S&P Global
Ratings

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Basler Kantonalbank

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Table Of Contents

Basler Kantonalbank

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

+

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

+

Additional Factors	0

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

Major Rating Factors

Strengths:	Weaknesses:
• Extremely high likelihood of support from the Swiss Canton of Basel-City. • Very strong capitalization supported by stable earnings generation. • Very strong customer franchise in home region.	• Limited growth prospects in the saturated Basel-City banking market. • Earnings pressure from lower for longer interest-rate cycle. • Relatively weak operating efficiency, expected to gradually improve through synergies with Bank Cler.

Outlook: Stable

S&P Global Ratings' stable outlook on Switzerland-based Basler Kantonalbank (BKB) reflects that on its owner and guarantor, the Swiss 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 of Basel-City 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, a downside scenario is currently remote. It could be triggered if we lowered our ratings on the Canton of Basel-City, which currently is an unlikely scenario considering 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 of Basel-City, 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 be the case if the bank, for example, depleted its strong capital base due to high unexpected losses caused by the COVID-19 pandemic or if the efficiency and profitability of the bank 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 stand-alone creditworthiness 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.

Rationale

Our rating on BKB reflects its strong and sustainable but regionally concentrated cantonal franchise, supported by low economic and industry risk for Swiss banks. In our view, the bank will remain resilient amid the ongoing COVID-19 pandemic and related recession.

We view the bank's superior capitalization (in a global comparison) as a key rating strength. The bank has demonstrated progress in improving its group risk-management systems in recent years, but continues to be a negative outlier among Swiss cantonal peers in our assessment of its risk position. This reflects BKB's weaker risk-adjusted profitability owing to weaker efficiency, comparably higher single-name concentrations, and a higher share of more cyclical real estate lending.

We also take into account an untested track record of managing its subsidiary Bank Cler through the cycle, and its related above-market growth in nationwide residential mortgage lending and small and midsize enterprise (SME) lending.

We expect BKB's funding and liquidity profile will remain sound, but a neutral rating factor, in line with that of most of its Swiss cantonal bank peers, because of its solid base of granular customer deposits and the cantonal guarantee.

Anchor: 'a-' as a commercial bank operating 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, such as BKB, operating mainly in Switzerland is 'a-'. We consider the trend for economic and industry risk in Switzerland as stable.

We expect Switzerland's economy will contract materially in 2020 due to the COVID-19 pandemic, but will fully recover over the coming two years. Under this scenario, 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' material 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 COVID-19 pandemic.

Our view of industry risk in Switzerland encompasses the stability of the domestic banking sector and our expectation that damage from the COVID-19 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 gradually 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 will offset some of the pressure. We consider risk for Swiss banks from tech disruption as limited as of today, given the population's preference for cash payments, the small size of the market with high barriers of entry, and technologically well-equipped banks.

Table 1

Basler Kantonalbank--Key Figures

	--Year ended Dec. 31--				
(Mil. CHF)	**2020***	**2019**	**2018**	**2017**	**2016**
Adjusted assets	51,429.5	44,808.9	44,031.1	40,770.3	38,512.3
Customer loans (gross)	32,610.1	31,742.2	30,478.9	28,876.0	27,954.5
Adjusted common equity	3,816.1	3,768.9	3,616.3	3,687.5	3,605.5
Operating revenues	264.5	553.4	557.4	597.0	564.7
Noninterest expenses	194.4	385.3	374.8	420.5	365.0

Table 1

Basler Kantonalbank--Key Figures (cont.)					
	--Year ended Dec. 31--				
(Mil. CHF)	**2020***	**2019**	**2018**	**2017**	**2016**
Core earnings	57.3	150.6	220.3	179.5	192.3

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

Business position: Strong and resilient, but regionally focused market franchise

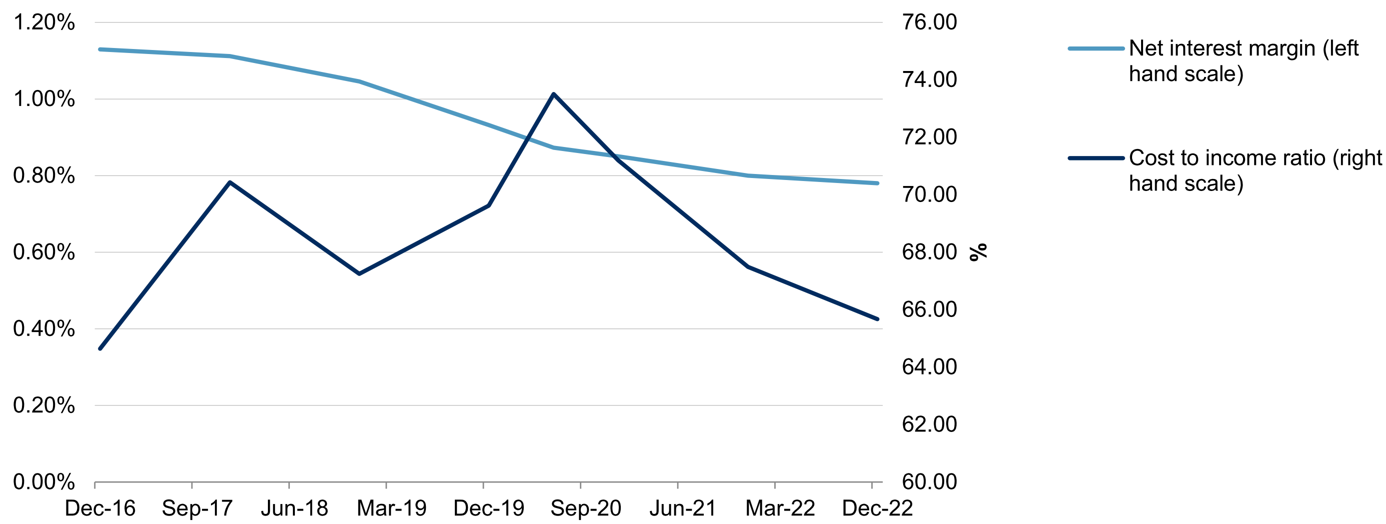
We expect BKB will continue to benefit from its strong and sustainable franchise as the local cantonal bank, supported by its developed digital-banking platform. This is balanced by BKB's geographic concentration from its regional focus in a saturated market, like many other Swiss cantonal banks. We expect BKB will remain the eighth-largest bank in Switzerland, with total consolidated assets of Swiss franc (CHF) 51 billion as of June 30, 2020.

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".

We believe this is in line with the bank's strategic focus on its core lending competencies, moderate growth, and digitalization in recent years. Ancillary private banking and trading business provide some diversity, but we expect these will continue to contribute a moderate proportion of operating revenue. Since 2020, client-initiated foreign exchange and precious metals trading operations have been complemented by repurchase and reverse repurchase activities. We expect benign risk appetite in these new activities but also minor earnings contribution. Interest income will remain the most relevant earnings driver, contributing about 65% of operating revenue. 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

Improving Efficiency Will Temporarily Offset Continuing Pressure On Net Interest Margin



Source: S&P Global Ratings.

We anticipate that Bank Cler will experience somewhat higher loan growth than BKB over the medium term due to propelled Swiss-wide growth initiatives, which is an additional business opportunity that most other cantonal banks with a traditional sole regional focus do not have. We expect Bank Cler will contribute about 40% of the consolidated group's operating revenue over coming years.

Table 2

Basler Kantonalbank--Business Position					
	--Year ended Dec. 31--				
(%)	**2020***	**2019**	**2018**	**2017**	**2016**
Total revenues from business line (currency in millions)	265.4	556.7	636.4	680.7	601.8
Commercial & retail banking/total revenues from business line	80.9	82.4	85.1	85.4	84.5
Asset management/total revenues from business line	19.1	17.6	14.9	14.6	15.5
Return on average common equity	2.6	2.9	5.2	5.2	3.7

*Data as of June 30.

Capital and earnings: Maintaining main strength from very strong capitalization

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 23.7% at year-end 2019, elevated from 20.8% in 2018, driven by lower market risk in its trading book. We expect this will reverse in 2020, such that our projected RAC ratio should stabilize above 20%, still a very strong level.

Our projected RAC ratio incorporates a strong increase in market risk risk-weighted assets in 2020 and 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 2019, its total capital ratio was 17.4% compared with an 12.8% capital requirement. The pandemic-induced 2020 recession should have only a marginal impact on the bank's capitalization because its resilient profitability should ensure earnings retention despite distributions to the canton.

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 margin deterioration in BKB's loan book. Loan growth alone will not provide relief from this pressure.

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 basis points 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 years due to increasing synergies between BKB and Bank Cler.

Of 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. Even for 2020, we expect credit losses of about CHF20 million, or 20% of our normalized loss assumption.

Table 3

Basler Kantonalbank--Capital And Earnings

	--Year ended Dec. 31--				
(%)	**2020***	**2019**	**2018**	**2017**	**2016**
Tier 1 capital ratio	N/A	17.4	17.4	18.4	18.2
S&P Global Ratings’ RAC ratio before diversification	N/A	23.7	20.8	22.0	16.8
S&P Global Ratings’ RAC ratio after diversification	N/A	15.6	15.0	15.9	12.9
Adjusted common equity/total adjusted capital	100.0	97.4	97.3	97.4	97.3
Net interest income/operating revenues	66.8	62.5	64.9	60.4	63.1
Fee income/operating revenues	23.7	22.6	22.1	20.9	22.0
Market-sensitive income/operating revenues	8.2	12.5	10.9	17.2	13.4
Cost to income ratio	73.5	69.6	67.2	70.4	64.6
Preprovision operating income/average assets	0.3	0.4	0.4	0.4	0.5
Core earnings/average managed assets	0.2	0.3	0.5	0.5	0.5

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

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	7,568,625.0	543,095.4	7.2	48,766.1	0.6
Of which regional governments and local authorities	1,285,908,160,275.0	543,095,370,251.0	422,343,824,410,334.0	462,926,937,699.0	36.0
Institutions and CCPs	4,701,659.5	829,473.0	17.6	578,746.6	12.3
Corporate	5,572,253.2	4,394,017.7	78.9	3,658,046.5	65.6
Retail	27,458,879.3	13,049,160.2	47.5	8,638,331.0	31.5
Of which mortgage	21,761,828.3	7,947,264.3	36.5	5,042,176.2	23.2
Securitization§	0.0	0.0	0.0	0.0	0.0
Other assets†	71,425.6	61,396.7	86.0	81,646.3	114.3
Total credit risk	45,372,842.7	18,877,142.9	41.6	13,005,536.5	28.7
Credit valuation adjustment					
Total credit valuation adjustment	--	1,368,242.0	--	0.0	--
Market Risk					
Equity in the banking book	72,077.5	99,259.4	137.7	540,581.3	750.0
Trading book market risk	--	946,089.2	--	1,667,540.6	--
Total market risk	--	1,045,348.6	--	2,208,121.9	--
Operational risk					
Total operational risk	--	1,062,846.3	--	1,119,399.4	--
	Exposure	**Basel III RWA**	**Average Basel II RW (%)**	**S&P Global Ratings RWA**	**% of S&P Global Ratings RWA**
Diversification adjustments					
RWA before diversification	--	22,553,673.4	--	16,333,057.8	100.0
Total diversification/ concentration adjustments	--	--	--	8,403,944.5	51.5
RWA after diversification	--	22,553,673.4	--	24,737,002.2	151.5
		Tier 1 capital	**Tier 1 ratio (%)**	**Total adjusted capital**	**S&P Global Ratings RAC ratio (%)**
Capital ratio					
Capital ratio before adjustments		3,920,429.0	17.4	3,868,853.0	23.7
Capital ratio after adjustments‡		3,920,429.0	17.4	3,868,853.0	15.6

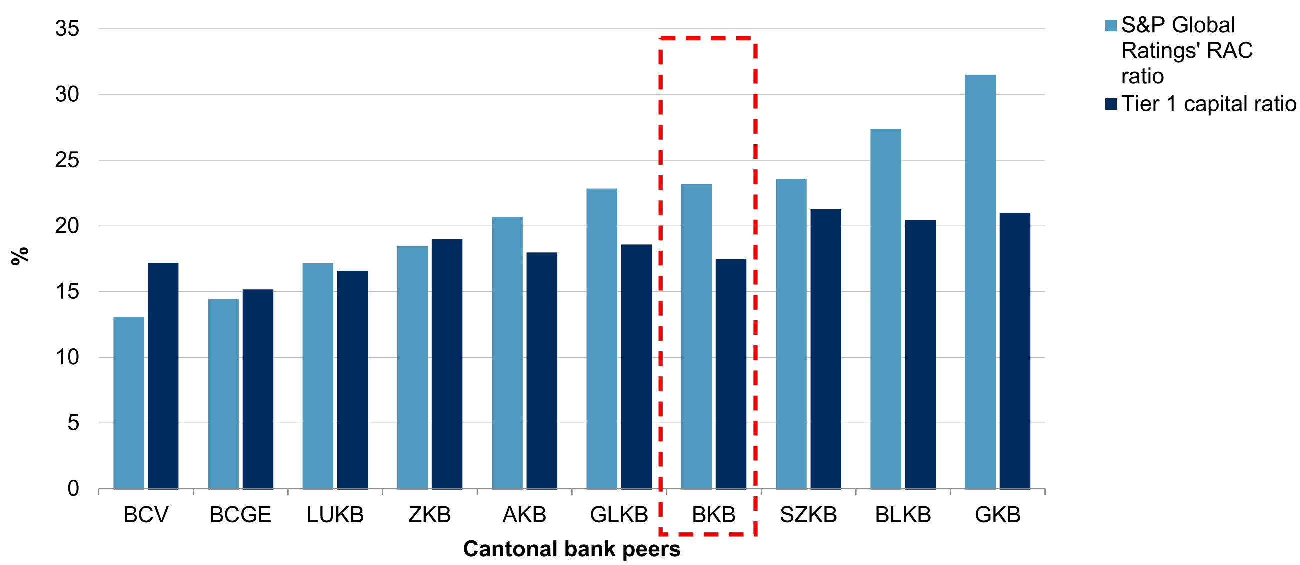
Table 4

Basler Kantonalbank--Risk-Adjusted Capital Framework Data (cont.)

*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. CCPs--Central counterparty clearing house. Sources: Company data as of Dec. 31, 2019, S&P Global Ratings.

Chart 2

BKB's Risk-Adjusted Capitalization Is About Average Compared With Peers But Extraordinary In A Global Comparison



RAC--Risk adjusted capital. 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 and an untested track record of managing Bank Cler through the cycle, considering its related above-market growth in nationwide residential mortgage lending and SME lending.

We view as BKB's sound asset quality as supporting the rating, with prudent underwriting and low-risk collateralized residential mortgage lending, although the majority relates to investment properties, which we view as more risky than own use properties.

We believe that limited growth perspectives 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 10% 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 COVID-19 environment so far, reflected in new loan loss provisions of only 4bps in first-half 2020. For 2021, we expect slightly higher credit losses as government support programs run out and nonperforming loans (NPLs) could peak at about 0.5% of total loans. We note that BKB's NPL ratio, which was 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 240% of NPL's as of end 2019.

Table 5

Basler Kantonalbank--Risk Position

	--Year ended Dec. 31--				
(%)	**2020***	**2019**	**2018**	**2017**	**2016**
Growth in customer loans	5.5	4.1	5.6	3.3	2.8
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	51.5	38.7	38.3	29.8
Total managed assets/adjusted common equity (x)	13.5	11.9	12.2	11.1	10.7
New loan loss provisions/average customer loans	0.0	0.0	(0.2)	(0.0)	(0.0)
Net charge-offs/average customer loans	N.M.	(0.0)	0.0	(0.0)	0.0
Gross nonperforming assets/customer loans + other real estate owned	N/A	0.3	0.1	0.1	0.2
Loan loss reserves/gross nonperforming assets	N/A	240.3	445.5	616.6	444.4

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

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 2019, the bank's stable core customer deposits accounted for 65% of its funding base, while the loan to deposit ratio of 112% 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 the bank's stable funding ratio that we expect to remain clearly above 100%, after 116% as of mid-year 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 supported by the cantonal guarantee, which we expect will remain in place in the coming years. Moreover, the shareholder and guarantee structure gives BKB access to low-cost, long-term wholesale funding (21% of its total funding base) and the ability to issue covered bonds.

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 mid-year 2020. This supports our view that BKB's liquid assets comfortably cover its short-term wholesale funding needs. The regulatory liquidity coverage ratio, which is based on the 30-day time horizon, had increased to 184% by the end of June 2020, from 138% a year before, despite some increased drawing of credit lines by customers. 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.

Table 6

Basler Kantonalbank--Funding And Liquidity

	--Year ended Dec. 31--				
(%)	**2020***	**2019**	**2018**	**2017**	**2016**
Core deposits/funding base	62.1	65.8	63.3	67.1	69.2
Customer loans (net)/customer deposits	112.1	119.3	121.5	118.2	118.5
Long-term funding ratio	84.1	89.6	85.6	89.2	89.3
Stable funding ratio	116.5	110.9	109.0	107.0	108.0
Short-term wholesale funding/funding base	17.2	11.5	15.8	12.0	12.0
Broad liquid assets/short-term wholesale funding (x)	1.8	1.9	1.6	1.6	1.7
Net broad liquid assets/short-term customer deposits	22.3	16.4	14.8	11.6	12.7
Short-term wholesale funding/total wholesale funding	45.5	33.3	42.8	36.0	38.5
Narrow liquid assets/3-month wholesale funding (x)	2.6	3.1	1.9	2.4	2.4

*Data as of June 30.

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 a government-owned bank we are mindful of political influence but observe that its supervisory board solely consists of nonpoliticians, though with limited banking background. 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 the bank's organization and business activities are not very complex, we do not currently view this as negative.

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 what we question 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 assetss under Basel III.

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, July 1, 2019
- General Criteria: Group Rating Methodology, July 1, 2019
- 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
- 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

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 11, 2020)*

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.