S&P Global Ratings

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Aargauische Kantonalbank

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Aargauische Kantonalbank

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

+

Support	+2
ALAC Support	0
GRE Support	+2
Group Support	0
Sovereign Support	0

+

Additional Factors	0

Issuer Credit Rating

AA/Stable/A-1+

Major Rating Factors

Strengths:	Weaknesses:
• A sound financial profile, underpinned by very strong capitalization and sustained profitability. • High-quality loan book, dominated by granular and well-collateralized residential mortgages. • Ownership and statutory guarantee by, and extremely high likelihood of support from, the financially strong Canton of Aargau, if needed.	• Concentration risks from limited geographic diversity and focus on residential mortgage lending. • Subdued growth prospects in the competitive home market. • Limited earnings diversification.

Outlook: Stable

S&P Global Ratings' stable outlook on Switzerland-based Aargauische Kantonalbank (AKB) mirrors that on its owner and guarantor, the Canton of Aargau. Moreover, we expect that AKB will continue to benefit from being a government-related entity (GRE) with an extremely high likelihood of receiving support from Aargau over the next two years, if needed. We expect AKB to maintain its sound financial profile, underpinned by its very strong capitalization and sound earnings capacity over that period. The stable outlook is also based on our base-case scenario that Swiss domestic markets will remain resilient against COVID-19 risk.

We see a downgrade as very unlikely at present--it would require a weakening stand-alone credit profile (SACP) and a downgrade of Aargau. A downgrade could be triggered by a downward revision of our assessment of AKB's role for, or link with Aargau, for example, due to changes in the statutory guarantee. However, we consider this scenario unlikely and expect AKB's existing obligations would be grandfathered.

We could consider an upgrade of AKB if Aargau's creditworthiness were to strengthen to 'AAA' or if AKB's SACP were to improve to 'aa-'. However, we regard the latter scenario as unlikely, given our expectation that the bank will not change its concentrated business model or be able to materially improve its risk and funding position.

Rationale

The rating on AKB balances the bank's solid franchise and business stability against the concentration risks arising from its focus on real estate lending in Aargau. We also consider AKB's history of prudent risk management and cautious lending standards, supported by the customer loyalty instilled by cantonal ownership and the guarantee. In our view, AKB's capitalization is a particular rating strength, as indicated by our projected risk-adjusted capital (RAC) ratio, which we forecast will remain between 20%-21% over the next two years. AKB's diversified funding profile is dominated by stable retail deposits and its strong liquidity position. Based on these factors, we view AKB's stand-alone credit profile (SACP) at 'a+'.

Furthermore, we consider AKB to be a GRE with an extremely high likelihood of receiving timely and sufficient extraordinary government support in times of financial distress. We base this on our view of AKB's very important role for and integral link with its home canton, Aargau. We therefore apply a two-notch uplift to our assessment of AKB's SACP.

Anchor:'a-' for domestic banks operating solely in Switzerland

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

We expect Switzerland's economy to contract materially in 2020 due to the spread of the COVID-19 pandemic, but to fully recover over the coming two years. Under this base case, we think the Swiss banking sector will remain resilient, supported by 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. That said, the investment property segment, estimated at 30% of the market, presents a particular ongoing risk. We already observed signs of a price correction in this market before the pandemic.

Our view of industry risk in Switzerland encompasses the stability of the domestic banking sector and our expectation that damage from the pandemic will remain contained. We view as positive the limited presence of foreign players, the banks' high capitalization levels by international standards, and their low reliance on capital markets for funding. In our view, the Swiss regulator's initiatives are still more stringent than those in other European banking sectors. We expect that banks' net interest margins will 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 can offset some of the pressure. We consider risk for Swiss banks from tech disruption to be limited, given the population's preference for cash payments, the small size of the market, the high barriers to entry, and technologically well-equipped banks.

Table 1

Aargauische Kantonalbank--Key Figures					
		--Year ended Dec. 31--			
(Mil. CHF)	**2020***	**2019**	**2018**	**2017**	**2016**
Adjusted assets	31,510	30,240	28,349	26,959	25,244
Customer loans (gross)	23,712	23,438	22,876	21,914	20,952
Adjusted common equity	2,500	2,399	2,290	2,174	2,087
Operating revenues	203	388	382	373	364
Noninterest expenses	105	215	209	197	187
Core earnings	102	173	174	177	183

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

Business position: Geographic and product concentration mitigated by solid franchise and stable business activity

We expect AKB to maintain its solid franchise and high business stability, which offsets concentration risks arising from its focus on real estate lending in Aargau. AKB's history of sound and sustainable profitability, prudent risk management, and cautious lending standards are fundamental to our business position assessment. Our assessment is further supported by customer loyalty, instilled by the cantonal ownership and guarantee.

AKB is a midsize cantonal bank and ranks No. 6 out of a total of 24 cantonal banks in Switzerland (by total assets at year-end 2019) and operates in northwest Switzerland, which is characterized by its strong small and midsize industrial sector. Like most cantonal banks, AKB focuses mainly on its home canton and neighboring regions and is active primarily in residential mortgage lending (about 94% of the current loan book at year-end 2019) and in financing local small and midsize enterprises (SMEs). AKB's business activity also includes private-banking services to wealthy clientele in the canton.

Compared with many other cantonal banks we rate, the competitive environment in AKB's core market is tougher--several other domestic and regional banks compete in the canton. AKB's market share, at about 20%, is consequently lower than other cantonal banks. That said, we expect AKB to be able to protect its market-leading position in Aargau over the next few years, building on its status as the cantonal bank. Following the integration of its local competitor Neue Aargauer Bank into its parent Credit Suisse, AKB could see an influx of new customers that prefer a local brand.

The bank's geographic concentration in Aargau and neighboring regions exposes its business volumes and earnings to economic swings in a rather small economy. Its location between the metropolitan areas of Basel and Zurich, however, suggests customers that are generally wealthy. Although we see risks arising from AKB's concentrated business position, we expect the bank will continue to post very sound and stable earnings in the coming years by retaining its focus on achieving appropriate risk-adjusted margins, rather than business volumes, with an exceptionally solid client base.

From 2015 to 2019, AKB's cost-to-income ratio weakened to 55.4% from 50.2%, but remained good by comparison with international peers and in line with other cantonal banks. Efficiency trends largely reflect additional investment in digitalization, in line with the bank's strategy and culminating in a new department: digitalization and infrastructure. The bank's reported cost-to-income ratio as of the first half of 2020 improved significantly to 47.4%, supported by an increase of 6.9% in earnings compared with the first half of 2019. Furthermore, costs reduced due to optimization in IT and property maintenance. The increase in income was largely due to the positive impact of interest and commission income. We expect the bank to meet its long-term cost-to-income target of 50%-55%.

We see the risk that new fintech competitors could disrupt AKB's business model in future as relatively low, given its loyal and conservative client base, which is likely to continue to favor a relationship-based bank over pure digital banks. This will give AKB time to gradually adjust its product offering and digital customer interaction.

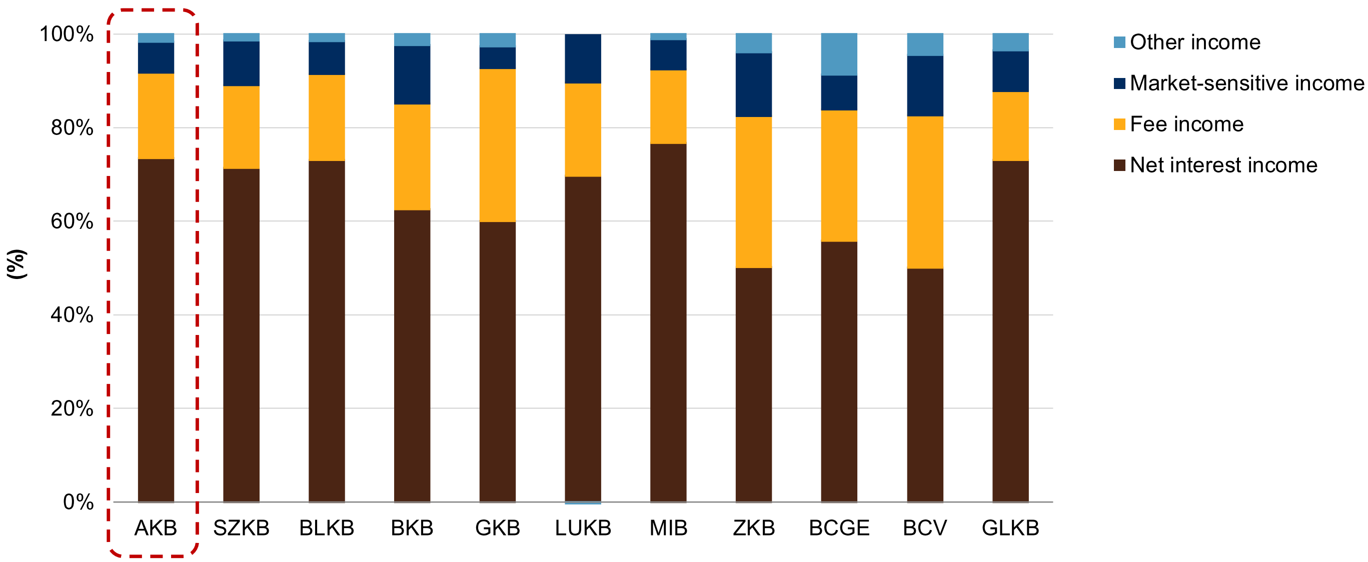
Table 2

Aargauische Kantonalbank--Business Position					
		--Year ended Dec. 31--			
(Mil. CHF)	**2020***	**2019**	**2018**	**2017**	**2016**
Total revenue from business line	203.4	389.7	388.7	378.9	371.1
Return on average common equity	5.52	6.12	6.24	6.53	6.64

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

Chart 1

Breakdown Of Operating Revenue



Data relates to FY2019. 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. MIB--Migros Bank AG. SZKB--Schwyzer Kantonalbank. ZKB--Zuercher Kantonalbank.
Source: S&P Global Ratings.

Capital and earnings: Key rating strength

We expect that AKB will maintain its particular rating strength of superior capitalization, mainly based on our projected RAC ratio of 20%-21% over the next two years. This compares to our RAC ratio for AKB of 20.6% at year-end 2019 and shows that growth in risk-weighted assets from the growing mortgage book in 2019 was balanced by sufficiently high earnings retention into capital.

The stability in capital ratios is supported by the bank's agreement with the canton that it would maintain a 4%-6% buffer above its current 12% regulatory total capital requirement. Thus, it targets a total capital ratio above 16%.

The bank reported a high 17.9% Tier 1 ratio at year-end 2019. Although we understand that this agreement is not binding, we expect the canton would adjust its dividend requirement to allow AKB's CET1 ratio to stay above the target. AKB has not issued any hybrid securities, which results in high quality of capital.

In our view, AKB's earnings are predictable and stable. We forecast a stable net income of Swiss franc (CHF) 100 million-CHF122 million over 2020-2022. We expect the bank's net interest margin (NIM) to come under pressure, largely offset by growing lending volumes. We project strained risk-adjusted profitability and expect AKB's earnings buffer to drop below 0.90x in 2020-2022 from 0.98x in 2019, still broadly in line with that of its Swiss peers. This buffer, which measures a bank's capacity of preprovision operating income to cover normalized (annual average through the cycle) credit losses, would act as a first line of defense.

Table 3

Aargauische Kantonalbank--Capital And Earnings

		--Year ended Dec. 31--			
(Mil. CHF)	**2020***	**2019**	**2018**	**2017**	**2016**
Tier 1 capital ratio	N/A	17.90	17.40	17.10	17.20
S&P Global Ratings' RAC ratio before diversification	N/A	20.61	20.39	20.45	20.51
S&P Global Ratings' RAC ratio after diversification	N/A	16.72	16.69	16.59	16.61
Adjusted common equity/total adjusted capital	100.00	100.00	100.00	100.00	100.00
Net interest income/operating revenue	74.93	73.55	74.50	64.89	68.37
Fee income/operating revenue	18.83	18.24	17.12	16.72	16.22
Market-sensitive income/operating revenue	5.46	6.61	6.54	17.20	14.30
Cost to income ratio	51.72	55.39	54.69	52.86	51.53
Preprovision operating income/average assets	0.64	0.59	0.63	0.67	0.71
Core earnings/average managed assets	0.66	0.59	0.63	0.68	0.74

*Data as of June 30. CHF--Swiss franc. N/A-- Not applicable.

Table 4

Aargauische Kantonalbank--RACF [Risk-Adjusted Capital Framework] Data

(Mil. CHF)	**Exposure***	**Basel III RWA**	**Average Basel III RW(%)**	**S&P Global RWA**	**Average S&P Global RW (%)**
Credit risk					
Government & central banks	4,426.9	0.8	0.0	132.8	3.0
Of which regional governments and local authorities	0.0	0.0	0.0	0.0	0.0
Institutions and CCPs	1,895.4	554.5	29.3	359.9	19.0
Corporate	8,424.2	5,389.4	64.0	5,560.2	66.0
Retail	15,825.5	6,482.6	41.0	4,367.6	27.6
Of which mortgage	14,195.4	5,275.5	37.2	3,291.9	23.2
Securitization§	0.0	0.0	0.0	0.0	0.0
Other assets†	62.7	62.7	100.0	62.1	98.9
Total credit risk	30,634.7	12,490.0	40.8	10,482.6	34.2
Credit valuation adjustment					
Total credit valuation adjustment	--	92.8	--	0.0	--
Market Risk					
Equity in the banking book	51.0	60.3	118.4	366.4	718.9
Trading book market risk	--	37.5	--	56.3	--
Total market risk	--	97.8	--	422.6	--
Operational risk					
Total operational risk	--	710.1	--	734.0	--

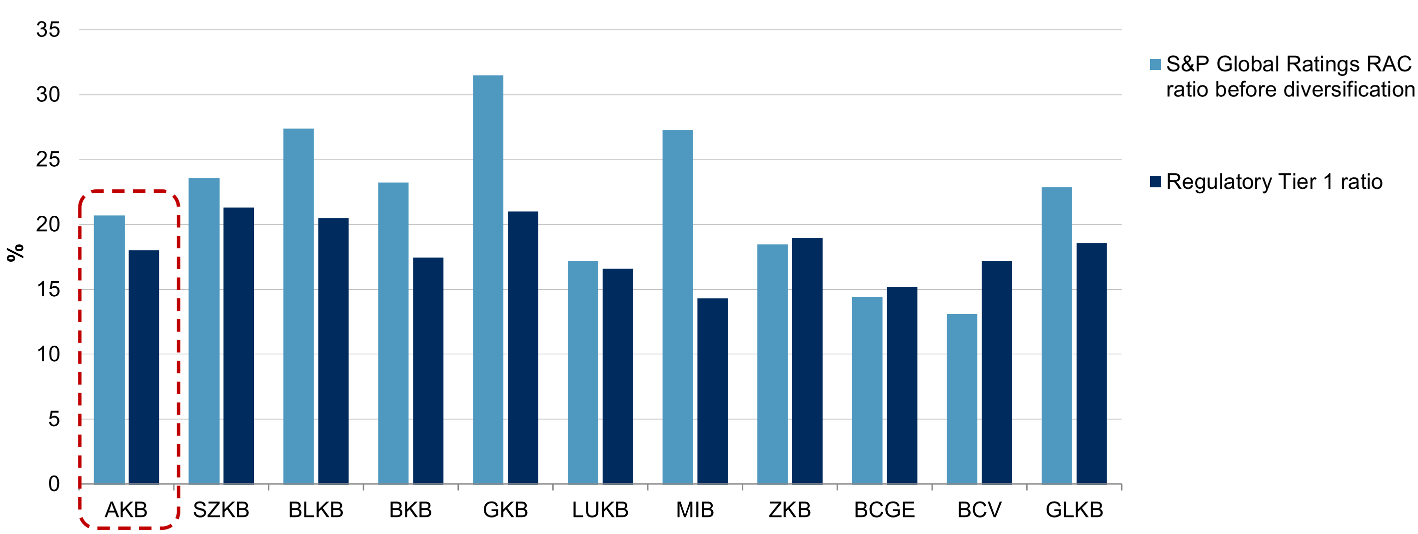
Table 4

Aargauische Kantonalbank--RACF [Risk-Adjusted Capital Framework] Data (cont.)					
(Mil. CHF)	**Exposure**	**Basel III RWA**	**Average Basel II RW (%)**	**S&P Global RWA**	**% of S&P Global RWA**
Diversification adjustments					
RWA before diversification	--	13,390.7	--	11,639.3	100.0
Total Diversification/ Concentration Adjustments	--	--	--	2,704.2	23.2
RWA after diversification	--	13,391	--	14,343.5	123.2
(Mil. CHF)		**Tier 1 capital**	**Tier 1 ratio (%)**	**Total adjusted capital**	**S&P Global RAC ratio (%)**
Capital ratio					
Capital ratio before adjustments		2401.1	17.9	2398.7	20.6
Capital ratio after adjustments‡		2401.1	17.9	2398.7	16.7

*Exposure at default. §Securitization exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g., transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. CHF--Swiss franc. Sources: Company data as of Dec. 31 2019, S&P Global Ratings.

Chart 2

Capitalization



Data as of December 2019. RAC--Risk-adjusted capital. 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. MIB--Migros Bank AG. SZKB--Schwyzer Kantonalbank. ZKB--Zuercher Kantonalbank. Source: S&P Global Ratings.

Risk position: Concentration in residential mortgage lending, but strong risk metrics

We expect AKB's risk position to remain a neutral rating factor. Our base case assumes that Swiss domestic markets will remain resilient against COVID-19 risk. We think that the asset quality of AKB's loan portfolio is well-managed and high, despite its inherent regional and segment concentrations. We base our view on AKB's prudent risk management and lending standards, which we consider to be conservative. We expect that loan book growth will slow slightly, because management is emphasizing risk-adjusted margins, rather than volume growth, particularly in light of difficult operating conditions during the 2020 recession.

As of 2019, AKB's mortgage loan portfolio represented more than 93% of the loan book and mostly consisted of residential real estate loans (75% of total loans). It benefited from its high granularity, high collateralization, and a comparably favorable average loan-to-value ratio of about 62%.

We think that the housing price increases in Switzerland over the past several years has heightened the risk of a correction. Given AKB's focus on mortgage lending, a correction could erode its asset quality. That said, residential real estate price increases in Aargau have been lower than the Swiss average. The growth rate also slowed to a more sustainable level of 0.6% in 2019 and is expected to remain around 2% per year for 2020 and 2021. However, in an adverse scenario, the Aargau housing market would not be able to delink itself from developments in the national housing market.

We generally view commercial lending as riskier than residential real estate loan business. That said, we see AKB's commercial loan portfolio as sound in quality because of its modest exposure to cyclical and riskier sectors, such as tourism or real estate development. Nevertheless, AKB's commercial lending exposes it to higher credit losses in a recessionary scenario than its retail business.

Positively, we anticipate that the bank will maintain its conservative underwriting standards in new mortgage lending, helping it to keep a marginal level of nonperforming loans (NPL) in its loan book. The NPL ratio of 0.7% at the end of 2019 was based on AKB's disclosure of loans at risk, which is more conservative than the 90 days past due standard we usually reference.

AKB makes negligible use of complex products because it is dedicated to the local market and only offers standard products. AKB's loan book consists mainly of longer-term, fixed-rate loans, which are largely funded by shorter-term savings deposits. This exposes the bank to interest rate risks, which are adequately hedged, in our view. Risks from trading activities are very limited, since these are generally client-initiated.

Table 5

Aargauische Kantonalbank--Risk Position

		--Year ended Dec. 31--			
(Mil. CHF)	**2020***	**2019**	**2018**	**2017**	**2016**
Growth in customer loans	2.34	2.45	4.39	4.59	5.29
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	23.23	22.23	23.26	23.45
Total managed assets/adjusted common equity (x)	12.61	12.61	12.38	12.40	12.10
New loan loss provisions/average customer loans	(0.07)	(0.03)	(0.04)	(0.06)	(0.10)
Net charge-offs/average customer loans	N.M.	0.04	0.01	0.03	0.04

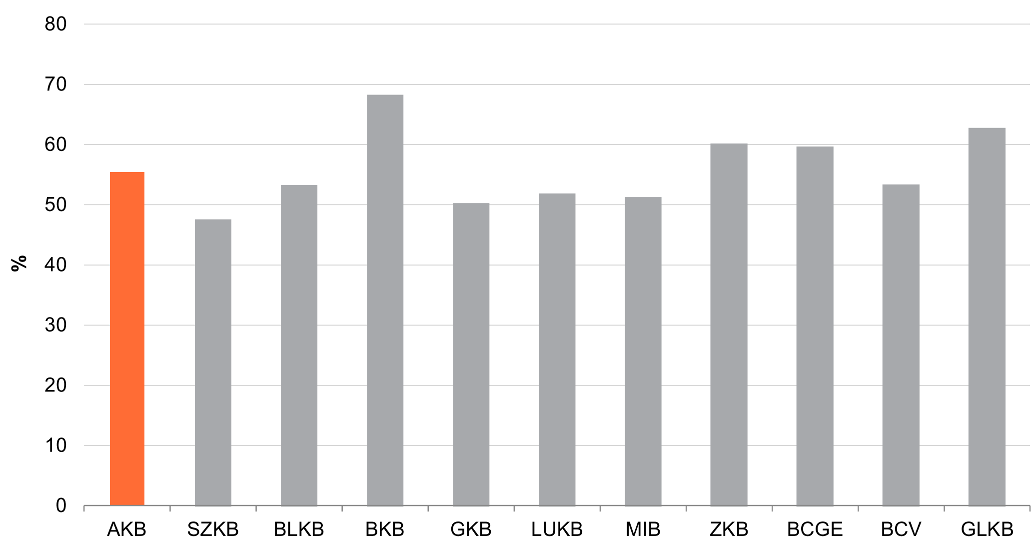
Table 5

Aargauische Kantonalbank--Risk Position (cont.)					
		--Year ended Dec. 31--			
(Mil. CHF)	**2020***	**2019**	**2018**	**2017**	**2016**
Gross nonperforming assets/customer loans + other real estate owned	0.00	0.72	0.70	0.79	0.98
Loan loss reserves/gross nonperforming assets	N.M.	42.57	50.25	50.89	53.38

*Data as of June 30. RWA--Risk-weighted assets. N/A--Not applicable. N.M.--Not meaningful.

Chart 3

Cost-To-Income Ratio



Cost-to-income ratio is defined as noninterest expense as % of operating revenue. Data relates to FY2019. 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. MIB--Migros Bank AG. SZKB--Schwyzer Kantonalbank. ZKB--Zuercher Kantonalbank. Source: S&P Global Ratings.

Funding and liquidity: Stable funding base, owing to a strong retail franchise

We expect that our funding assessment for AKB will remain comfortably in line with domestic peers. At the same time, we see the bank's liquidity position and management as a strength. Funding and liquidity benefits from the stability of customer deposits, supported by the guarantee provided by the canton. The bank's core customer deposits accounted for 68.6% of its funding base and 83% of its loan portfolio as of June 2020.

In addition, its leverage ratio stood at 7.9% of total assets in June 2020. Due to the cantonal guarantee, we expect AKB's customer deposits will remain very stable, also in times of stress. That said, we expect customer loans will continue to exceed customer deposits by 125%-130%, which indicates AKB's dependency on other means of funding.

These additional sources of AKB's funding mix are diversified between capital market funding, via secured and unsecured instruments, and interbank funding. We expect AKB's stable funding ratio--our measure of available long-term funding relative to long-term funding needs--will remain around 110% over the next few years, which is broadly comparable with that at other rated cantonal banks.

Our strong liquidity assessment mainly indicates that AKB's broad liquid assets comfortable covered its short-term wholesale funding needs by 1.7x as of year-end 2019, implying that it can operate for more than 12 months with no access to market funding. This level of liquid assets to short-term liquidity needs is in line with strong levels at most other rated cantonal banks. Furthermore, broad liquid assets over short-term wholesale funding still exceeds short-term customer deposits by about 13% as of year-end 2019. The regulatory liquidity coverage ratio, which is based on the 30-day time horizon, had increased to 155% by the end of June 2020, from 138% a year before. We consider that the bank has proper governance in place to prevent any funding concentrations and undergoes regular stress testing. Although some funding is in U.S. dollar and euro, we do not anticipate a material increase in risk in its funding profile.

Owing to AKB's close ties with, and the statutory guarantee by, the canton, we do not think that the bank would be exposed to large withdrawals of customer deposits in times of stress. On the contrary, during the global financial crisis, we observed a flight to quality that strengthened AKB's funding and liquidity profile. Nevertheless, AKB also considers severe idiosyncratic stress in its stress testing.

Table 6

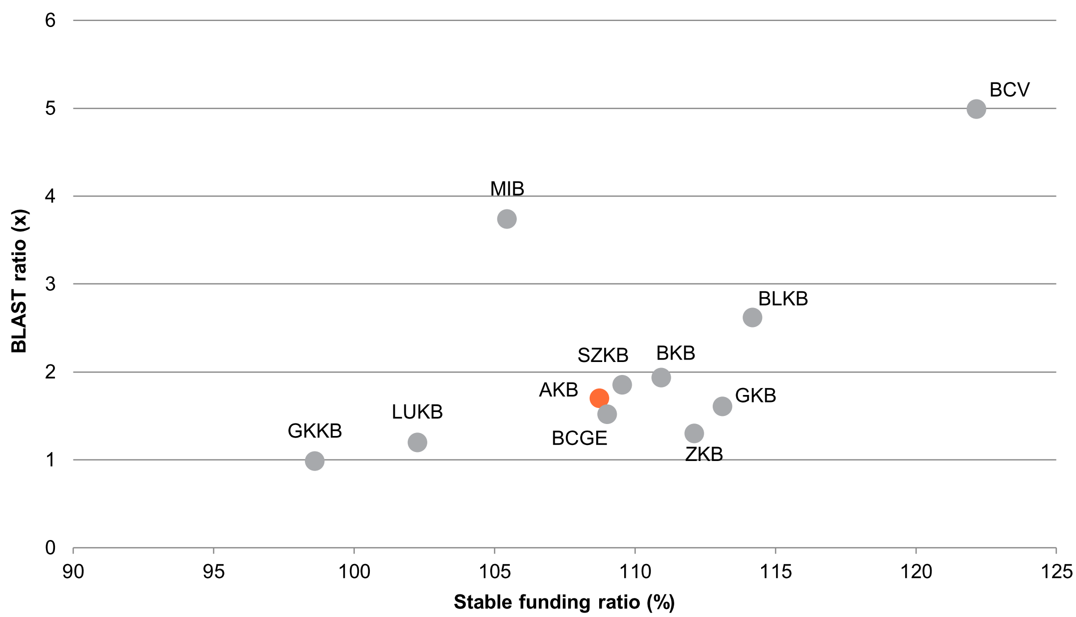
Aargauische Kantonalbank--Funding And Liquidity

		--Year ended Dec. 31--			
(Mil. CHF)	**2020***	**2019**	**2018**	**2017**	**2016**
Core deposits/funding base	68.55	68.42	70.84	70.79	71.53
Customer loans (net)/customer deposits	120.07	124.29	124.88	126.07	127.79
Long-term funding ratio	88.68	88.56	91.35	90.33	91.04
Stable funding ratio	N/A	108.75	108.00	107.01	105.52
Short-term wholesale funding/funding base	12.31	12.47	9.44	10.57	9.81
Broad liquid assets/short-term wholesale funding (x)	N/A	1.69	1.87	1.68	1.61
Net broad liquid assets/short-term customer deposits	N/A	13.08	12.03	10.60	8.85
Short-term wholesale funding/total wholesale funding	39.13	39.48	32.38	36.17	34.47
Narrow liquid assets/three-month wholesale funding (x)	N/A	3.39	2.90	2.84	2.59

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

Chart 4

Funding And Liquidity Profile



BLAST ratio is calculated as broad liquid assets divided by short-term wholesale funding. Ratios as of Dec. 2019. 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. MIB--Migros Bank AG. SZKB--Schwyzer Kantonalbank. ZKB--Zuercher Kantonalbank. Source: S&P Global Ratings.

Support: Extremely high likelihood of extraordinary support

We expect AKB to remain a GRE, given its full ownership by Aargau. The long-term rating on AKB is two notches higher than its SACP, reflecting our opinion of an extremely high likelihood of timely and sufficient extraordinary government support for AKB from its owner in the event of financial distress.

We view AKB as having an integral link with and a very important role for Aargau, which is largely facilitated by the cantonal bank law. The law stipulates the cantonal ownership and guarantee, as well as the objectives of the bank. We think a potential default of AKB would have a significant systemic impact on the local economy, which further incentivizes support mechanisms for the bank if it encounters financial distress.

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

Environmental, social, and governance

ESG factors have a neutral impact in our assessment of AKB's credit worthiness. Social and environmental credit factors are in line with those of peers in the banking industry, while the bank's governance standards are comparable with the practice in its home country.

Related Criteria

- 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
- 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
- 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

Related Research

- COVID-19: Swiss Banking Sector To Remain Resilient, June 17, 2020
- Research Update: Canton of Aargau 'AA+/A-1+' Ratings Affirmed; Outlook Stable, Jun 19, 2020
- Banking Industry Country Risk Assessment: Switzerland, Nov. 20, 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 November 12, 2020)*		
Aargauische Kantonalbank		
Issuer Credit Rating		AA/Stable/A-1+
Issuer Credit Ratings History		
24-Jul-2018	*Foreign Currency*	AA/Stable/A-1+
26-Jul-2016		AA+/Negative/A-1+
01-Dec-2014		AA+/Stable/A-1+
24-Jul-2018	*Local Currency*	AA/Stable/A-1+
26-Jul-2016		AA+/Negative/A-1+
01-Dec-2014		AA+/Stable/A-1+
Sovereign Rating		
Switzerland		AAA/Stable/A-1+
Related Entities		
Aargau (Canton of)		
Issuer Credit Rating		AA+/Stable/A-1+
Senior Unsecured		AA+

*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.