnings position in a domestic and global context, which is primarily represented by our projection that GKB's risk-adjusted capital (RAC) ratio will gradually increase to 29% by the end of our forecast period in 2021, from 27.4% at year-end 2018. We continue to expect that GKB's capitalization will remain at the upper end of our range for a very strong assessment, sustaining a level superior to that of other cantonal banks and of most other banks we rate globally.

In our view, GKB's earnings are predictable and stable, and we do not expect any changes to the bank's dividend policy of distributing 50%-60% of earnings to the home canton and other shareholders. The low interest rates continue to constrain GKB's net interest margin and operating revenues, and we estimate that, compared with the previous four years, operating income after loss provisions will remain steady, roughly between CHF180 million and 195 million over 2019-2021. Accordingly, 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 145 basis points (bps), which also indicates superior capacity for its earnings to cover normalized losses.

We view GKB's capital as very high quality because it includes only core Tier 1 capital 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 capital levels. We also believe that GKB will not experience pressure from major dividend distributions that could weaken its RAC ratio.

Table 3

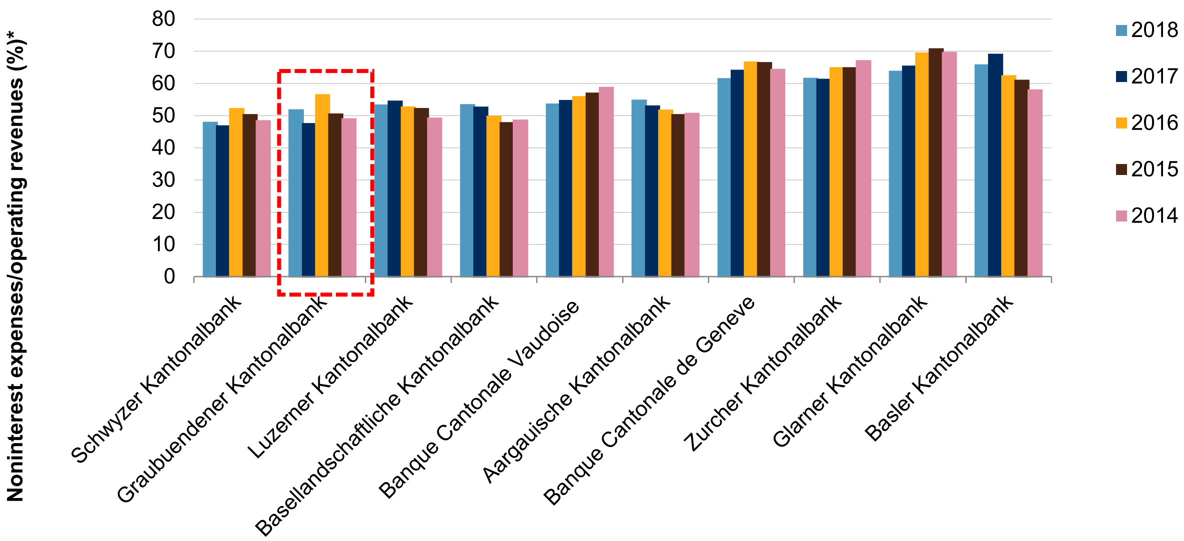
Graubuendner Kantonalbank Capital And Earnings

		--Year-ended Dec. 31--			
(%)	**2019***	**2018**	**2017**	**2016**	**2015**
Tier 1 capital ratio	20.1	18.8	18.7	18.5	18.7
S&P Global Ratings' RAC ratio before diversification	N/A	27.4	25.7	26.5	N/A
S&P Global Ratings' RAC ratio after diversification	N/A	18.7	19.5	20.7	N/A
Adjusted common equity/total adjusted capital	100.0	100.0	100.0	100.0	100.0
Net interest income/operating revenues	58.9	64.6	65.7	67.2	62.3
Fee income/operating revenues	32.2	27.3	25.1	25.2	28.6
Market-sensitive income/operating revenues	4.1	5.7	5.3	5.1	6.7
Noninterest expenses/operating revenues	47.6	51.7	47.4	56.4	50.4
Preprovision operating income/average assets	0.8	0.7	0.8	0.7	0.8
Core earnings/average managed assets	0.8	0.7	0.8	0.7	0.8

*Data as of June 30. RAC--Risk-adjusted capital. N/A--Not applicable.

Chart 2

Graubuendner Kantonalbank Has One Of The Best Operating Efficiencies Among Rated Cantonal Banks



*As adjusted by S&P Global Ratings. Source: S&P Global Ratings.

Table 4

Graubuendner Kantonalbank 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	5,106,353	518,898	10	158,819	3
Of which regional governments and local authorities	938,075	487,620	52	33,771	4
Institutions and CCPs	2,694,339	887,840	33	343,709	13
Corporate	4,397,268	3,381,083	77	2,829,005	64
Retail	14,258,308	6,801,239	48	3,658,703	26
Of which mortgage	13,434,613	6,079,679	45	3,115,487	23
Securitization§	0	0	0	0	0
Other assets†	979,139	559,787	57	889,134	91
Total credit risk	27,435,407	12,148,846	44	7,879,369	29
Credit valuation adjustment					
Total credit valuation adjustment	--	198,900	--	0	--
Market Risk					
Equity in the banking book	86,780	214,195	247	593,488	684
Trading book market risk	--	18,275	--	27,413	--

Table 4

Graubuendner Kantonalbank Risk-Adjusted Capital Framework Data (cont.)					
Total market risk	--	232,470	--	620,900	--
Operational risk					
Total operational risk	--	693,956	--	730,853	--
(CHF 000s)	**Exposure**	**Basel III RWA**	**Average Basel II RW (%)**	**S&P Global RWA**	**% of S&P Global RWA**
Diversification adjustments					
RWA before diversification	--	13,274,172	--	9,231,122	100
Total Diversification/ Concentration Adjustments	--	--	--	4,332,142	47
RWA after diversification	--	13,274,172	--	13,563,264	147
(CHF 000s)		**Tier 1 capital**	**Tier 1 ratio (%)**	**Total adjusted capital**	**S&P Global RAC ratio (%)**
Capital ratio					
Capital ratio before adjustments	--	2,492,069	18.8	2,530,515	27.4
Capital ratio after adjustments‡	--	2,492,069	18.8	2,530,515	18.7

*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 2018', S&P Global Ratings.

Risk position: Exceptional loan loss experience despite regional concentration in Graubuenden

We expect GKB's risk position remaining robust and neutral in our ratings assessments, because the bank manages its focus mainly on low-risk collateralized residential mortgage lending and lending to small and midsize companies supported by the bank's proven prudential underwriting standards. This is somewhat mitigated by GKB's regional concentration in a canton that relies considerably on the cyclical tourism sector as a key risk to its lending activities, even though since 2016 tourist seasons were relatively good and no material losses are expected. Still, this dependency exposes the bank to fluctuations in the local economy. In our view, however, based on GKB's sustained prudent management of risks and consistent very low risk appetite, we expect the bank to demonstrate an ongoing favorable resilience to potential periods of economic stress through the cycle. We cautiously forecast risk costs to average customer loans to hover at very favorable 5-7bps levels between 2019 and 2021, up from basically no risk cost between 2016 and mid-2018, and average 5bps in the past four years before 2016.

Residential real estate loans, mainly from the home region, represented about gradually improved 68% of GKB's loan book at Dec. 31, 2018. Our concerns on 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. Moreover, 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 relatively more granular exposures to small and midsize corporate clients in the home canton, and our RAC framework, i.e. GKB's 27.41% RAC ratio, adequately captures related risks of these exposures. We project GKB's lending growth to stay at about 1% in the coming two years, lower than in previous years but in line with the trend we have observed at some other cantonal banks.

Similar to its domestic peers, GKB is exposed to the risks related to the cumulative rise in Swiss house prices and domestic lending over the past several years, although we recognize that house prices and lending growth have cooled since 2014. Correspondingly, we observe that real estate prices in Graubuenden have stabilized at relatively high levels, especially in the winter-tourism resort areas. We view positively, however, 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.

Additional buffer against potential future risk, in our view, stems from our expectation that the bank will maintain conservative underwriting practices in mortgage lending. According to our projections, we regard this part of its portfolio as having high asset quality, with projected nonperforming loans to remain at about 0.26% of customer loans in the next two years, nearly in line with previous years. However, we expect such a level to be well below standard risk cost and accordingly unsustainable over the full economic cycle.

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 don't 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 see a material weakness in the bank's capital or risk profile.

Table 5

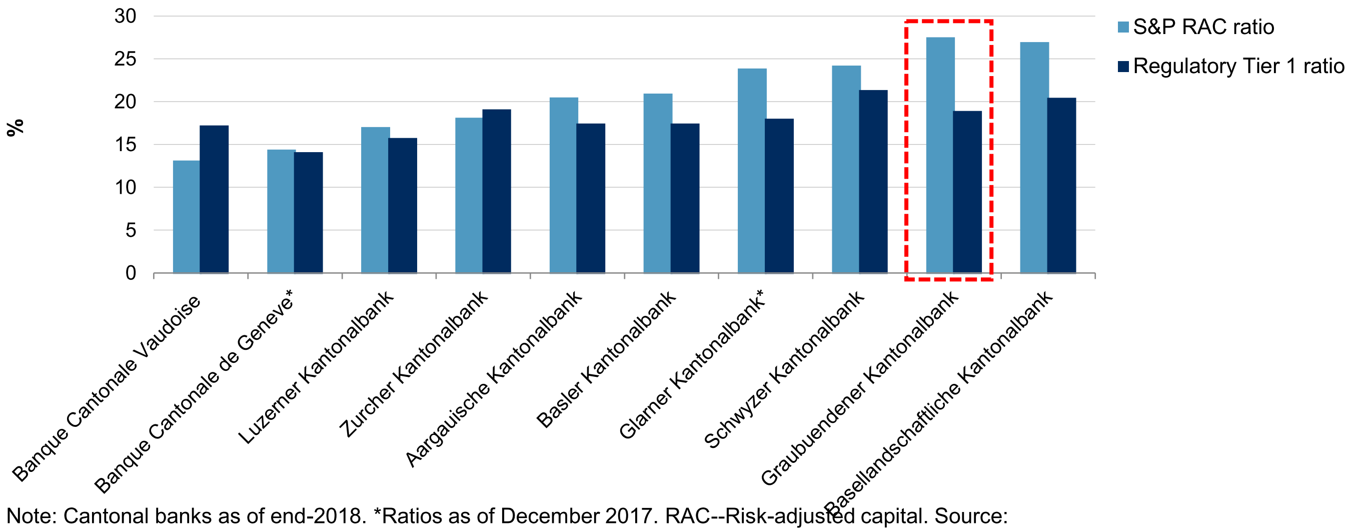
Graubuendner Kantonalbank Risk Position

		--Year-ended Dec. 31--			
(%)	**2019***	**2018**	**2017**	**2016**	**2015**
Growth in customer loans	1.9	3.4	5.3	3.0	8.2
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	46.9	32.0	28.3	N/A
Total managed assets/adjusted common equity (x)	10.1	10.5	10.5	10.2	10.1
New loan loss provisions/average customer loans	0	0	0	0	0
Net charge-offs/average customer loans	N.M.	0	0	0	0
Gross nonperforming assets/customer loans + other real estate owned	0.3	0.2	0.2	0.2	0.3
Loan loss reserves/gross nonperforming assets	N/A	413.5	431.2	456.8	389.1

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

Chart 3

Graubuendner Kantonalbank's Capital Ratios Are Among The Highest Globally



Note: Cantonal banks as of end-2018. *Ratios as of December 2017. RAC--Risk-adjusted capital. Source: S&P Global Ratings.

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

As we do with most of GKB's peers, we believe that the bank's combined funding and liquidity position will remain neutral in our assessment of the GKB's stand-alone creditworthiness. We believe GKB's funding will continue to benefit from a large and reliable customer deposit base (70% of its total funding base mid- 2019), which compares average to many domestic peers as represented, for example, by a stable funding ratio of 112% as of end-2018. We also believe the bank's superior capital base is supportive. Furthermore, we expect that GKB's deposits are much less confidence-sensitive in times of unexpected systemic market stress relative to many peers, because of the bank's public-sector ownership, the statutory guarantee from Graubuenden, and GKB's sound brand. Moreover, the shareholder and guarantee structure gives GKB access to low-cost long-term wholesale funding (16% of its total funding base) and the ability to issue covered bonds. In our view, GKB will continue to benefit from a so-called "flight to quality," with customers steering away from riskier banks during difficult economic periods toward banks with a sound reputation. Therefore, we expect GKB's stable funding ratio to remain at a comfortable 105%-110% over 2018-2020.

GKB's liquidity will remain a strength in our view compared to many banks globally underpinned by our assessment of GKB's one-year liquidity ratio (broad liquid assets to short-term funding) of 1.7x at December 2018. In our view, the bank should withstand market stress without access to funding from the capital market for more than 12 months. GKB's liquid assets comfortably cover its short-term wholesale funding needs, minimizing the risk of a liquidity shortcoming. GKB's solid customer base, superior capitalization, and GRE status will likely help it weather potential capital market stress, in our opinion.

Table 6

Graubuendner Kantonalbank Funding And Liquidity					
		--Year-ended Dec. 31--			
(%)	2019*	2018	2017	2016	2015
Core deposits/funding base	69.6	69.9	69.1	71.9	72.9
Customer loans (net)/customer deposits	121.3	119.2	120.4	117.7	116.9
Long-term funding ratio	87.1	86.7	84.4	87.0	88.3
Stable funding ratio	110.1	111.9	108.9	109.4	107.8
Short-term wholesale funding/funding base	14.3	14.8	17.3	14.5	13.1
Broad liquid assets/short-term wholesale funding (x)	1.7	1.7	1.4	1.6	1.6
Net broad liquid assets/short-term customer deposits	14.0	15.2	11.7	11.8	11.0
Short-term wholesale funding/total wholesale funding	47.1	49.1	56.1	51.7	48.3
Narrow liquid assets/3-month wholesale funding (x)	2.6	2.0	1.6	1.9	1.7

*Data as of June 30.

External support: Two notches of uplift for likely support from Graubuenden

We strongly 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 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 rating.

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
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Related Research

- Bail-In Debt Remodels The Risk Profile Of Bank Funding In Europe And North America, Sept. 26, 2019
- Climate Change: Can Banks Weather The Effects?, Sept. 9, 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 October 30, 2019)*	
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.