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Ratings

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Zuercher Kantonalbank

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Zuercher Kantonalbank

Ratings Score Snapshot

Issuer Credit Rating
AAA/Stable/A-1+

SACP: aa- → **Support: +3** → **Additional factors: 0**

Anchor	a-	
Business position	Strong	+1
Capital and earnings	Very strong	+2
Risk position	Adequate	0
Funding	Adequate	0
Liquidity	Strong	
CRA adjustment		0

ALAC support	0
GRE support	+3
Group support	0
Sovereign support	0

Issuer credit rating
AAA/Stable/A-1+

ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Credit Highlights

Overview

Key strengths	Key risks
Extremely high likelihood of support from the financially strong Canton of Zurich.	Concentration risk in real estate lending in its home region.
A strong domestic franchise in the Zurich area, complemented by a sound countrywide presence in corporate lending, private banking, and asset management.	Weaker cost efficiency than many cantonal bank peers.
Very high capitalization and resilient earnings.	

We expect Zuercher Kantonalbank (ZKB) to remain among the highest-rated banks globally. ZKB materially benefits from its superior stand-alone creditworthiness in conjunction with the full ownership by and extremely high likelihood of timely and sufficient support from the Canton of Zurich (AAA/Stable/--), if ever needed. We anticipate that ZKB's integral link with, and very important role for, the canton, as well as the canton's guarantee on its unsubordinated obligations, will remain for the foreseeable future. These factors lead us to apply a three-notch uplift to ZKB's stand-alone credit profile (SACP) to arrive at our 'AAA' long-term issuer credit rating on the bank.

We expect ZKB's stand-alone creditworthiness to remain robust. In our view, the Swiss economy will continue to weather the slowdown in the global macroeconomic environment. We note ZKB's solid local franchise and Swiss business diversification, which mitigate some concentration risk due to the bank's tilt toward real estate lending in its home region, Zurich. We expect the Swiss housing market to remain healthy, and experience limited impact from the country's higher interest rate environment. We also note ZKB's highly collateralized and sound underwriting policies.

We anticipate that ZKB's capitalization will remain a key rating strength. We forecast its risk-adjusted capital (RAC) ratio will hover between 18.5% and 19.2% over the next two years, which is supported by our forecast increase in ZKB's return on equity (ROE) to about 9% by 2025, after 8% at year-end 2022.

Outlook

Our stable outlook on ZKB mirrors that on its owner and guarantor, the Canton of Zurich, reflecting our expectation that ZKB will continue to benefit from its status as a government-related entity (GRE) with an extremely high likelihood of receiving cantonal support over the next two years, if needed. The stable outlook also reflects our view that Swiss domestic markets will remain resilient against risks.

Downside scenario

If the bank's stand-alone creditworthiness were to weaken significantly and unexpectedly due to higher-than-anticipated cyclical risk and capital depletion--reflected in our RAC ratio falling below 15%--we might consider a downgrade.

A downgrade could result from competitive pressure on ZKB's business position--such as a margin squeeze in its asset management activities and core lending business due to the entrance of new digital players--particularly if the trend toward platform banking accelerates.

Upside scenario

An improvement in ZKB's SACP that would support its subordinated debt remains unlikely at this stage given our already very high assessment of its SACP.

Key Metrics

Zuercher Kantonalbank--Key ratios and forecasts

	--Fiscal year ended Dec. 31 --				
(%)	**2021a**	**2022a**	**2023f**	**2024f**	**2025f**
Growth in operating revenue	1.4	7.5	9.1-9.5	2.5-2.7	2.3-2.4
Growth in customer loans	5.0	5.6	2.9-3.1	3.4-3.6	3.9-4.1
Growth in total assets	2.0	4.0	2.0-2.1	2.3-2.4	2.6-2.7
Net interest income/average earning assets (NIM)	0.9	0.9	0.9-1.0	0.9-1.0	0.9-1.1
Cost to income ratio	58.9	57.8	54.4-55.5	54.7-55.8	54.5-55.6
Return on average common equity	7.4	8.2	9.0-9.4	8.8-9.3	8.7-9.1
Return on assets	0.5	0.5	0.6-0.7	0.6-0.7	0.6-0.7
New loan loss provisions/average customer loans	0.0	0.0	0.0-0.0	0.0-0.0	0.0-0.0
Gross nonperforming assets/customer loans	0.1	0.1	0.1-0.1	0.1-0.1	0.1-0.1

Zuercher Kantonalbank--Key ratios and forecasts (cont.)					
	--Fiscal year ended Dec. 31 --				
(%)	**2021a**	**2022a**	**2023f**	**2024f**	**2025f**
Risk-adjusted capital ratio	17.7	18.4	18.2-19.2	18.5-19.5	18.7-19.6

All figures are S&P Global Ratings-adjusted. a--Actual. e--Estimate. f--Forecast.

Anchor: 'a-' For Commercial Banks Operating Only In Switzerland

Our anchor for banks operating mainly in Switzerland, like Zuercher Kantonalbank, is 'a-'. We consider the trend for economic and industry risk in Switzerland to be stable.

The Swiss private sector has proven its resilience against multiple external stress scenarios. We expect Swiss households and corporates to maintain credit strength despite the worsening economic outlook. This reflects the superior financial strength of Swiss households and corporations, and banks' prudent underwriting standards (which focus on collateralized lending, mainly residential mortgages or Lombard loans). Overall, we see limited risk to Swiss households on debt servicing capacity from rising rates. At the same time, we believe the deceleration in house price rises should remain manageable for Swiss banks' mortgage exposures. This is because banks' existing stock of mortgage loans are predominately fixed-rate and underwriting standards already integrate much higher interest rates into affordability assessments. In any case, we believe that a strong Swiss labor market, tight and inelastic supply in housing, and ongoing high demand due to persistently high immigration support house prices.

Our view of industry risk in Switzerland encompasses the stability of the domestic banking sector, despite the failure of Credit Suisse. In general, we do not observe a loss in customer confidence in Swiss banking, as many domestic banks profited from inflows of assets under management and deposits from Credit Suisse after outflows escalated in 2022. We believe supervision of non-systemically important institutions has been generally effective. Also, the country's regulatory requirements with respect to gone-concern capital exceed international norms. Money laundering and the threat of additional sanctions remain tail risks for the Swiss banking sector, especially for smaller private banks that accommodate former wealth management clients from Credit Suisse, including high net worth individuals (HNWIs) and ultra HNWIs. However, reputational risks are generally contained, as wealth management is not part of most banks' business models.

Business Position: Solid Operational Stability Owing To A Diverse Business Profile And Strong Franchise

We expect ZKB's business profile will remain a strength based on its strong Canton Zurich franchise, its nationwide presence, and diversification in business activities with sustainable revenue generation.

In our view, ZKB will continue to defend its market position as the largest cantonal bank and fourth-largest bank in Switzerland, with total assets of Swiss franc (CHF) 203 billion (about €207.6 billion) on June 30, 2023, and an estimated market share of about 7%-10% in customer deposits and customer lending. ZKB has a leading 50% retail banking market share in Zurich, one of Switzerland's strongest regions economically, and also manages around 25% of cross-border client assets. Compared to other Swiss cantonal bank peers, the Zurich concentration risk is mitigated by ZKB's diversification of business activities conducted on a national scale, including corporate lending to small and midsize enterprises and large corporations, as well as private banking. Furthermore, ZKB provides services to other cantonal banks as an originator of syndicated loans and a participant in the market for traded structured investment products. ZKB also markedly benefits from being the country's third-largest investment fund manager owning Swisscanto.

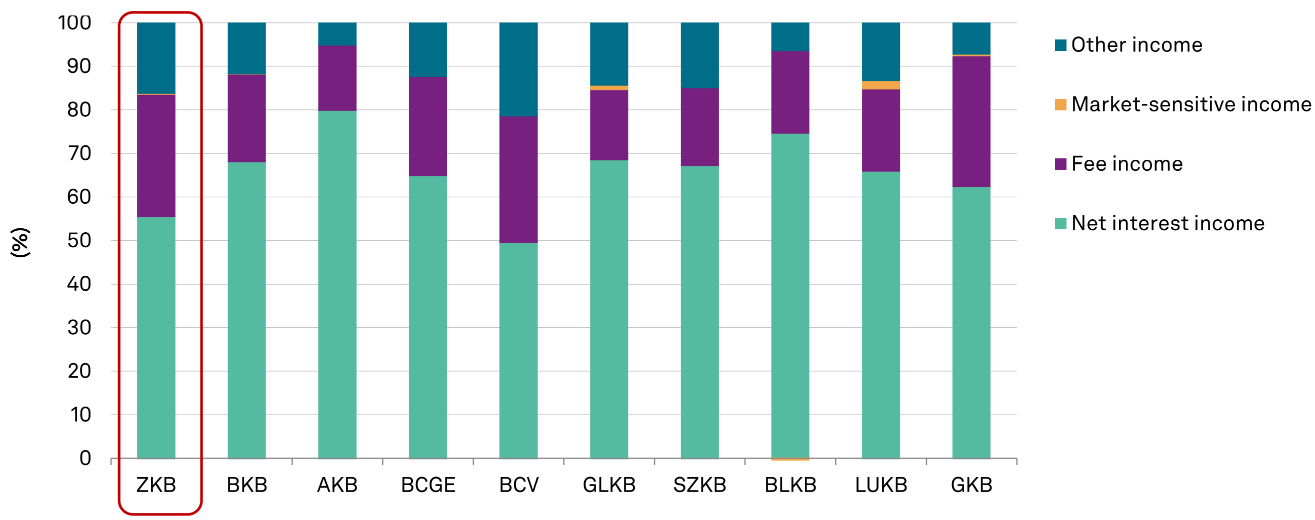
We forecast a 9% ROE until 2025, which appears adequate by international standards, considering that ZKB is better capitalized than many international banks, and due to diversified earnings from the bank's stable customer base—underpinned by the canton's public ownership and guarantee.

ZKB benefits from higher interest rates and a high share of net interest income relative to revenues dominated by highly collateralized nationwide low-risk residential real estate business. Compared to peers, however, ZKB's share of net interest income is smaller, at about 56% of total revenue (see chart 1), reflecting its beneficial diversification in stable fee income from asset management operation. We see moderate risk from fintech competitors, which could disrupt ZKB's business model in the future, given that Swiss customers generally do not demand pure online retail banking products, and digital banks have yet to establish full alternatives to traditional banks, in our view. This will give ZKB time to further adjust its product offering and digital customer interaction.

Chart 1

ZKB benefits from a high share of stable fee income thanks to its asset management operations

Breakdown Of operating revenues



Data relates to YTD June 2023. AKB--Aargauische Kantonalbank. BCGE--Banque Cantonale de Geneve. BCV--Banque Cantonale Vaudoise. BLKB--Basellandschaftliche Kantonalbank. BKB--Basler Kantonalbank. GLKB--Glarner Kantonalbank. GKB--Graubuendner Kantonalbank. LUKB--Luzerner Kantonalbank. SZKB--Schwyzer Kantonalbank. ZKB--Zuercher Kantonalbank. Source: S&P Global Ratings.

Capital And Earnings: A Key Rating Strength

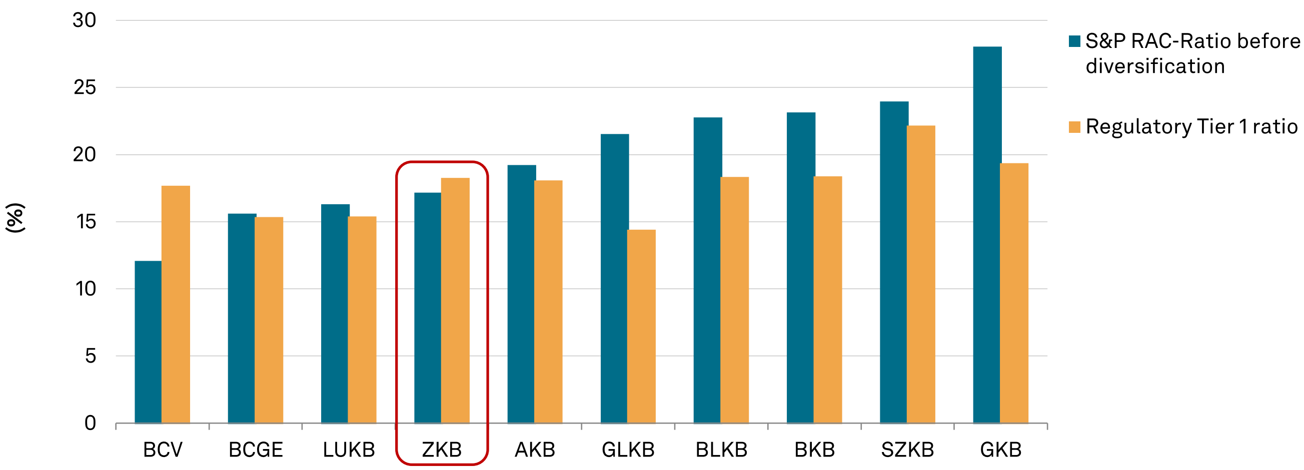
We forecast ZKB will preserve its very high capitalization, mainly indicated by our projected RAC ratio of 18%-19% until 2025, after 17.1% at year-end 2022. Such robust ratios place ZKB among the highest capitalized banks globally, and in the middle range of rated Swiss cantonal banks (see chart 2).

Our RAC projection is based on our expectation of solid internal capital generation capacity, which is supported by the stress-resilience of the Swiss economy, including benefits from higher interest rates and relative stability in house prices. We also expect ZKB will maintain its dividend distributions to the canton at about 50% of core earnings and pay it compensation for the cantonal guarantee of CHF25 million-CHF30 million annually.

The good quality of ZKB's capital and earnings also supports our capital assessment. Notably, we forecast a relatively low 6.8%-7.4% share of hybrid capital instruments within total adjusted capital, and earnings stability. Moreover, we expect the cost-to-income ratio to slightly improve to 55% for ZKB by 2025 because increased interest related revenues cover increased costs of inflation, digitalization, regulation, and the bank's nationwide footprint. Due to its nationwide presence, ZKB's efficiency is slightly weaker than that of most cantonal bank peers (see chart 3) and those in the Nordics, but in line with or better than many Western European banks'.

Chart 2

ZKB's capitalization is very strong in global comparison, but only average among cantonal banks

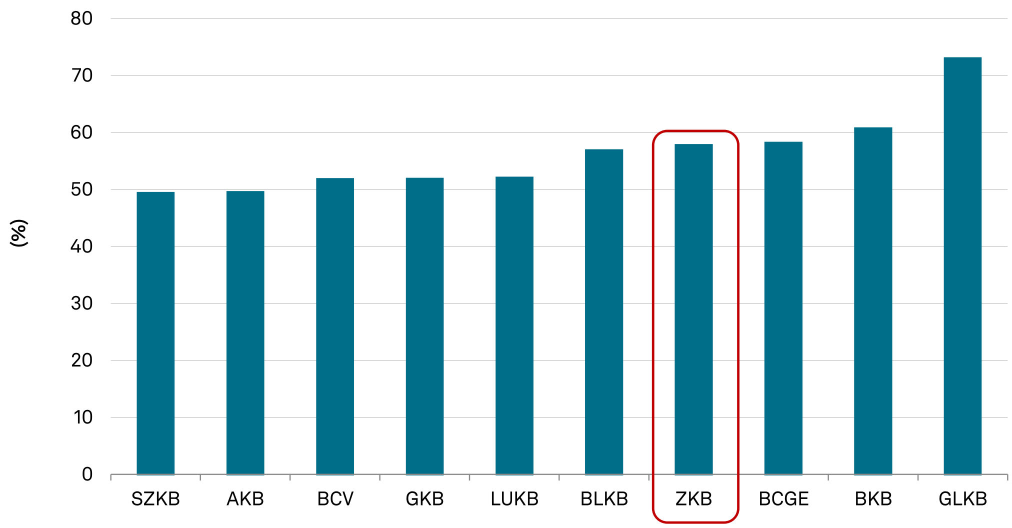


Ratios as of Dec 2022. AKB--Aargauische Kantonalbank. BCGE--Banque Cantonale de Geneve. BCV--Banque Cantonale Vaudoise. BLKB--Basellandschaftliche Kantonalbank. BKB--Basler Kantonalbank. GLKB--Glarner Kantonalbank. GKB--Graubuendner Kantonalbank. LUKB--Luzerner Kantonalbank. SZKB--Schwyzer Kantonalbank. ZKB--Zuercher Kantonalbank. Source: S&P Global Ratings.

Chart 3

Cost-to-income ratio

ZKB's cost efficiency is weaker than cantonal bank peers'



Cost-to-income ratio is defined as noninterest expense as % of operating revenues. Data relates to FY-2022. AKB--Aargauische Kantonalbank. BCGE--Banque Cantonale de Geneve. BCV--Banque Cantonale Vaudoise. BLKB--Basellandschaftliche Kantonalbank. BKB--Basler Kantonalbank. GLKB--Glarner Kantonalbank. GKB--Graubuendner Kantonalbank. LUKB--Luzerner Kantonalbank. SZKB--Schwyzer Kantonalbank. ZKB--Zuercher Kantonalbank. Source: S&P Global Ratings.

Risk Position: Resilient Customer Base And Prudent Management Mitigate Real Estate Concentration Risks

We expect that ZKB's prudent risk management and cautious lending standards will continue to contribute to the high asset quality of its loan portfolio. This, together with the strong financial health of Swiss customers, mitigates risks arising from ZKB's regional concentrations against the weaker economic prospects.

About 75% of ZKB's loan book comprises low-risk, highly collateralized, and granular residential mortgage loans. This is somewhat lower than that of other cantonal banks due to ZKB's broader business range, including a higher share of trading securities (6.6% of total assets) as of half-year 2023. ZKB's commercial lending (including a high share of loans collateralized by commercial real estate) is also higher than that of cantonal bank peers, accounting for about 16% of customer lending as of year-end 2022. We consider this segment riskier than residential real estate loans, particularly in a fragile macroeconomic environment. However, we note positively ZKB's highly collateralized loan book and the stable Swiss housing market, which has not experienced noticeable declines in real housing prices since the beginning of 2022.

House prices in Switzerland reported marginal increases in 2023, after experiencing a steep rise during 2022, as a result of the Swiss National Bank increasing interest rates. We expect limited risk to ZKB's significant exposure to residential real estate supported by a strong Swiss labor market, tight and inelastic demand in housing, and ongoing demand due to steady immigration flows.

Most of the bank's trading revenue is client initiated and slightly more volatile than its interest and fee business. ZKB also engages in customer-related proprietary trading operations but mainly acts as a market maker in fixed income and foreign exchange products. Although these operations are limited, they can increase the volatility of the bank's earnings. However we believe that the bank will maintain a low risk appetite and that its risk management tools will allow it to closely monitor these activities.

Funding And Liquidity: A Favorable Funding Profile That Benefits From A Solid Franchise And The Cantonal Guarantee

We expect ZKB's funding profile will remain comfortably in line with that of Swiss peers and other banking systems with the same favorable industry risks. At the same time, we expect ZKB's liquidity will remain a strength, reflecting the bank's ability to withstand extended market or idiosyncratic stress.

ZKB continues to benefit from the cantonal guarantee, which reinforces customer confidence and implicitly supports a widespread and loyal depositor base. The bank's loan-to-deposit ratio, by our calculation, was 106% at June 2023, up from 104% at year-end 2022, and is likely to stagnate. This is also reflected in our stable funding ratio of 115% at year-end 2022, which is in line with that of many domestic peers.

ZKB's exposure to confidence-sensitive wholesale funding is larger than for other cantonal banks, considering its wholesale-oriented business model. Interbank and capital market funding via secured and unsecured instruments accounts for about 43.5% of the bank's total funding. However, we expect wholesale funding sources will remain stable or benefit from a flight to quality in more challenging economic conditions, like we saw in early 2023, thanks to the bank's cantonal guarantee and high stand-alone creditworthiness.

Similarly, we expect ZKB to maintain its prudent liquidity management and favorable liquidity position, which, in our view, would enable it to endure more than 12 months with no access to market funding. Its liquidity ratio was 1.4x of broad liquid assets to short-term wholesale funding at year-end 2022, which qualitatively benefits from its close ties with the 'AAA' rated Canton of Zurich and the loyalty of its customer base, to remain less sensitive than other commercial banks in a more challenging operating environment. As such, our ratio-based liquidity analyses are reinforced by the above qualitative factors, but we also continue to monitor whether its quantitative ratios will improve, to sustain our assessment.

Support: Three Notches Of Uplift Due To Extremely High Likelihood Of Extraordinary Support From The Canton Of Zurich

We expect ZKB will remain a GRE with an extremely high likelihood of receiving timely and sufficient extraordinary support from the Canton of Zurich in the event of financial distress. We base this on our view of the bank's integral link with, and very important role for, the canton. ZKB benefits from the existing cantonal guarantee on its unsubordinated obligations, which is stipulated by law, as well as its ownership structure and importance for Zurich's regional economy. We think that any default by ZKB would have a significant impact on the regional economy. Because of this, we apply three notches of uplift to our 'aa-' SACP assessment for ZKB to derive the long-term rating.

We expect the existing cantonal guarantees will remain in the medium term. Beyond our outlook horizon, we see a potential risk that future agreements between Switzerland and the EU regarding preferential Swiss market access might include the removal of the remaining guarantees for all cantonal banks.

Environmental, Social, And Governance (ESG)

We consider environmental, social, and governance to be in line with those of peers in the banking industry, while the bank's governance standards are comparable with wider practice in its home country.

Key Statistics

Table 1

Zuercher Kantonalbank--Key figures

	--YTD June 2023--				
(Mil. CHF)	**YTD June 2023**	**2022**	**2021**	**2020**	**2019**
Adjusted assets	202,858.0	199,777.0	192,055.0	188,278.0	166,931.0
Customer loans (gross)	110,917.0	107,787.0	102,111.0	97,257.0	93,502.0
Adjusted common equity	13,626.0	12,704.0	12,103.0	12,100.0	11,701.0
Operating revenues	1,689.0	2,788.0	2,594.0	2,558.0	2,410.0
Noninterest expenses	827.0	1,612.0	1,528.0	1,587.0	1,445.0
Core earnings	870.0	1,152.1	1,046.0	910.0	954.0

YTD--Year till date. CHF--Swiss franc.

Table 2

Zuercher Kantonalbank--Business position

	--YTD June 2023--				
(%)	**YTD June 2023**	**2022**	**2021**	**2020**	**2019**
Total revenues from business line (currency in millions)	1,689.0	2,796.0	2,596.0	2,584.0	2,414.0
Return on average common equity	10.1	8.2	7.4	6.9	7.0

YTD--Year till date.

Table 3

Zuercher Kantonalbank--Capital and earnings

	--YTD June 2023--				
(%)	**YTD June 2023**	**2022**	**2021**	**2020**	**2019**
Tier 1 capital ratio	18.0	18.2	18.5	18.9	18.9
S&P Global Ratings' RAC ratio before diversification	N/A	18.4	17.7	18.5	18.4
S&P Global Ratings' RAC ratio after diversification	N/A	16.0	15.4	16.1	16.1

Table 3

Zuercher Kantonalbank--Capital and earnings (cont.)

	--YTD June 2023--				
(%)	**YTD June 2023**	**2022**	**2021**	**2020**	**2019**
Adjusted common equity/total adjusted capital	92.8	92.3	91.9	91.9	94.0
Net interest income/operating revenues	55.6	51.0	49.6	49.2	50.2
Fee income/operating revenues	28.1	33.2	35.7	31.5	32.2
Market-sensitive income/operating revenues	15.1	15.1	13.7	18.4	13.7
Cost to income ratio	49.0	57.8	58.9	62.0	60.0
Preprovision operating income/average assets	0.9	0.6	0.6	0.6	0.6
Core earnings/average managed assets	0.9	0.6	0.6	0.5	0.6

YTD--Year till date. CHF--Swiss franc. N/A--Not applicable. RAC--Risk-adjusted capital.

Table 4

Zuercher Kantonalbank--Risk-adjusted capital framework detailed results

(Mil. CHF)	Exposure*	Basel III RWA	Average Basel III RW(%)	S&P Global Ratings RWA	Average S&P Global Ratings RW (%)
Credit risk					
Government & central banks	46,636.4	1,587.5	3.4	306.9	0.7
Of which regional governments and local authorities	1,438.7	715.7	49.7	51.4	3.6
Institutions and CCPs	15,797.3	4,097.3	25.9	4,144.7	26.2
Corporate	60,570.4	34,458.6	56.9	36,186.6	59.7
Retail	77,155.1	22,389.4	29.0	17,297.8	22.4
Of which mortgage	72,096.9	18,467.4	25.6	14,599.7	20.3
Securitization§	0.0	0.0	0.0	0.0	0.0
Other assets†	568.3	568.3	100.0	511.5	90.0
Total credit risk	200,727.5	63,101.2	31.4	58,447.5	29.1
Credit valuation adjustment					
Total credit valuation adjustment	--	1,858.8	--	0.0	--
Market Risk					
Equity in the banking book	666.0	2,702.0	405.7	4,987.1	748.8
Trading book market risk	--	3,549.1	--	5,346.5	--
Total market risk	--	6,251.1	--	10,333.6	--
Operational risk					
Total operational risk	--	4,932.2	--	6,036.2	--
	Exposure	**Basel III RWA**	**Average Basel II RW (%)**	**S&P Global Ratings RWA**	**% of S&P Global Ratings RWA**
Diversification adjustments					
RWA before diversification	--	76,143.3	--	74,817.3	100.0
Total Diversification/ Concentration Adjustments	--	--	--	11,457.2	15.3
RWA after diversification	--	76,143.3	--	86,274.5	115.3

Table 4

Zuercher Kantonalbank--Risk-adjusted capital framework detailed results (cont.)

	Tier 1 capital	Tier 1 ratio (%)	Total adjusted capital	S&P Global Ratings RAC ratio (%)
Capital ratio before adjustments	13,854.0	18.2	13,769.0	18.4
Capital ratio after adjustments‡	13,854.0	18.2	13,769.0	16.0

*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 2022', S&P Global Ratings.

Table 5

Zuercher Kantonalbank--Risk position

	--YTD June 2023--				
(%)	**YTD June 2023**	**2022**	**2021**	**2020**	**2019**
Growth in customer loans	5.8	5.6	5.0	4.0	3.8
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	15.5	15.0	15.2	14.0
Total managed assets/adjusted common equity (x)	14.9	15.7	15.9	15.6	14.3
New loan loss provisions/average customer loans	(0.0)	0.0	0.0	0.1	0.0
Gross nonperforming assets/customer loans + other real estate owned	0.1	0.1	0.1	0.1	0.1
Loan loss reserves/gross nonperforming assets	232.6	429.2	419.1	315.5	253.1

YTD--Year till date. N/A--Not applicable. RWA--Risk-weighted assets.

Table 6

Zuercher Kantonalbank--Funding and liquidity

	--YTD June 2023--				
(%)	**YTD June 2023**	**2022**	**2021**	**2020**	**2019**
Core deposits/funding base	57.2	57.0	55.1	53.8	56.1
Customer loans (net)/customer deposits	106.0	103.9	105.1	104.7	109.6
Long-term funding ratio	72.1	71.5	69.8	67.8	70.9
Stable funding ratio	108.0	115.0	115.6	115.9	112.1
Short-term wholesale funding/funding base	30.2	30.8	32.6	34.7	31.6
Broad liquid assets/short-term wholesale funding (x)	1.3	1.4	1.4	1.3	1.3
Net broad liquid assets/short-term customer deposits	15.7	21.7	21.1	20.6	17.0
Short-term wholesale funding/total wholesale funding	69.6	70.7	71.6	74.1	71.3
Narrow liquid assets/3-month wholesale funding (x)	1.7	1.3	1.7	1.6	1.4

YTD--Year till date.

Zuercher Kantonalbank--Rating component scores

Issuer Credit Rating	**AAA/Stable/A-1+**
SACP	aa-
Anchor	a-
Economic risk	1
Industry risk	3
Business position	Strong

Zuercher Kantonalbank--Rating component scores (cont.)	
Issuer Credit Rating	**AAA/Stable/A-1+**
Capital and earnings	Very strong
Risk position	Adequate
Funding	Adequate
Liquidity	Strong
Comparable ratings analysis	0
Support	+3
ALAC support	0
GRE support	+3
Group support	0
Sovereign support	0
Additional factors	0

ALAC--Additional loss-absorbing capacity. GRE--Government-related entity. SACP--Stand-alone credit profile.

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- 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
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Banking Industry Country Risk Assessment: Switzerland, Aug. 18, 2023
- Zuercher Kantonalbank, Nov. 22, 2022

28, 2023

Ratings Detail (As Of December 1, 2023)*	
Zuercher Kantonalbank	
Issuer Credit Rating	AAA/Stable/A-1+

Ratings Detail (As Of December 1, 2023)*(cont.)		
Issuer Credit Ratings History		
24-Aug-2018	*Foreign Currency*	AAA/Stable/A-1+
03-Jul-2012		AAA/Negative/A-1+
20-Jan-1998		AAA/Stable/A-1+
24-Aug-2018	*Local Currency*	AAA/Stable/A-1+
03-Jul-2012		AAA/Negative/A-1+
20-Jan-1998		AAA/Stable/A-1+
Sovereign Rating		
Switzerland		AAA/Stable/A-1+
Related Entities		
Zurich (Canton of)		
Issuer Credit Rating		AAA/Stable/--
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.