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Ratings

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Banque Cantonale Vaudoise

Primary Credit Analyst:
Mathieu Plait, Paris (33) 1-4420-7364; mathieu.plait@spglobal.com

Secondary Contact:
Francois Moneger, Paris (33) 1-4420-6688; francois.moneger@spglobal.com

Table Of Contents

Major Rating Factors

Outlook

Rationale

Related Criteria

Related Research

Banque Cantonale Vaudoise

SACP	a
Anchor	a-	
Business Position	Adequate	0
Capital and Earnings	Strong	+1
Risk Position	Adequate	0
Funding	Average	0
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:
• Very high likelihood of support from the Swiss Canton of Vaud in the event of financial distress • Good franchise in the canton's resilient economy • More diverse business model than those of traditional Swiss cantonal banks • Ample liquidity buffer, and a large depositors base, although including a more volatile share from private-banking and institutional	• Persistent pressure on revenues from the low-for-long interest rate environment • High exposure to the real estate market in the Canton of Vaud • A presence in the high-risk, low-granularity trade finance business

Outlook: Stable

S&P Global Ratings' outlook on Switzerland-based Banque Cantonale Vaudoise (BCV) is stable, reflecting our view of a very high likelihood of support for the bank from the Canton of Vaud (AAA/Stable/--) in the event of financial stress.

Even if BCV's credit quality changed to the extent that we revised its group stand-alone credit profile (SACP) downward or upward by one notch, we would not revise our long-term rating on the bank, all else being equal. This is because, given our 'AAA' rating on the Canton of Vaud, any one-notch revision of the SACP would be offset by an opposite change in the uplift we attribute for extraordinary government support. All else being equal, a two-notch change in BCV's group SACP, upward or downward, would result in a one-notch change (in the same direction) of the issuer credit rating, but we do not consider this as a likely scenario in the next two years.

Rationale

We define BCV as a government-related entity (GRE). The rating reflects our view of the bank's dominant franchise in Vaud, supported by its operations in favorable conditions of low banking and industry risk for Swiss banks. In addition, the rating is supported by its more diverse business profile than for a typical Swiss cantonal bank, solid capital base and profitability that we see as a strength, average funding compared to peers and strong cash liquidity buffers. It also reflects our view that the risks are well managed although there is a concentration of risk in Vaud's real estate markets and a sizable exposure to low-granularity trade finance activities. We therefore assess BCV's group SACP at 'a', a level that compares well with that of peers, in particular other Swiss cantonal banks.

We add three notches of uplift for GRE support to the group SACP to reflect our view that BCV benefits from a very high likelihood of receiving extraordinary support from the canton if needed. We believe that the links between Vaud and BCV are very strong and durable, and that the role the bank plays within the canton is very important, as shown by its market-leading position locally.

Anchor:'a-' for Swiss banks operating mainly in Switzerland

Our criteria use our Banking Industry Country Risk Assessment economic risk and industry risk scores to determine a bank's anchor 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.

Our economic risk score of '2' for Switzerland reflects the country's highly diversified and competitive economy, very high household income levels, and banks' prudent loan underwriting standards. We also consider housing market risks. In our view, both house prices and household indebtedness remain historically high. The investment property segment (30% of the market) is a particular risk, in our view, where we have observed early signs of a price correction. We expect imbalances to remain moderate in a global context, also due to the regulator's macroprudential measures to rein in growth in mortgage debt and because of further strengthening of self-regulatory measures to prevent excessive risk taking in mortgage financing. Housing price growth have cooled down from 2014-2016 and has continuously increased since then with lending growth remaining at moderate levels. We also believe that very high mortgage debt level is mitigated by the large amount of financial assets, including pensions, households in Switzerland hold.

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

Table 1

Banque Cantonale Vaudoise--Key Figures						
	--Year ended Dec. 31--					
(Mil. CHF)	2019*	2018	2017	2016	2015	2014
Adjusted assets	48,262.0	47,769.0	45,330.0	44,002.0	43,328.0	41,973.0
Customer loans (gross)	32,862.0	31,850.0	30,335.0	29,933.0	29,537.0	29,849.0
Adjusted common equity	2,954.0	2,895.2	2,856.4	2,822.0	3,023.0	2,971.0
Operating revenues	992.0	982.6	986.8	971.9	1,024.7	993.2
Noninterest expenses	532.0	525.6	538.8	541.5	582.9	582.4
Core earnings	406.0	365.2	348.2	343.6	357.8	342.6

CHF--Swiss Franc. *S&P Global Ratings' estimate, pending disclosure of detailed financials for 2019.

Business position: Good franchise in Vaud and a more diverse business profile than a typical Swiss cantonal bank

Supporting our assessment is our view of BCV's sustained business stability and consistent approach to growth demonstrated by its management and strategy. The bank's new strategic plan for 2025 is not transformational. Indeed, we expect the bank will leverage on its solid fundamentals, continue to focus on customer satisfaction, cross-selling opportunities, and digitation to face increased competition from fintech and bigtech companies.

With total assets of 48.4 billion Swiss francs (CHF) at year-end 2019, BCV is the sixth-largest banking group in Switzerland and the second-largest Swiss cantonal bank. It has a market share of about 33% and the highest penetration rate (43%) in retail banking and among small and midsize enterprises in Vaud--one of the country's richest and most resilient cantons. The canton's GDP growth slightly outperformed Switzerland's GDP growth in 2018, at close to 3%. For the next two years, we expect Vaud's GDP growth to be lower but continue to slightly outperform Switzerland's GDP growth.

With CHF97.8 billion of assets under management on Dec. 31, 2019, up by 12% from year-end 2018, BCV has a good franchise in asset and wealth management, although its market share in private banking is much smaller than that in retail banking.

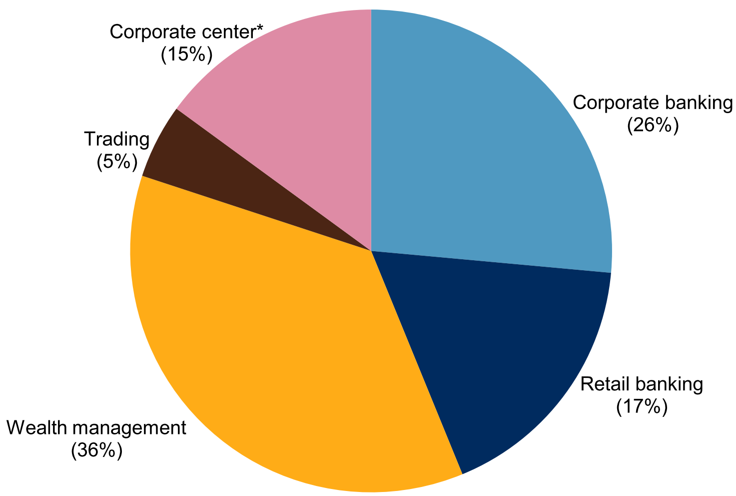
A definition of a unique corporate tax rate (13.79% from 20.95%) approved by the Vaud electorate in 2016 took effect beginning 2019. The reform is set to support the local economy by protecting the canton's economic attractiveness. In our view, it will ultimately have a limited impact on BCV's activities, while the bank's net income benefited from the lower tax charge (we estimate that it resulted in tax saving of about CHF27 million in 2019). Consequent to the lower taxes, BCV has announced an increased by CHF1 of its dividend to CHF36 per share.

We believe that the impact on the bank's private banking revenues (see charts 1 and 2) from pressure on Swiss banks, owing to tax conformity, is limited because most of BCV's assets are "onshore". In 2016, the bank completed its review process of all "offshore" customer portfolios in order to make them tax-compliant.

In addition to its traditional activities as a Swiss cantonal bank, BCV has a structured product business and is one of the main players in French-speaking Switzerland in transaction-based commodity trade finance, which relates mainly to metals, agro-business, and energy products. Apart from issuing structured products, about 75% of the bank's trading activity focuses on foreign exchange spot and derivatives transactions to serve clients' needs.

Chart 1

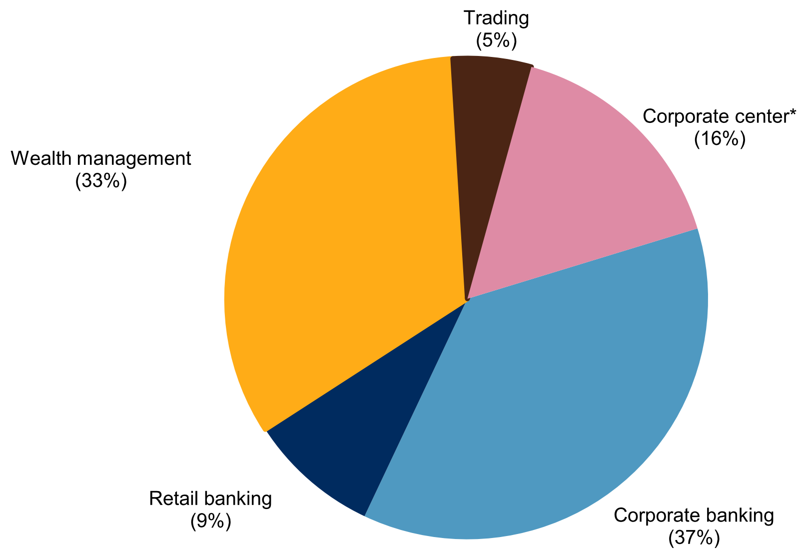
Banque Cantonale Vaudoise--2019 Revenue Split By Division



*The corporate center comprises the net gain/loss on asset and liability management, on interbank activities, and on fixed assets as well as gross interest on impaired loans handled by the Credit Recovery Management Department.

Chart 2

Banque Cantonale Vaudoise--2019 Operating Profit Split By Division



*The corporate center comprises the net gain/loss on asset and liability management, on interbank activities, and on fixed assets as well as gross interest on impaired loans handled by the Credit Recovery Management Department.

Table 2

Banque Cantonale Vaudoise--Business Position						
	--Fiscal year ended Dec. 31--					
(%)	2019*	2018	2017	2016	2015	2014
Total revenues from business line (mil. CHF)	993	1,017.5	1,003.6	978.6	1,053.3	995.8
Commercial banking/total revenues from business line	26.7	29.1	28.7	27.1	24.6	27.4
Retail banking/total revenues from business line	17.5	17.2	17.3	17.8	18.0	19.4
Commercial and retail banking/total revenues from business line	44.2	46.4	46.0	44.9	42.6	46.8
Trading and sales income/total revenues from business line	5.0	4.3	5.3	6.2	6.4	5.0
Asset management/total revenues from business line	36.6	35.2	35.6	33.1	32.1	37.1
Other revenues/total revenues from business line	14.2	14.1	13.1	15.8	18.9	11.1
Investment banking/total revenues from business line	5.0	4.3	5.3	6.2	6.4	5.0
Return on average common equity	10.2	10.0	9.3	9.1	10.0	8.9

Note: S&P Global Ratings-calculated. CHF--Swiss Franc. *S&P Global Ratings' estimate, pending disclosure of detailed financials for 2019.

Capital and earnings: Solid capital position

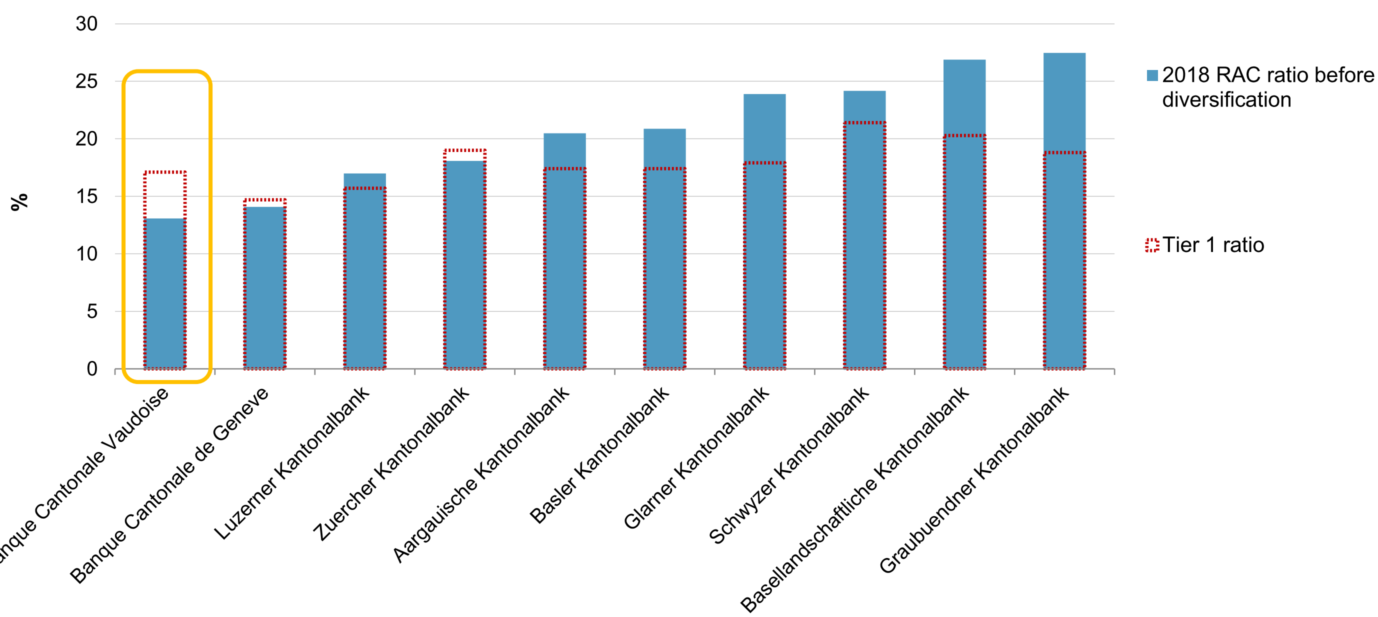
We view BCV's overall capital and earnings as solid. The group's risk-adjusted capital (RAC) ratio was 13.0% as of Dec. 31, 2018 (see chart 3). This was slightly below the 13.3% one year before, which reflected the close to 6% growth in credit risk exposures at default combined with limited retained earnings. We expect the RAC ratio to remain at 12.5%-13.0% over the next 18-24 months, given management's stated intention to continue paying high dividends, and despite our expectation of contained growth of exposures in the next couple of years. BCV distributed CHF301 million to shareholders out of its CHF350 million post-tax net income for 2018 and announced that it will distribute CHF310 million of its CHF363 million post-tax net income for 2019.

The quality of capital is high, composed almost entirely of common equity tier 1 (CET1) capital. BCV had a 17.1% CET1 ratio as of Dec. 31, 2019 (the total capital ratio at the same date was 17.3%). The group targets a minimum 13.0% CET1 ratio, while the Swiss regulator, FINMA, would intervene if the total capital ratio fell below 12%. BCV's CET1 ratio has been very stable at 17.1% over the past three years.

Our RAC ratio on BCV is among the lowest of the Swiss cantonal banks, but still high compared with that of other Swiss and international peers. It also has the largest negative gap with the regulatory tier 1 ratio, which is explained by the use of internal models, leading to an average regulatory risk weight lower than under the standardized approach. Indeed, BCV is the only Swiss cantonal bank, along with Zuercher Kantonalbank (if to a lower extent), to use internal model approaches. This also reflects the quality of BCV's credit risk management.

Chart 3

2018 RAC Ratio Before Diversification Versus Regulatory Tier 1 Ratio



To address rising property prices, in 2013, FINMA implemented a countercyclical buffer based on total regulatory risk-weighted assets (RWAs) on mortgage exposures. This buffer was set at 1% in September 2013 then raised to 2% in

2014. In addition, in 2013, FINMA introduced a bank-specific multiplier for regulatory RWAs on mortgages to reduce the difference in risk weights between banks using an internal rating-based approach and those using the standardized approach. The multiplier has been fully implemented since Jan. 1, 2019.

Margins on the liability side remain constrained by the negative interest rate environment in Switzerland. After the CHF363 million achieved in 2019, we expect BCV's annual post-tax profit to remain slightly above CHF350 million over 2020-2021. As the coronavirus pandemic escalates, the drastic effort to contain it will likely bring credit and business activity pressures to some extent. In this rapid evolving context, we may revise down our forecast. The bank's profitability, adjusted for risk, is strong, with a three-year average earnings buffer of about 1.6% in 2018, indicating adequate capacity for earnings to cover expected losses. We expect the bank to maintain a 1.5%-1.7% earnings buffer in the next two years. BCV is among the best in class compared to peers in terms of profitability with a cost-to-income ratio slightly below 55% and a return on common equity slightly above 10% in 2020 based on our calculation.

Chart 4

Banque Cantonale Vaudoise--Business Performance

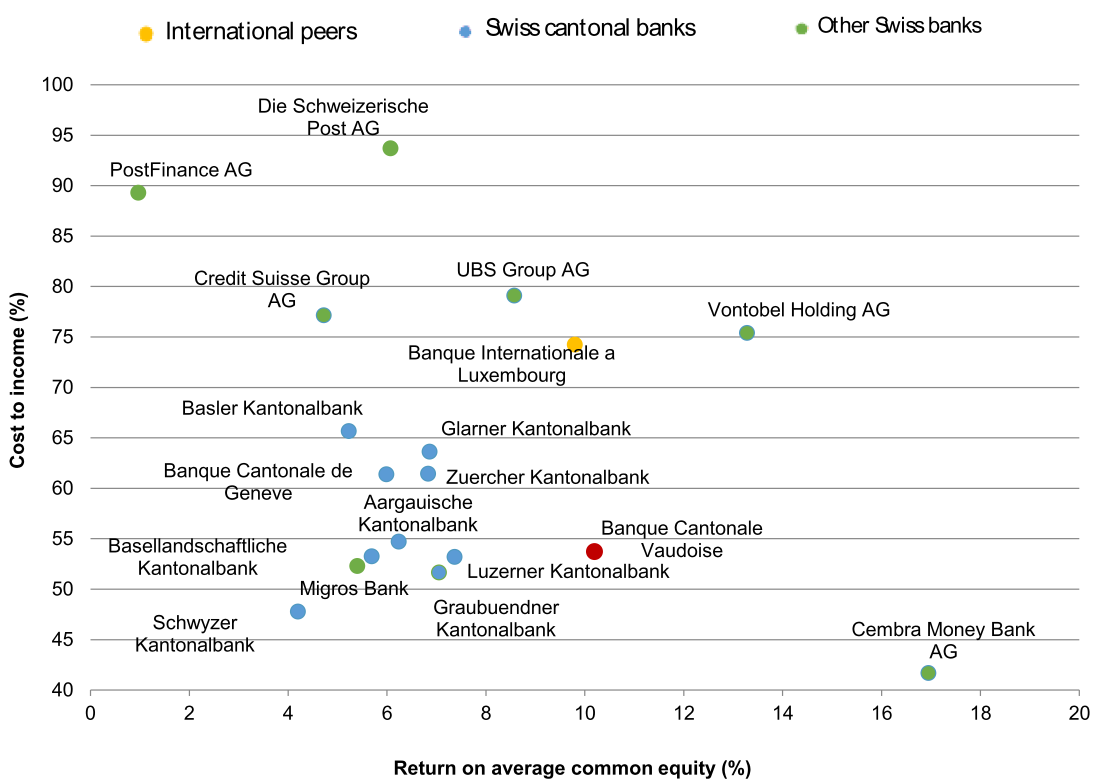


Table 3

Banque Cantonale Vaudoise--Capital And Earnings

	--Fiscal year ended Dec. 31--					
(%)	**2019***	**2018**	**2017**	**2016**	**2015**	**2014**
Tier 1 capital ratio	17.1	17.1	17.1	16.8	17.6	17.1

Table 3

Banque Cantonale Vaudoise--Capital And Earnings (cont.)

	--Fiscal year ended Dec. 31--					
(%)	**2019***	**2018**	**2017**	**2016**	**2015**	**2014**
S&P Global Ratings' RAC ratio before diversification	N/A	13.0	13.3	13.5	13.4	12.9
S&P Global Ratings' RAC ratio after diversification	N/A	11.6	11.8	12.1	12.9	12.5
Adjusted common equity/total adjusted capital	100.0	100.0	100.0	100.0	100.0	100.0
Net interest income/operating revenues	50.1	50.5	50.4	49.7	47.7	50.7
Fee income/operating revenues	32.6	32.3	32.1	31.7	32.4	34.6
Market-sensitive income/operating revenues	12.9	13.0	13.6	14.3	14.7	10.7
Noninterest expenses/operating revenues	53.7	53.5	54.6	55.7	56.9	58.6
Preprovision operating income/average assets	1.0	1.0	1.0	1.0	1.0	1.0
Core earnings/average managed assets	0.8	0.8	0.8	0.8	0.8	0.8

*S&P Global Ratings' estimate, pending disclosure of detailed financials for 2019. RAC--Risk-adjusted capital. N/A--Not Available

Table 4

Banque Cantonale Vaudoise--Risk-Adjusted Capital Framework Data

(Mil. CHF)	**Exposure***	**Basel III RWA**	**Average Basel III RW(%)**	**S&P Global Ratings RWA**	**Average S&P Global Ratings RW (%)**
Credit risk					
Government and central banks	10,608	423	4.0	79	0.7
Of which regional governments and local authorities	0	0	0.0	0	0.0
Institutions and CCPs	3,508	1,271	36.2	693	19.7
Corporate	16,013	9,012	56.3	11,384	71.1
Retail	19,002	4,342	22.9	5,200	27.4
Of which mortgage	17,212	3,726	21.6	4,016	23.3
Securitization§	0	0	0.0	0	0.0
Other assets†	580	575	99.1	574	98.9
Total credit risk	49,711	15,623	31.4	17,929	36.1
Credit valuation adjustment					
Total credit valuation adjustment	--	80	--	0	--
Market risk					
Equity in the banking book	103	203	197.7	321	312.3
Trading book market risk	--	178	--	267	--
Total market risk	--	381	--	588	--
Operational risk					
Total operational risk	--	1,755.8	--	3,735	--
	Exposure	**Basel III RWA**	**Average Basel II RW (%)**	**S&P Global Ratings RWA**	**% of S&P Global Ratings RWA**
Diversification adjustments					
RWA before diversification	--	18,423	--	22,251	100.0
Total Diversification/ Concentration Adjustments	--	--	--	2,748	12.4

Table 4

Banque Cantonale Vaudoise--Risk-Adjusted Capital Framework Data (cont.)				
RWA after diversification	-- 18,423		-- 24,999	112.4
	Tier 1 capital	**Tier 1 ratio (%)**	**Total adjusted capital**	**S&P Global Ratings RAC ratio (%)**
Capital ratio				
Capital ratio before adjustments	3,156	17.1	2,895	13.0
Capital ratio after adjustments‡	3,156	17.1	2,895	11.6

*Exposure at default. §Securitization Exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings’ risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital.CHF -- Swiss Franc. Sources: Company data as of 'Dec. 31 2018', S&P Global Ratings.

Risk position: Concentration of risk in Vaud's real estate markets and sizable trade finance exposures

Our assessment of BCV's risk position as adequate reflects the balance between the its high exposure to Vaud's property markets. We estimate that 70% of BCV's loans are for owner-occupied mortgages or income-producing real estate (we estimate that these loans traditionally account for only one-third of the bank's total income, however) and the bank enjoys a track record of very low cost of risk on its real estate exposures.

There has been strong cumulative growth in residential real-estate prices and domestic lending in Switzerland over the past several years, particularly mortgage lending. We believe this represents an incremental risk for Swiss banks that have mainly domestic operations and large exposure to the Swiss real estate market. However, we think this risk has lessened due to recent prudential measures to rein in mortgage debt growth. House price increases in Vaud partially reflect above-average economic growth in the canton and strong immigration-led demand compared with limited supply. House prices have been cooling locally since 2014, more particularly for luxury properties, but they remain historically high in our view. Furthermore, given BCV's significant exposure to residential real estate, we believe that an unexpected deterioration in prices could increase the bank's loan losses. However, we consider that the risk of a sharp correction in property prices is low. Also, BCV is not very exposed to the more risky rental housing market, which is dominated by pension funds and other institutional players. We estimate that the bank had about CHF6 billion of exposures on this market at end-2019, which is quite significant but represents a very small part of the new loan production.

BCV's underwriting standards support our assessment of its risk position. Loan-to-value ratios on new mortgage lending are capped at 80% for owner-occupied housing (lower levels are applied to buy-to-let), and borrowers must provide a minimum down payment of 20% in cash. Moreover, the annual cost of borrowing (calculated on a theoretical 7% interest rate) must not exceed one-third of a customer's annual net income. BCV experienced an annual growth of its mortgage portfolio to 3% in 2018 and 4% in 2019, that is lower than achieved by the whole Swiss market's (3.3%) and other cantonal banks' (4.1%) in 2018. We expect stable loan growth over our outlook horizon, with an annual increase of about 3% in 2020 and 2021. We could slightly revised down our loan growth forecasts if the economic conditions were to substantially worsen as a result of the coronavirus pandemic and related effort to contain it.

BCV was the first cantonal bank to file its regulatory reporting using the internal ratings-based approach. This reflects, in our view, the quality of its credit risk management. Gross nonperforming loans stood at a low 1% of total customer loans at year-end 2018 and we estimated it at 1% at year-end 2019, broadly unchanged since year-end 2014. The bank's riskiest positions include trade finance exposures, which stood at just above CHF1.8 billion at December 2019, compared with CHF2.1 billion at year-end 2018. Due to its low granularity in the portfolio, the cost of risk incurred in this business segment is volatile (for instance, it was zero in 2011, 2013, 2014, and 2018), while we estimate that, through the cycle, it would represent about one-third of BCV's total cost of credit risk.

Although BCV hedges market risk arising from its structured products and certificates businesses, some residual risk remains, mainly dividend and correlation type risk. Revenues associated with structured products and certificates account for just above 1% of total revenues, according to our estimates.

Table 5

Banque Cantonale Vaudoise--Risk Position

	--Year ended Dec. 31--					
(%)	**2019***	**2018**	**2017**	**2016**	**2015**	**2014**
Growth in customer loans	3.2	5.0	1.3	1.3	(1.0)	3.2
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	12.4	12.6	11.6	3.9	3.1
Total managed assets/adjusted common equity (x)	16.4	16.5	15.9	15.6	14.4	14.2
New loan loss provisions/average customer loans	(0.0)	0.0	0.1	0.0	(0.0)	(0.1)
Gross nonperforming assets/customer loans + other real estate owned	1.0	1.0	1.0	0.9	0.9	0.9
Loan loss reserves/gross nonperforming assets	28.7	28.7	32.8	30.1	29.4	30.8

*S&P Global Ratings' estimate, pending disclosure of detailed financials for 2019. RWA--Risk-weighted assets. N/A--Not applicable.

Funding and liquidity: Largely funded by deposits, with strong cash liquidity buffers

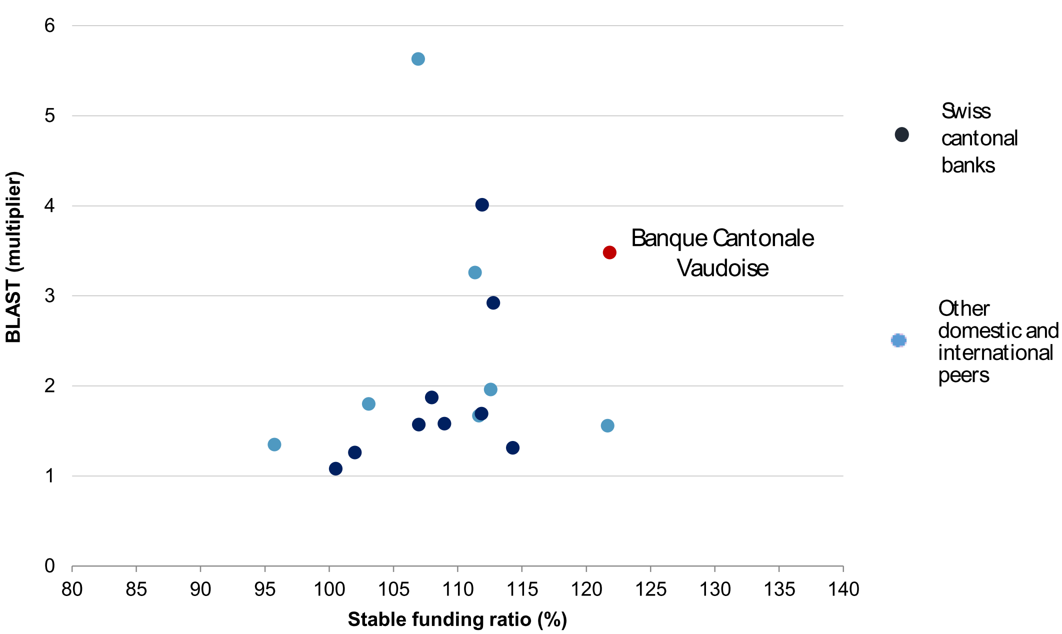
Core customer deposits represent 75% of the funding base in average over 2014-2019, according to our calculations. This is in the upper band compared with Swiss cantonal peers.

Like other cantonal banks, BCV uses covered bonds issued by the Centrale de Lettres de Gage (CLG; the Swiss Cantonal Bank Mortgage Bond Centre) as a financing source. Through this mutualized source of funding, the bank benefits from the excellent creditworthiness of the CLG, which is backed by Swiss cantonal banks and ultimately by most cantons. BCV's stable funding ratio was about 122% at year-end 2018 and we estimate it at about 121% at year-end 2019. This is higher than the levels at domestic cantonal peers (see chart 5), which we also see as having adequate funding. We expect the bank to maintain a broadly similar stable funding ratio.

At year-ends 2018 and 2019, BCV's liquidity buffer included mainly cash held at the Swiss National Bank (SNB). In addition, the bank has a pool of bonds that are eligible as collateral with the SNB. BCV's ratio of broad liquid assets to short-term wholesale funding was a strong 3.5x at year-end 2018 and we estimate it to be slightly higher at year-end 2019. However, a significant portion of the deposit base contains private banking deposits and uninsured institutional investors' deposits, which are more volatile than traditional retail deposits, in our view. We understand that the bank's policy is to exceed by at least 10% the regulatory requirement for the Basel III liquidity coverage ratio (LCR). On Dec. 31, 2019, BCV achieved a level of LCR of 129.5%, far above the minimum requirement set at 100% since Jan. 1, 2019.

Chart 5

Banque Cantonale Vaudoise And Peers--Funding And Liquidity Ratios



BLAST--Broad liquid assets/short-term wholesale funding.

Table 6

Banque Cantonale Vaudoise--Funding And Liquidity						
(%)	**2019***	**2018**	**2017**	**2016**	**2015**	**2014**
Core deposits/funding base	76.2	72.8	75.0	74.2	74.5	76.9
Customer loans (net)/customer deposits	99.1	101.2	99.1	102.1	102.0	103.7
Long-term funding ratio	94.0	92.3	95.2	94.9	95.2	92.7
Stable funding ratio	121.3	121.8	124.4	122.6	122.5	114.4
Short-term wholesale funding/funding base	6.5	8.3	5.2	5.5	5.2	7.9
Broad liquid assets/short-term wholesale funding (x)	4.2	3.5	5.5	5.0	5.2	3.0
Net broad liquid assets/short-term customer deposits	27.5	28.3	30.9	29.6	29.2	20.2
Short-term wholesale funding/total wholesale funding	27.3	30.6	20.7	21.4	20.4	34.2
Narrow liquid assets/3-month wholesale funding (x)	5.4	2.6	3.9	3.3	3.4	3.8

*S&P Global Ratings' estimate, pending disclosure of detailed financials for 2019.

External support: Very high likelihood of extraordinary support from the canton

We view BCV as a GRE. In accordance with our criteria for GREs, we believe that there is a very high likelihood that Vaud would provide timely and sufficient extraordinary support to BCV in the event of financial stress, as it did in 2001-2003. For this reason, the long-term rating on BCV stands three notches above its SACP.

We base our view of very high likelihood of extraordinary support on our assessment of BCV's:

- Very important role in the local economy, reflecting its public policy role in the canton's economic development and the possibility that a default could damage the canton's reputation; and
- Very strong link with the canton. A law passed in March 2010 stipulates that Vaud will keep a majority stake of at least 50% plus one share in the bank. The canton owns 66.95% of BCV. Unlike some other Swiss cantonal banks, however, the bank does not benefit from a cantonal statutory guarantee.

Additional rating factors:None

No additional factors affect this rating.

Related Criteria

- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria - Financial Institutions - General: Methodology For Assigning Financial Institution Resolution Counterparty Ratings, April 19, 2018
- 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: 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

Related Research

- Banking Industry Country Risk Assessment: Switzerland, Nov. 20, 2019
- Research Update: Swiss Canton of Vaud Affirmed At 'AAA'; Outlook Stable, Nov. 29, 2019
- Vaud (Canton of), July 3, 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 March 18, 2020)*

Banque Cantonale Vaudoise	
Issuer Credit Rating	AA/Stable/A-1+
Issuer Credit Ratings History	
18-Jun-2013	AA/Stable/A-1+
03-Jul-2012	AA/Negative/A-1+
05-Dec-2011	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.