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Ratings

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PostFinance AG

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PostFinance AG

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

\+

Support	+3
ALAC Support	0
GRE Support	+3
Group Support	0
Sovereign Support	0

\+

Additional Factors	0

Issuer Credit Rating

AA+/Stable/A-1+

Major Rating Factors

Strengths:	Weaknesses:
• Legally mandated provider of essential banking services in Switzerland. • Above-average funding profile and superior liquidity position. • Robust capitalization.	• Low-interest-rate cycle materially challenges earnings capacity. • Narrow business model, due to a legal restriction on extending loans to Swiss households and companies. • Large single-name and sector concentrations in the investment portfolio.

Outlook: Stable

S&P Global Ratings' outlook on Switzerland-based bank PostFinance AG, a subsidiary of Die Schweizerische Post AG (DSP) (together, the Swiss Post group) is stable. The outlook reflects that on the ultimate owner, Switzerland, over our 24-month forecast horizon. We expect that the Swiss Post group's very close links to the state, its ownership, and its mandate to provide key public services will not materially change in the foreseeable future. Moreover, the outlook reflects our view that the group will maintain a sound financial profile in an expected stable economic operating environment in Switzerland.

We regard core members of the Swiss Post group, such as PostFinance, as government-related entities (GREs) with an extremely high likelihood of receiving extraordinary government support if needed. Since the Swiss Post group operates essentially on behalf of the government, it provides key public services to the Swiss population, and it has a very strong and durable link with the government.

Consequently, we continue to closely monitor any material change of group members' roles and links with the government that could lead us to revise our assessment of their GRE status. This in turn could have one or more notches of negative rating implications for DSP, as the group's non-operating holding company (NOHC), and for PostFinance. We acknowledge discussions about the potential privatization of PostFinance, but, in our base-case expectations, we think that there will be no changes to GRE status in the foreseeable future.

We view the likelihood of a positive rating action for DSP and PostFinance as remote at this stage, because this would require a material strengthening of DSP's unsupported group credit profile (uGCP) by three notches or more to 'aa-' or better. A positive rating action would also depend on our view that a long-term equalization of the ratings on the Swiss Post group with those on Switzerland is appropriate in the absence of an explicit state guarantee.

Rationale

We take into account that PostFinance benefits from operating in Switzerland's highly diversified and competitive economy, the country's very high household income levels, and Swiss banks' prudent loan underwriting standards. PostFinance's anchor remains 'a-', which is the starting point of our ratings assessment for banks mainly operating in Switzerland.

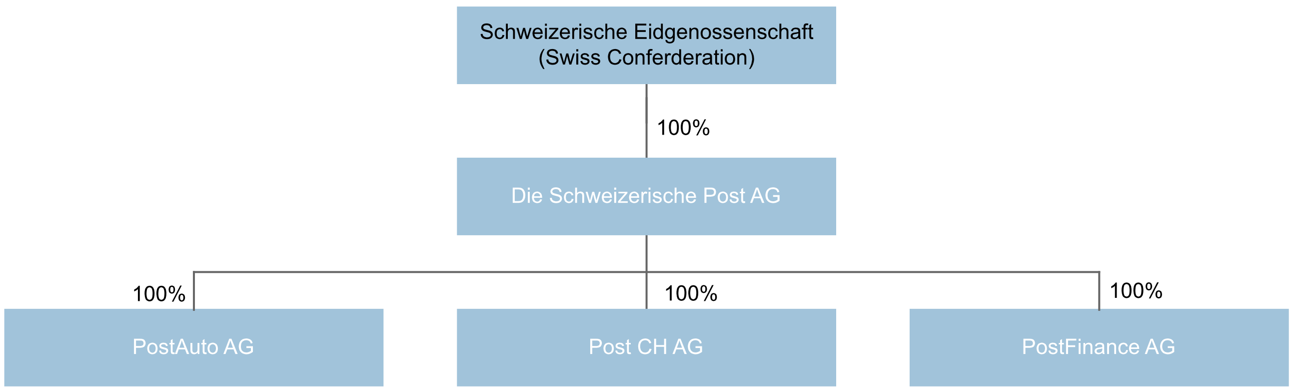
We consider PostFinance's business position as adequate, reflecting its franchise as one of the largest deposit-taking institutions in Switzerland. We also expect that PostFinance will maintain very strong capital and earnings, as represented by our projection of a risk-adjusted capital (RAC) ratio of about 16% over the next 24 months. This is partly offset by PostFinance's moderate risk position owing to single-name and sector concentrations in its large investment portfolio.

We continue to assess PostFinance's funding as above average and its liquidity as strong because of its solid base of granular customer deposits and its role as cash provider to the domestic interbank market. As a result, we assess PostFinance's stand-alone credit profile (SACP) at 'a+'.

On June 26, 2013, DSP's legal form changed to a special-law joint-stock company from that of a public-law institution.

Simultaneously, the main operating divisions were legally segregated from DSP, which will remain their full owner. The Swiss Post group comprises the holding company, DSP, and three main subsidiaries: PostFinance (financial services), Post CH AG (communication/logistic operations), and PostAuto AG (public passenger transport) (see chart).

Swiss Post Group Organizational Structure



Although DSP is an NOHC, its probability of default is not materially different from that of the group's core operating subsidiaries, in our view. This is because we believe that any extraordinary government support for core group members, such as PostFinance, would be supplied through DSP. Our view is supported by the current legal framework in Switzerland, under which DSP has an implicit financing agreement with the federal treasury that allows it to receive funding at very short notice if in distress. A capital injection would require approval from the Swiss parliament. We therefore do not consider DSP to be structurally subordinated to the operating entities.

As an NOHC, DSP relies on distributions from its operating subsidiaries, including dividend payments and license fees, to repay its outstanding debt (Swiss francs [CHF] 1.3 billion at year-end 2017). The diversity of the Swiss Post group's activities supports our equalization of the rating on DSP with that on PostFinance, although PostFinance has been regulated by the Swiss Financial Market Supervisory Authority (FINMA) since June 2013.

We have used our bank rating methodology to determine Swiss Post's GCP because the main subsidiary--PostFinance--is a major deposit-taking institution in Switzerland and dominates the group's balance sheet and operating profit (96% and 53%, respectively, as of year-end 2017). Nevertheless, we include the group's corporate activities in our overall assessment.

Anchor: 'a-' to mainly reflect exposures PostFinance's operations in Switzerland

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

Because PostFinance has no lending business, we consider the weighted-average economic risk in the countries that

PostFinance is exposed to through its large investment portfolio and from its operations in Switzerland. About 10% of the portfolio relates to countries with comparatively higher economic risk than Switzerland. Therefore, the anchor is sensitive to an increase in exposure to such countries.

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 the past several years. Although imbalances remain moderate in a global context, they have led the regulator to enact macro prudential measures to rein in growth in mortgage indebtedness. We recognize that house price growth has 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 very high 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

PostFinance AG Key Figures

	--Year-ended Dec. 31--				
(Mil. CHF)	**2017**	**2016**	**2015**	**2014**	**2013**
Adjusted assets	120,633.0	119,179.0	114,289.0	118,846.0	115,218.0
Customer loans (gross)	12,379.0	13,385.0	11,255.0	11,139.0	9,895.0
Adjusted common equity	5,560.0	5,381.0	5,282.0	5,082.0	4,907.0
Operating revenues	1,510.0	1,547.0	1,572.0	1,519.0	1,481.0
Noninterest expenses	1,255.0	1,079.0	1,099.0	1,017.0	992.0
Core earnings	266.5	421.8	417.8	361.4	410.3

CHF--CHF-Swiss Franc. N.A.--Not available. N/A--Not applicable. N.M.--Not meaningful.

Business position: One of the largest retail banks in Switzerland, but with a narrow business model

We regard PostFinance's business position as adequate. This reflects our view of PostFinance as one of Switzerland's largest retail banks, with 2.9 million customers and a solid market share of 14% in customer deposits. Moreover, PostFinance provides two-thirds of all payment transactions in Switzerland, reflecting its public mandate to provide essential banking services in Switzerland and under Swiss postal law.

DSP is the incumbent postal operator in Switzerland. It has a dense branch network and its revenues totaled CHF3.8 billion for the six months ended June 30, 2018, compared with CHF4.0 billion in the first half of 2017. DSP's assets totaled CHF132 billion as of June 30, 2018, and it is the second-largest employer in Switzerland, with more than 48,000 employees (full-time equivalent).

DSP's banking subsidiary PostFinance is one of the country's largest retail banks. Mid-year 2018, it had total assets of CHF127 billion, and about three million retail and business clients. PostFinance has a legal mandate to provide basic services for payment transactions in Switzerland according to Swiss postal law, which we expect will continue over the medium term. We expect the bank to build on its leading position in domestic payment transactions; it is effectively party to two-thirds of non-cash payments in Switzerland, with about one trillion transactions annually. The banking operations should, in our view, further benefit from very strong customer confidence, shown by high client penetration, especially among retail and business customers, and its solid market share of domestic customer deposits (estimated at 15%), as demonstrated by ongoing customer asset inflow. We understand that PostFinance has no intention to expand its business outside Switzerland (apart from payment services).

Swiss postal law prohibits PostFinance from lending; therefore it invests its excess liquidity in the Swiss National Bank (SNB) and in the international capital markets. We do not expect this restriction to change any time soon. However, PostFinance's revenues are particularly pressured by the ongoing low interest environment due to its lending restriction, and we expect interest rates to improve gradually not before late 2019. We believe this is a main economic reason why the Swiss government announced in late 2018 that it will perform a feasibility study under which PostFinance would be legally allowed to setup a nationwide lending business and to decide on the change to the law via a parliamentary process.

The Swiss government indicated it would be willing to privatize PostFinance partially if PostFinance were allowed to perform lending business, but also that it would remain committed and legally obliged to hold at least a 51% stake in PostFinance. The government also publicly announced in late 2018 its strong commitment to maintain and extend PostFinance's legal mandate to provide basic services for payment transactions in Switzerland.

From today's perspective, we believe a binding decision by Swiss parliament on maintaining or changing PostFinance's lending restrictions, in conjunction with a privatization scenario, is likely to appear only in 2020. Our base-case scenario for the parliament decision in 2020 is that there will be no changes to PostFinance's lending restrictions or state ownership. We take into account that a similar political initiative did not found parliamentary consensus back in 2008, and we believe parliament will also discuss a competitive landscape in which PostFinance competes nationwide with cantonal banks. If, around 2020, the Swiss parliament were to decide to change PostFinance's lending restrictions or ownership, we would need to consider a weakening of our GRE approach and potential impacts on DSP's and PostFinance's SACP, even though the restructuring and privatization process would likely take another one or two years minimum.

Without a lending business, PostFinance will likely continue placing its excess liquidity in the SNB and in international capital markets. Consequently, net interest income from PostFinance's large bond portfolio is the main source (55%-60%) of its comparatively stable revenue. Net commission from payment services, PostFinance cards, sales of savings and investment products, and loan intermediation generate about 21% of income; and other activity, including foreign currency trading, the remainder, at about 22%. Although we anticipate that the service and advisory business will gain importance over time, we don't expect that PostFinance's revenue structure will change significantly over the next two years.

In our view, management demonstrates a low risk appetite, and we expect it will maintain its conservative investment policy defined by country, counterparty, and rating limits. The owner's targets are reasonable, in our view, and support our assessment of PostFinance's prudent management and strategy.

Table 2

PostFinance AG Business Position					
	--Year-ended Dec. 31--				
(%)	2017	2016	2015	2014	2013
Total revenues from business line (mil. CHF)	1,600.0	1,689.0	1,576.0	1,526.0	1,552.0
Commercial & retail banking/total revenues from business line	100.0	100.0	100.0	100.0	100.0
Return on average common equity	2.0	4.5	3.2	2.4	N/A

N.A.--Not available. N/A--Not applicable. N.M.--Not meaningful.

Capital and earnings:Very strong capitalization to gradually improve further

We expect PostFinance's capital position to remain a particular rating strength that compares well in a global context. Our view is based primarily on our projection that PostFinance's RAC ratio will gradually increase to about 16.0% in the next 24 months, from 14.6% at year-end 2017.

In our base case, we expect PostFinance will generate relatively subdued net interest income of CHF750 million in 2018-2020 from its investment portfolio. We anticipate that PostFinance will continue to cautiously increase its investment activity in the capital markets in 2018, under its conservative investment policy. This will also mitigate the SNB's early 2015 decision to introduce negative interest rates on sight deposits placed at the central bank. PostFinance will, in our view, remain the main profit contributor to the Swiss Post group and we expect it will upstream a major part of its net annual profit of CHF130 million-CHF150 million (under Swiss bank accounting guidelines) to DSP in 2018-2019. However, we expect that amortization of goodwill (CHF200 million annually until 2022) will allow PostFinance to build up its capital over the next few years until goodwill is fully amortized.

PostFinance's quality of capital is very strong, in our view, because its total adjusted capital (TAC), our measure of loss-absorbing capital, consists mainly of paid-in capital. We estimate PostFinance's three-year average (2017-2019) earnings buffer to be higher than 31 basis points, which indicates that its earnings have weak capacity to cover normalized losses. Also, reflecting limitations of the business model, PostFinance's operating efficiency is weaker than that of Swiss peers, in our view; we project the cost-to-income ratio at about 80% over the next two years. However, we don't think that this weaknesses will weigh on the overall assessment, reflecting the entity's beneficial track record of risk costs materially below our estimated normalized costs.

Table 3

PostFinance AG Capital And Earnings					
	--Year-ended Dec. 31--				
(%)	2017	2016	2015	2014	2013
Tier 1 capital ratio	17.1	17.1	19.5	20.1	N/A
S&P Global Ratings' RAC ratio before diversification	14.6	14.7	N/A	16.7	29.3
S&P Global Ratings' RAC ratio after diversification	12.1	10.5	N/A	12.0	28.1
Adjusted common equity/total adjusted capital	100.0	100.0	100.0	100.0	100.0
Net interest income/operating revenues	57.2	59.5	60.6	63.5	63.1

Table 3

PostFinance AG Capital And Earnings (cont.)

	--Year-ended Dec. 31--				
(%)	**2017**	**2016**	**2015**	**2014**	**2013**
Fee income/operating revenues	16.9	14.7	12.6	11.5	10.7
Market-sensitive income/operating revenues	19.1	15.4	14.1	13.4	11.7
Noninterest expenses/operating revenues	83.1	69.7	69.9	67.0	67.0
Preprovision operating income/average assets	0.2	0.4	0.4	0.4	N/A
Core earnings/average managed assets	0.2	0.4	0.4	0.3	N/A

N.A.--Not available. N/A--Not applicable. N.M.--Not meaningful.

Table 4

PostFinance AG 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 and central banks	3,792,132	312,475	8	138,631	4
Of which regional governments and local authorities	0	0	0	0	0
Institutions and CCPs	58,998,568	9,853,635	17	9,917,241	17
Corporate	18,356,469	15,978,997	87	14,818,470	81
Retail	1,236,065	1,186,544	96	917,439	74
Of which mortgage	0	0	0	0	0
Securitization§	0	0	0	0	0
Other assets†	30,525	30,368	99	30,114	99
Total credit risk	82,413,760	27,362,019	33	25,821,895	31
Credit valuation adjustment					
Total credit valuation adjustment	--	119,761	--	0	--
Market risk					
Equity in the banking book	1,326,956	1,735,336	131	9,101,292	686
Trading book market risk	--	131,633	--	197,449	--
Total market risk	--	1,866,969	--	9,298,742	--
Operational risk					
Total operational risk	--	2,617,417	--	2,947,500	--
(CHF 000s)		**Basel III RWA**		**S&P Global RWA**	**% of S&P Global RWA**
Diversification adjustments					
RWA before diversification		33,218,171		38,068,137	100
Total Diversification/Concentration Adjustments		--		7,811,278	21
RWA after diversification		33,218,171		45,879,415	121

Table 4

PostFinance AG Risk-Adjusted Capital Framework Data (cont.)

(CHF 000s)	Tier 1 capital	Tier 1 ratio (%)	Total adjusted capital	S&P Global RAC ratio (%)
Capital ratio				
Capital ratio before adjustments	5,682,294	17.1	5,560,000	14.6
Capital ratio after adjustments‡	5,682,294	17.1	5,560,000	12.1

*Exposure at default. §Securitisation Exposure includes the securitisation tranches deducted from capital in the regulatory framework. †Other assets includes Deferred Tax Assets (DTAs) not deducted from ACE. ‡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, 2017, S&P Global.

Risk position: Concentration risks in the investment portfolio

We expect PostFinance's risk position to remain a relative weakness compared with many Swiss peers, reflecting mainly its single-name and sector concentrations in its investment portfolio. Because PostFinance is not allowed to extend loans, it invests most of its liquidity in high-quality securities. While quality of the portfolio is very high, we believe concentrations result in higher sensitivity to tail events than for the peer average for Swiss banks and other peers operating in similar economic risk environment.

PostFinance's investments totaled about CHF80 billion (64% of total assets) at year-end 2017, comprising mainly covered bonds (25%) and public-sector bonds (42%). We expect the portfolio's quality to remain very high--48% rated 'AAA' or 94% at least 'A'--in line with PostFinance's conservative investment policy, although the risks from single-name exposures will likely stay high. We also note that PostFinance's exposure to bonds issued by sovereign governments on Europe's southern periphery, mainly Spain and Italy, has decreased to a manageable amount of less than 5% of mid-year 2018 TAC.

PostFinance records most of the financial assets as "held to maturity," which reduces earnings volatility. Furthermore, PostFinance has no trading book, but is marginally exposed to market risk from foreign currency positions in international payment transactions.

PostFinance has settled its legal dispute with the U.S.-related accounts by making a one-off payment of CHF2 million in 2017. We understand that PostFinance has never engaged in cross-border business, and wealth management is not part of its business strategy, but in December 2013, PostFinance registered as a "Category 2" bank in a program by the U.S. Department of Justice and Swiss officials that aims to resolve investigations into tax-related offenses by Swiss banks in connection with undeclared U.S.-related accounts. Banks in Category 2 could face prosecution and fines depending on the size of undeclared U.S. client assets.

Table 5

PostFinance AG Risk Position

	--Year-ended Dec. 31--				
(%)	**2017**	**2016**	**2015**	**2014**	**2013**
Growth in customer loans	(7.5)	18.9	1.0	12.6	N.M.
Total diversification adjustment/S&P Global Ratings' RWA before diversification	20.5	40.6	N/A	39.1	4.1
Total managed assets/adjusted common equity (x)	21.9	22.4	21.9	23.7	23.8
New loan loss provisions/average customer loans	(0.2)	(0.1)	(0.0)	0.9	N/A

Table 5

PostFinance AG Risk Position (cont.)

	--Year-ended Dec. 31--				
(%)	**2017**	**2016**	**2015**	**2014**	**2013**
Gross nonperforming assets/customer loans + other real estate owned	0.0	0.0	0.3	0.0	N/A
Loan loss reserves/gross nonperforming assets	20,600.0	21,600.0	770.6	9,450.0	N/A

N.A.--Not available. N/A--Not applicable. N.M.--Not meaningful.

Funding and liquidity: Ample liquidity from customer deposits

We consider PostFinance's funding above average and its liquidity position strong, reflecting its close ties to the Swiss government and its funding and liquidity metrics, which are superior to those of most global banks. With customer deposits of about CHF115 billion on June 30, 2018, representing 96% of total liabilities, PostFinance is a cash provider in the domestic interbank market. Customer deposits comprise equal shares of granular and very stable retail and business accounts.

In our view, PostFinance's sensitivity to customer confidence is very robust, thanks to its ownership structure and a partial state guarantee on deposits under Swiss Postal Law, which results in a constant net new money inflow. The Swiss government guarantees up to CHF100,000 of a customer's deposits until 2018 (in addition to amounts under the Swiss Deposit Protection Scheme), as well as obligations in place when the current postal law went into effect, until maturity of the obligations. PostFinance doesn't rely on wholesale funding, which is reflected in its superior stable funding ratio of above 140% at year-end 2017.

We consider liquidity strong because PostFinance's liquidity sources would allow it to operate for more than 12 months in the event of sudden customer withdrawals, without resorting to the debt capital markets. This is demonstrated by PostFinance's ratio of broad liquid assets to short-term wholesale funding of about 65x as of year-end 2017, which is superior to that of global banks.

Since mid-2011, PostFinance has been placing excess liquidity with the SNB, where it now holds a liquidity buffer of more than CHF35 billion. We do not expect a significant reduction in PostFinance's liquidity position at the SNB in the short term, despite the negative interest on sight deposits at SNB. Furthermore, we expect that the group will maintain a substantial portfolio of unencumbered assets eligible for sale and repurchase transactions with the SNB.

Table 6

PostFinance AG Funding And Liquidity

	--Year-ended Dec. 31--				
(%)	**2017**	**2016**	**2015**	**2014**	**2013**
Core deposits/funding base	99.4	97.1	98.7	97.4	97.7
Customer loans (net)/customer deposits	10.7	12.0	10.3	9.9	9.1
Long-term funding ratio	99.5	97.3	98.8	97.6	97.9
Stable funding ratio	141.7	469.5	509.1	534.3	564.6
Short-term wholesale funding/funding base	0.5	2.8	1.2	2.5	2.2
Broad liquid assets/short-term wholesale funding (x)	65.6	30.0	68.4	34.6	38.9
Net broad liquid assets/short-term customer deposits	31.7	83.3	84.9	85.8	86.6
Short-term wholesale funding/total wholesale funding	87.4	97.2	92.1	95.4	96.3

Table 6

PostFinance AG Funding And Liquidity (cont.)

	--Year-ended Dec. 31--				
(%)	**2017**	**2016**	**2015**	**2014**	**2013**
Narrow liquid assets/3-month wholesale funding (x)	66.6	29.9	68.9	34.6	39.6

N.A.--Not available. N/A--Not applicable. N.M.--Not meaningful.

External support: Three notches of uplift for potential government support

We consider PostFinance to be a GRE with an extremely high likelihood of extraordinary government support, which adds three notches of uplift to the SACP of 'a+'. We expect that, if needed, this support would be provided indirectly through the Swiss Post group's NOHC--DSP--in line with the legal framework in place.

Our view of an extremely high likelihood of extraordinary support reflects our assessment of PostFinance's:

- Critical role for the government as part of the Swiss Post group, which is to fulfil the legal mandate of providing essential services to the Swiss population. As such, in our view PostFinance remains one of the most important GREs in Switzerland, with a central role of meeting the government's political objectives; and
- Very strong link with the Swiss government, which owns PostFinance through DSP and approves its strategy. We believe that PostFinance will remain a core member of the Swiss Post group in the foreseeable future. We consider the possibility of full or partial privatization of PostFinance to be very remote over the medium-to-long term, even though Swiss Postal Law allows a minority shareholding by a third-party investor.

Disruptions of PostFinance's services could severely hamper Switzerland's banking system. Therefore, we view PostFinance as systemically important.

Based on enhancements to the Swiss bank resolution regime that came into effect on Jan. 1, 2016, we consider it uncertain that the Swiss sovereign would provide extraordinary government support to systemically important commercial banks like PostFinance. We also consider the Swiss resolution regime to be effective--that is, likely to ensure an orderly bail-in of liabilities to ensure that stressed systemically important institutions remain a going concern. We can therefore include notches of uplift for systemically important commercial banks that we expect will build sizable bail-in capacity buffers (additional loss-absorbing capacity) over the coming two-to-four years.

However, we consider GRE support to be the stronger external support element, given that it provides more notches of uplift than any uplift potentially available under our criteria for additional loss-absorbing capacity. Moreover, in our view the Swiss resolution framework does not impede state or cantonal owners' ability to provide extraordinary support to banks that we consider to be GREs.

Additional rating factors: None

No additional factors affect this 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
- Criteria - Financial Institutions - Banks: Bank Hybrid Capital And Nondeferrable Subordinated Debt Methodology And Assumptions, Jan. 29, 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: Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- Criteria - Financial Institutions - Banks: Banking Industry Country Risk Assessment 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 14, 2018)

PostFinance AG	
Issuer Credit Rating	AA+/Stable/A-1+
Issuer Credit Ratings History	
28-Jun-2013	AA+/Stable/A-1+
Sovereign Rating	
Switzerland	AAA/Stable/A-1+
Related Entities	
Die Schweizerische Post AG	
Issuer Credit Rating	AA+/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

Ratings Detail (As Of December 14, 2018) (cont.)

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.