S&P Global Ratings

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Basler Kantonalbank

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Basler Kantonalbank

SACP	a

Anchor	a-	
Business Position	Adequate	0
Capital and Earnings	Very Strong	+2
Risk Position	Moderate	-1
Funding	Average	0
Liquidity	Adequate	

\+

Support	+4
ALAC Support	0
GRE Support	+4
Group Support	0
Sovereign Support	0

\+

Additional Factors	0

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

Credit Highlights

Key strengths	Key risks
Extremely high likelihood of support from the Swiss Canton of Basel-City.	Limited growth prospects in the saturated Basel-City banking market.
Very strong capitalization supported by stable earnings generation.	Earnings pressure from the low interest-rate environment.
Very strong customer franchise in home region.	Relatively weak operating efficiency, expected to gradually improve through synergies with Bank Cler.

BKB's asset quality is expected to remain very robust. Despite the pandemic-driven recession, BKB's new loan loss provisions in 2020 were only Swiss francs (CHF) 11 million or 3 basis points (bps) of its loan book. We also expect no particular uptick in the coming years, considering the very robust Swiss real estate market. Nonetheless, its concentration in the mortgage market makes it susceptible to house price decreases in the future, should they occur.

Meeting BKB's 2025 financial targets will be challenging but, if achieved, should support its creditworthiness. Building on its market leading position, BKB expects to further streamline its operations and focus on profitable business in its core segments of retail, corporate, private banking, and asset management. Strong competition in the persisting low rate environment will continue to put pressure on margins and make it challenging to achieve its 2025 financial targets, specifically a return on equity of 6% (3.1% in 2020) and a cost-to-income ratio of 55% (64% in 2020).

Streamlining operations with subsidiary Bank Cler will support further efficiency gains. We consider BKB's risk-adjusted profitability and efficiency as being somewhat weaker than peers. Along with a somewhat stronger concentration in its mortgage book, we consider that its very strong capitalization partly overstates its loss-absorption capacity. Considering BKB's increased stake in Bank Cler to 100% since 2019, we observe a gradual operational integration that will likely support further efficiency gains over the next two years, by removing some overhead costs.

BKB's importance to the local economy will continue to support its franchise and rating. BKB is 100% owned by the Canton of Basel-City (AAA/Stable/A-1+) and benefits from a guarantee stated in BKB's law. Considering its important role in contributing to the development of the local economy, we continue to see an extremely high likelihood of support from the canton in case of financial distress. Unlike in neighboring canton, Basel-Land, we currently do not observe any discussions around a potential privatization or repeal of the cantonal guarantee. While revisions to BKB's law are expected, we think these will solely relate to the governance of BKB group and not to the role for or guarantee of the canton of Basel.

Outlook: Stable

S&P Global Ratings' stable outlook on Switzerland-based Basler Kantonalbank (BKB) reflects that on its owner and guarantor, the Canton of Basel-City (AAA/Stable/A-1+). We expect BKB will, for the foreseeable future, continue to benefit from an extremely high likelihood of timely and sufficient extraordinary support from the canton in the event of financial distress. In addition, we expect that BKB will maintain its sound market position and financial profile, underpinned by its very strong capitalization over the next 24 months.

Downside scenario

In our view, downside is currently remote. It could be triggered if we lowered our ratings on the canton--currently unlikely given the canton's stable outlook. Alternatively, we could consider a negative rating action if there was a change in BKB's role for or link with the canton, or changes in the statutory guarantee, potentially leading to a weaker assessment of BKB's status as a government-related entity (GRE). However, we currently consider this scenario as very unlikely and would expect BKB's existing obligations to be grandfathered.

In our view, unchanged potential extraordinary support from the canton would cushion a material multi-notch deterioration of BKB's stand-alone creditworthiness, with the ratings on the senior unsecured debt remaining unchanged. Ratings on the subordinated instruments could, however, be directly affected if the bank's stand-alone credit profile (SACP) deteriorated, which could happen, for example, if the bank depleted its strong capital base due to high unexpected losses caused by the COVID-19 pandemic or if the bank's efficiency and profitability did not improve over medium term to be more in line with peers.

Upside scenario

A positive rating action is currently very remote. This could only be triggered if BKB's SACP improved by two or more notches. Ratings on the subordinated instruments could be directly affected if the bank's SACP improved. However, we regard it as unlikely given our expectation that the bank will not materially change its concentrated business model and that it will continue to lag behind cantonal peers with regard to risk-adjusted profitability and efficiency.

Key Metrics

Basler Kantonalbank--Key Ratios And Forecasts

	--Fiscal year ended Dec. 31--				
(%)	**2019a**	**2020a**	**2021f**	**2022f**	**2023f**
Growth in operating revenue	(0.7)	(1.9)	4.8-5.9	1.6-1.9	0.8-0.9
Growth in customer loans	4.1	3.3	3.6-4.4	3.6-4.4	2.7-3.3
Growth in total assets	1.8	21.5	6.7-8.2	2.1-2.6	1.6-2.0
Net interest income/average earning assets (NIM)	0.9	0.9	0.8-0.9	0.75-0.85	0.75-0.85
Cost to income ratio	69.6	69.1	63.9-67.2	62.2-65.4	61.1-64.2
Return on average common equity	2.9	2.8	3.0-3.3	3.2-3.5	3.2-3.6

Basler Kantonalbank--Key Ratios And Forecasts (cont.)					
	--Fiscal year ended Dec. 31--				
(%)	**2019a**	**2020a**	**2021f**	**2022f**	**2023f**
Return on assets	0.3	0.2	0.2-0.3	0.2-0.3	0.2-0.3
New loan loss provisions/average customer loans	0.0	0.0	0.0	0.0	0.0
Gross nonperforming assets/customer loans	0.3	0.3	0.4-0.5	0.3-0.5	0.3-0.5
Net charge-offs/average customer loans	(0.0)	0.2	0.0	0.0	0.0
Risk-adjusted capital ratio	23.7	21.0	20.4-21.4	20.2-21.3	20.3-21.3

All figures are S&P Global Ratings-adjusted. a--Actual. f--Forecast. NIM--Net interest margin.

Anchor: 'a-' As A Commercial Bank Operating In Switzerland

Our anchor for a bank operating mainly in Switzerland is 'a-'. This is based on our assessment of a '2' economic risk score and '2' industry risk score for Switzerland on a scale of 1-10 (where '1' represents the lowest risk and '10' the highest). We consider the trend for economic and industry risk in Switzerland as stable.

We expect Switzerland's economy to have contracted materially in 2020 due to 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 very high household income levels and a proven stress-resilient corporate sector. We think the Swiss authorities' material support measures 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 price growth in the owner-occupied segment to remain muted in the wake of the pandemic. However, a particular risk remains the investment property segment, 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 remains ahead in terms of both regulatory oversight and innovations. We think FINMA's thorough investigations of past international large-scale money-laundering cases has improved market discipline. In particular, we consider compliance with the highest anti-money-laundering standards to be crucial to the stability of the banking sector, reflecting the importance of the wealth management industry.

We expect that banks' interest margins will gradually decline further in a low-interest-rate environment. However, we expect that repricing of lending products, additional fee income from investment advisory-related activities, and ongoing cost management could offset some of the pressure. We consider risk for Swiss banks from tech disruption as limited as of today given the small size of the market, it high barriers to entry, and its technologically well-equipped banks.

Business Position: Strong And Resilient, But A Regionally-Focused Market Franchise

We expect BKB will continue to benefit from its strong and sustainable franchise as the local cantonal bank, supported by its developed digital-banking platform. This is balanced by BKB's geographic concentration from its regional focus in a saturated market, like many other Swiss cantonal banks. We expect BKB will be able to protect its market share as the eighth-largest bank in Switzerland, with total consolidated assets of CHF55.6 billion as of June 30, 2021.

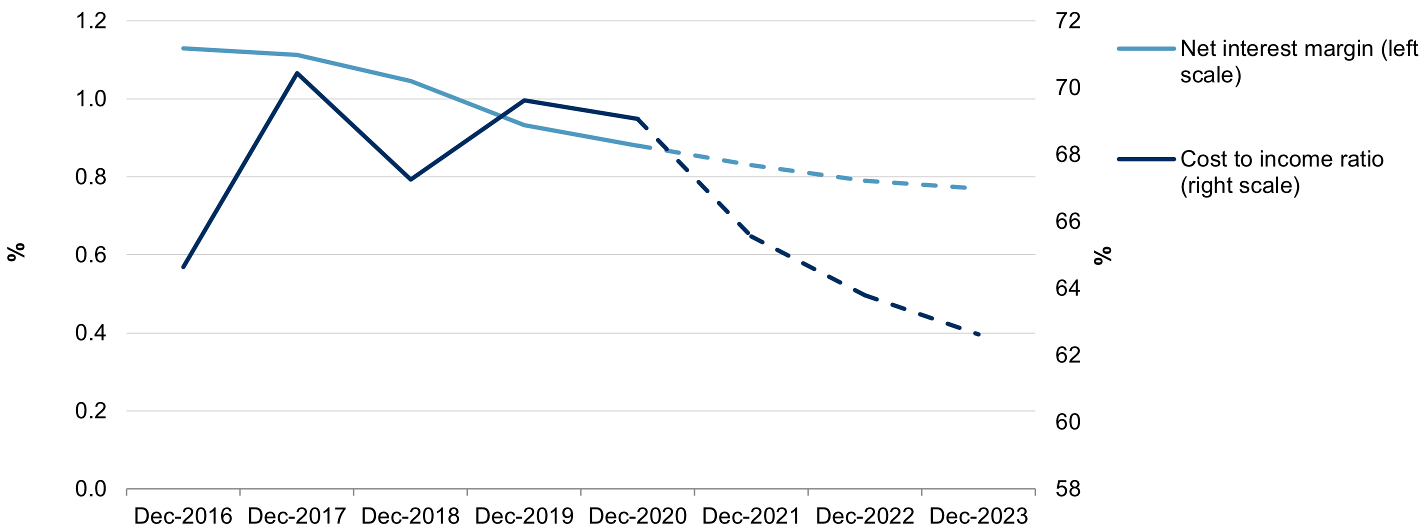
While BKB benefits from its strong franchise in its retail and corporate lending business in the wealthy Basel region, we believe it will increasingly also benefit from growth in diversified and lower-risk countrywide residential mortgage and SME lending through its subsidiary, Bank Cler. BKB increased its stake in the bank to 100% in 2019 to raise cost synergies from some operational integration, to benefit from some Swiss-wide growth diversification, and to leverage Bank Cler's digital competencies, manifested in its digital banking app, "Zak".

Ancillary private banking and trading business provide some diversity, but we expect these will continue to contribute a moderate proportion of operating revenue. The securities financing business contributed to the strong growth of total assets by 22% in 2020 and will continue to be ramped up. We expect a low risk appetite for these new activities but also that they will make a minor earnings contribution.

Interest income remains the most relevant earnings driver, contributing about 65% of operating revenue, while fee income from private banking activities is targeted to increase in the coming years. The low-interest-rate environment will continue to pressure BKB's margins over the coming years, which we expect the bank will partially mitigate by improving its operating efficiency from synergies with Bank Cler. These expected improvements currently support our assessment of BKB's business position.

Chart 1

Continuing Pressure On Net Interest Margin…
… will be offsett by improving efficiency



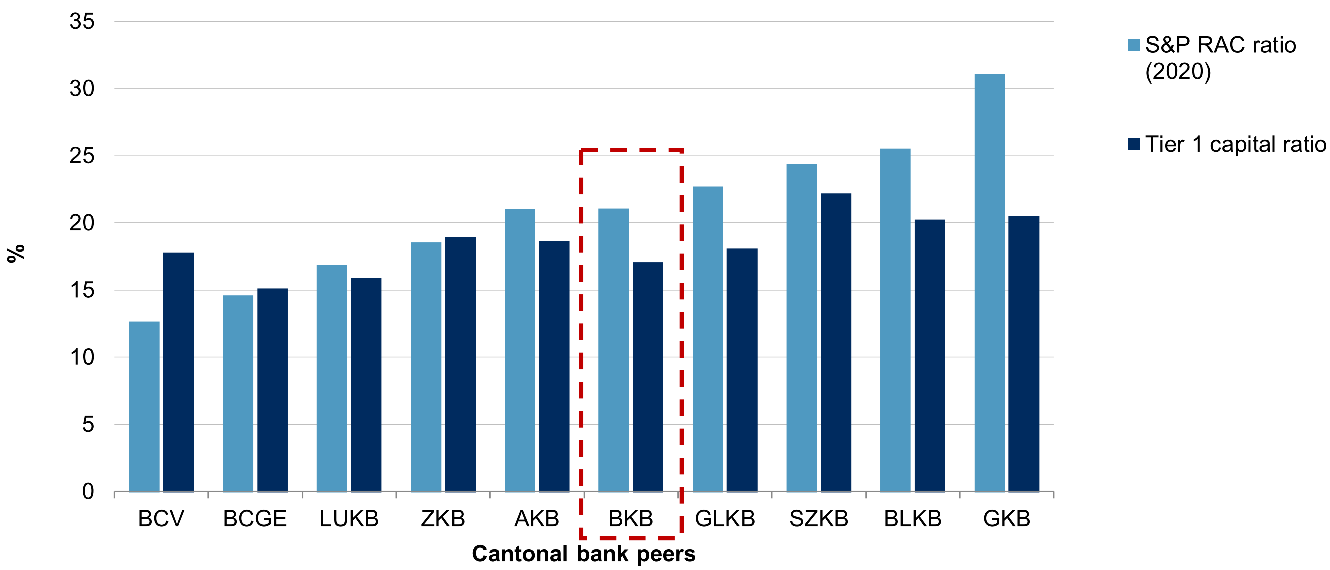
Source: S&P Global Ratings.

Capital And Earnings: Very Strong Capitalization In A Global Context

We expect BKB's capital position and earnings will remain a rating strength in a domestic and global context. BKB's risk-adjusted capital (RAC) ratio was 21% at year-end 2020 and we expect few fluctuations over the coming two years.

Chart 2

BKB's Risk-Adjusted Capitalization Is About Average Compared To Peers…
…but extraordinary in a global comparison



Source: S&P Global Ratings.

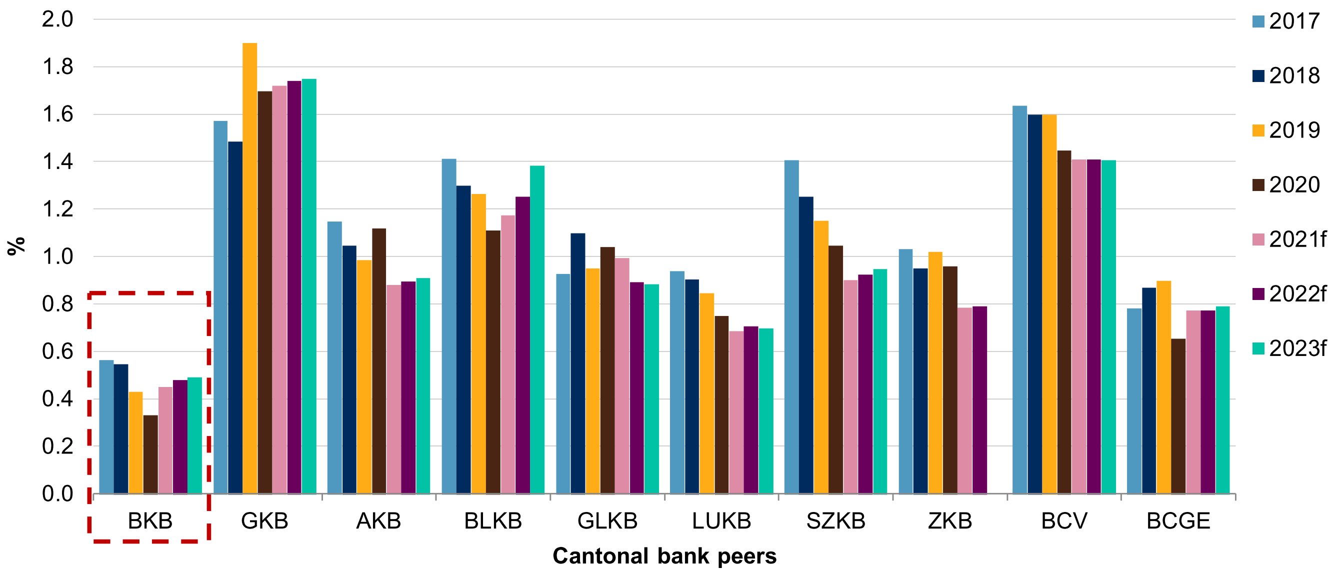
Our projected RAC ratio incorporates loan growth of 3%-4% over the coming years, driven by an intact growth trend in the Swiss housing market. BKB is committed to maintaining excess capitalization of 3%-7% above regulatory capital requirements. As of H1 2021, its total capital ratio was 18.8% compared with a 12% capital requirement.

Absent material stress in the Swiss housing market, or a material deterioration in the economic environment, we expect BKB will generate stable interest and fee income from its retail and SME business. Nevertheless, pressured by the low interest rates, we expect further net interest margin deterioration in BKB's loan book.

However, in our view the integration of Bank Cler provides opportunities to increase efficiency of the consolidated group and raise pre-provision operating income. This should ensure a stable risk-adjusted profitability over the coming years. We reflect this in an earnings buffer forecast, which measures the capacity for a bank's earnings to cover normalized losses through the credit cycle, of 40-50 bps over the next two years. BKB's capacity to cover normalized losses is below that of many Swiss cantonal peers, but we expect that this gap will reduce over the next few years on increasing synergies between BKB and Bank Cler.

Chart 3

BKB's Earnings Buffer Lags Behind Peers
But is expected to improve

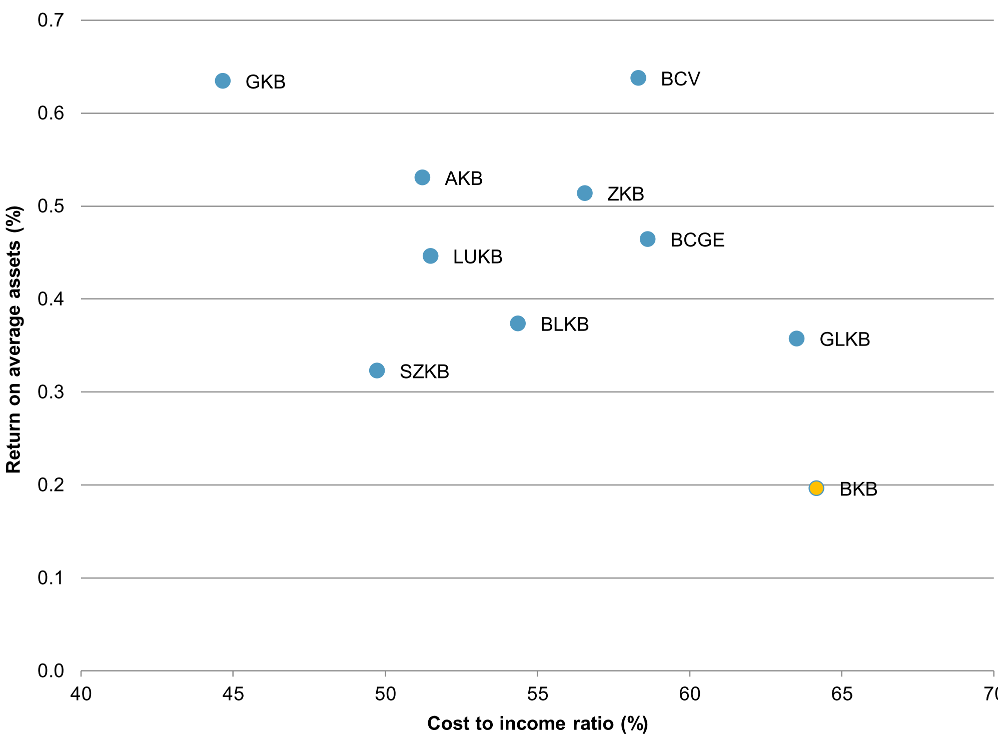


*As of 2021. f--Forecast. N/A--Not applicable. Source: S&P Global Ratings.

On a positive note, as is also the case for domestic peers, BKB's average annual net credit losses in the past five years were only a fraction of our normalized loss assumptions.

Chart 4

Efficiency And Profitability Weaker Than Cantonal Bank Peers



Source: S&P Global Ratings.

Risk Position: Concentrated Credit Exposure, But Sound Asset Quality

We expect BKB's risk position will remain a relative weakness compared with Swiss Cantonal peers, reflecting its comparably higher single-name concentrations and a higher share of more cyclical commercial real estate lending. We also take into account BKB's relatively poor risk-adjusted profitability, which somewhat reduces the bank's loss absorption capacity and undermines its very strong capital and earnings.

BKB's sound asset quality supports the rating as does its prudent underwriting and low-risk collateralized residential mortgage lending--although the majority relates to investment properties, which we view as riskier than own-use properties.

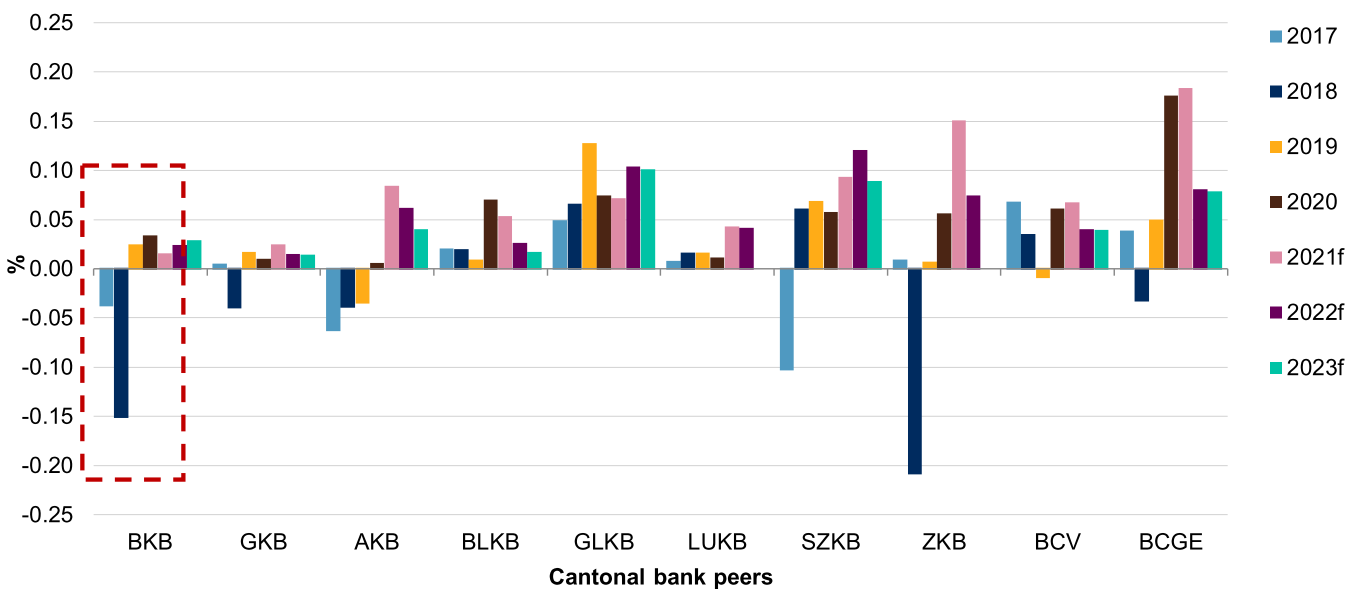
We believe that limited growth prospects in its saturated home market are balanced by increasing diversification in lower-risk countrywide residential mortgage lending and SME lending through Bank Cler. However, BKB's share in commercial lending--which we generally view as riskier than residential real estate lending--represents about half of BKB's loan portfolio. In addition, single-name concentration in BKB's corporate portfolio is higher than in peers'. We estimate that its top-10 corporate loans account for up to 9% of its total loan portfolio.

Risks arising from BKB's corporate loan portfolio partly reflect the narrowness of Basel-City's economic structure.

BKB's loan portfolio shows good resilience against the economic environment so far, reflected in new loan-loss provisions of only 3 bps in 2020. For 2021, we expect it to remain flat (see chart).

Chart 5

BKB's Very Low Cost Of Risk Compares Well With Peers



f--Forecast. N.M.--Not meaningful. N/A--Not applicable. Source: S&P Global Ratings. *As of 2021

We note that BKB's NPL ratio of 0.34% in 2020, after 0.25% in 2019, is based on BKB's disclosure of loans at risk ("gefährdete Forderungen"), which is more conservative than 90 days past due, which we usually reference. Next to provisions for loans at risk, BKB has built reserves for latent risks, which together cover 186% of NPL's as of end 2020.

Funding And Liquidity: Favorable Funding Profile From Retail Deposits And Supported By Cantonal Guarantee

In line with most peers, we believe that BKB's combined funding and liquidity position will remain neutral in our assessment of BKB's stand-alone creditworthiness.

We expect BKB's funding will remain in line with our assessment of low funding risk in the Swiss banking system. As of 2020, the bank's stable core customer deposits accounted for 60% of its funding base, while the loan to deposit ratio of 109% indicates some reliance on wholesale funding, which is executed via long-term covered and unsecured bonds. The bank's resilient funding position is also indicated by, for example, our calculation of its stable funding ratio. We expect this to remain clearly above 100% after the 121% of 2020. In addition, we continue to consider the bank's core customer deposit base as very stable, owing to its franchise in its home region and being supported by the cantonal guarantee. Moreover, the shareholder and guarantee structure gives BKB access to low-cost, long-term wholesale funding (21% of its total funding base).

BKB's liquidity will remain a strength, in our view, compared with many banks globally, given that its liquidity position would allow it to endure more than 12 months without access to market funding. This is facilitated by its broad liquid assets to short-term wholesale funding being historically significantly above 1.2x. The ratio was 1.8x as of 2020. This supports our view that BKB's liquid assets comfortably cover its short-term wholesale funding needs.

We consider that the bank has proper governance in place to prevent any funding concentrations and conducts appropriate liquidity stress testing. BKB's loyal customer base, superior capitalization, and GRE status will likely help it weather potential capital market stress, in our opinion.

Support: Four Notches Of Uplift For Extremely High Likelihood Of Extraordinary Government Support

We believe that BKB will remain a GRE and see an extremely high likelihood that BKB would receive timely and sufficient extraordinary support from the Canton of Basel-City if needed. We base our assessment on our view of the bank's:

- Integral link with the canton. We expect the canton will provide considerable and timely credit support to BKB in all circumstances. Our assessment is underpinned by the canton's full ownership of BKB and the provision of a statutory guarantee for BKB.
- Very important role in the canton, owing to the large impact of BKB's activities on the local economy.

Because of these factors, we incorporate a four-notch uplift into the long-term rating on BKB. 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 coming years.

BKB benefits from Basel's statutory guarantee, which ultimately covers all of its liabilities as stipulated by law. We note that the guarantee does not ensure timely repayment, as defined by our criteria, and does not cover BKB's hybrid instrument and its subsidiary Bank Cler. Also, while being outside our outlook horizon, we consider the potential risk that future agreements between Switzerland and the EU regarding preferential market access for Switzerland might include the removal of remaining cantonal guarantees for all banks. Nevertheless, we believe that the canton has strong incentives to help BKB meet its obligations on time given the bank's importance to the regional economy, and to prevent reputational damage.

Environmental, Social And Governance Factors: In Line With Peers

ESG factors have a neutral impact on our assessment of BKB's creditworthiness. The bank benefits from its role, prescribed in law, to sustainably foster the environmental, economic, and social development of the canton.

As BKB is a government-owned bank, we are mindful of political influence but we observe that there are no politicians on its supervisory board, though with limited banking backgrounds. Nevertheless, in our view this should minimize political influence on the bank management, beyond the rolling strategy setting. Because is it not required by regulation, BKB does not have separate CRO and CFO board members. However, given that the bank's organization and business activities are not very complex, we do not currently view this as a negative factor.

Hybrid Issue Ratings

Our 'BBB-' ratings on BKB's junior subordinated debt (additional Tier 1) reflect our analysis of the instruments and our assessment of BKB's SACP at 'a'. We understand that the bonds do not benefit from the cantonal guarantee provided by the City of Basel, such that we would question the timely and sufficient support to these subordinated instruments. We consequently notch down from our SACP assessment for the bank. We rate BKB's additional Tier 1 instrument four notches lower than the SACP, reflecting our deduction of:

- One notch for contractual subordination.
- Two notches for the notes' status as Tier 1 regulatory capital; and
- One notch because the instruments allow for the full or partial temporary write-down of the principal amount.

We do not apply additional notching beyond the four notches, given the 5.125% mandatory write-down trigger at BKB (standalone) level, which we consider to be a nonviability capital trigger. As of Dec. 31, 2019, the relevant common equity Tier 1 ratio for the bank was 19.6%, based on risk-weighted assets under Basel III.

Key Statistics

Table 1

Basler Kantonalbank--Key Figures

	--Year ended Dec. 31--				
(Mil. CHF)	**2021***	**2020**	**2019**	**2018**	**2017**
Adjusted assets	55,644.0	54,427.0	44,808.9	44,031.1	40,770.3
Customer loans (gross)	33,783.5	32,805.5	31,742.2	30,478.9	28,876.0
Adjusted common equity	3,901.2	3,814.2	3,768.9	3,616.3	3,687.5
Operating revenues	296.5	542.9	553.4	557.4	597.0
Noninterest expenses	190.3	374.9	385.3	374.8	420.5
Core earnings	103.9	144.1	150.6	220.3	179.5

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

Table 2

Basler Kantonalbank--Business Position

	--Year ended Dec. 31--				
(%)	**2021***	**2020**	**2019**	**2018**	**2017**
Total revenues from business line (currency in millions)	296.9	544.0	556.7	636.4	680.7

Table 2

Basler Kantonalbank--Business Position (cont.)

	--Year ended Dec. 31--				
(%)	**2021***	**2020**	**2019**	**2018**	**2017**
Commercial & retail banking/total revenues from business line	81.4	81.9	82.4	85.1	85.4
Asset management/total revenues from business line	18.6	18.1	17.6	14.9	14.6
Return on average common equity	2.7	2.8	2.9	5.2	5.2

*Data as of June 30.

Table 3

Basler Kantonalbank--Capital And Earnings

	--Year ended Dec. 31--				
(%)	**2021***	**2020**	**2019**	**2018**	**2017**
Tier 1 capital ratio	N/A	17.0	17.4	17.4	18.4
S&P Global Ratings' RAC ratio before diversification	N/A	21.0	23.7	20.8	22.0
S&P Global Ratings' RAC ratio after diversification	N/A	14.7	15.6	15.0	15.9
Adjusted common equity/total adjusted capital	100.0	95.9	97.4	97.3	97.4
Net interest income/operating revenues	61.7	65.2	62.5	64.9	60.4
Fee income/operating revenues	22.2	23.2	22.6	22.1	20.9
Market-sensitive income/operating revenues	14.6	10.2	12.5	10.9	17.2
Cost to income ratio	64.2	69.1	69.6	67.2	70.4
Preprovision operating income/average assets	0.4	0.3	0.4	0.4	0.4
Core earnings/average managed assets	0.4	0.3	0.3	0.5	0.5

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

Table 4

Basler Kantonalbank--Risk-Adjusted Capital Framework Data

(CHF 000s)	**Exposure***	**Basel III RWA**	**Average Basel III RW(%)**	**S&P Global Ratings RWA**	**Average S&P Global Ratings RW (%)**
Credit risk					
Government & central banks	13,343,611.5	416,021.1	3.1	55,870.0	0.4
Of which regional governments and local authorities	1,370,429.2	416,020.7	30.4	49,334.2	3.6
Institutions and CCPs	11,975,657.4	1,262,311.8	10.5	996,686.7	8.3
Corporate	6,502,550.0	4,559,439.0	70.1	3,874,483.4	59.6
Retail	28,497,710.9	13,688,845.3	48.0	9,066,423.3	31.8
Of which mortgage	22,227,066.8	8,104,556.9	36.5	5,150,158.0	23.2
Securitization§	0.0	0.0	0.0	0.0	0.0
Other assets†	82,818.5	61,536.5	74.3	81,899.8	98.9
Total credit risk	60,402,348.2	19,988,153.7	33.1	14,075,363.2	23.3
Credit valuation adjustment					
Total credit valuation adjustment	--	1,457,395.8	--	1,894,614.5	--
Market Risk					
Equity in the banking book	75,292.1	105,153.2	139.7	564,691.1	750.0

Table 4

Basler Kantonalbank--Risk-Adjusted Capital Framework Data (cont.)					
Trading book market risk	--	957,689.2	--	1,380,600.9	--
Total market risk	--	1,062,842.4	--	1,945,292.0	--
Operational risk					
Total operational risk	--	1,029,400.0	--	1,045,138.1	--
	Exposure	**Basel III RWA**	**Average Basel II RW (%)**	**S&P Global Ratings RWA**	**% of S&P Global Ratings RWA**
Diversification adjustments					
RWA before diversification	--	23,737,914.8	--	18,960,407.9	100.0
Total diversification/ concentration adjustments	--	--	--	8,057,344.2	42.5
RWA after diversification	--	23,737,914.8	--	27,017,752.1	142.5
		Tier 1 capital	**Tier 1 ratio (%)**	**Total adjusted capital**	**S&P Global Ratings RAC ratio (%)**
Capital ratio					
Capital ratio before adjustments		4,042,062.0	17.0	3,977,715.0	21.0
Capital ratio after adjustments‡		4,042,062.0	17.0	3,977,715.0	14.7

*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, 2020, S&P Global Ratings.

Table 5

Basler Kantonalbank--Risk Position					
	--Year ended Dec. 31--				
(%)	**2021***	**2020**	**2019**	**2018**	**2017**
Growth in customer loans	6.0	3.3	4.1	5.6	3.3
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	42.5	51.5	38.7	38.3
Total managed assets/adjusted common equity (x)	14.3	14.3	11.9	12.2	11.1
New loan loss provisions/average customer loans	(0.0)	0.0	0.0	(0.2)	(0.0)
Net charge-offs/average customer loans	N.M.	0.2	(0.0)	0.0	(0.0)
Gross nonperforming assets/customer loans + other real estate owned	N/A	0.3	0.3	0.1	0.1
Loan loss reserves/gross nonperforming assets	N/A	186.2	240.3	445.5	616.6

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

Table 6

Basler Kantonalbank--Funding And Liquidity					
	--Year ended Dec. 31--				
(%)	**2021***	**2020**	**2019**	**2018**	**2017**
Core deposits/funding base	57.6	60.2	65.8	63.3	67.1
Customer loans (net)/customer deposits	114.6	109.2	119.3	121.5	118.2
Long-term funding ratio	80.8	82.1	89.6	85.6	89.2
Stable funding ratio	124.1	120.9	110.9	109.0	107.0
Short-term wholesale funding/funding base	20.7	19.4	11.5	15.8	12.0

Table 6

Basler Kantonalbank--Funding And Liquidity (cont.)					
	--Year ended Dec. 31--				
(%)	2021*	2020	2019	2018	2017
Broad liquid assets/short-term wholesale funding (x)	1.8	1.8	1.9	1.6	1.6
Net broad liquid assets/short-term customer deposits	30.8	27.3	16.4	14.8	11.6
Short-term wholesale funding/total wholesale funding	48.8	48.4	33.3	42.8	36.0
Narrow liquid assets/3-month wholesale funding (x)	2.3	2.3	3.1	1.9	2.4

*Data as of June 30.

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
- ARCHIVE | Criteria | Financial Institutions | Banks: Bank Hybrid Capital And Nondeferrable Subordinated Debt Methodology And Assumptions, Jan. 29, 2015
- ARCHIVE | 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
- ARCHIVE | General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

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 December 1, 2021)*

Basler Kantonalbank	
Issuer Credit Rating	AA+/Stable/A-1+
Junior Subordinated	BBB-
Senior Unsecured	AA+
Issuer Credit Ratings History	
12-Nov-2018	AA+/Stable/A-1+
13-Nov-2017	AA/Positive/A-1+
06-Aug-2013	AA/Stable/A-1+
Sovereign Rating	
Switzerland	AAA/Stable/A-1+
Related Entities	
Bank Cler AG	
Issuer Credit Rating	A-/Stable/--
Junior Subordinated	BB+
Basel-City (Canton of)	
Issuer Credit Rating	AAA/Stable/A-1+
Senior Unsecured	AAA

*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.