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Glarner Kantonalbank

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Glarner Kantonalbank

SACP	a-	+	Support	+4	+	Additional Factors	-1

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

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

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

Major Rating Factors

Strengths:	Weaknesses:
• Sound retail banking franchise in the small canton and a loan book dominated by well-collateralized residential mortgages. • Very strong capitalization. • Extremely high likelihood of receiving extraordinary government support from the Canton of Glarus, if needed.	• Uncertainties as a result of proposed changes to the cantonal bank law. • Weaker cost efficiency than most rated cantonal peers and concentration risk from focus on residential mortgage lending in Glarus and the neighboring economic area.

Outlook: Negative

The negative outlook reflects S&P Global Ratings' view that we could lower the rating on Glarner Kantonalbank (GLKB) over the next 12-24 months, during which time we expect more clarity with respect to the local government's supportive stance toward the bank and planned change of the cantonal bank law. These factors will affect our assessment of the likelihood of extraordinary and ongoing local government support, which we incorporate into the rating.

Downside scenario

We could lower the rating if we concluded that the canton's ties to the bank had deteriorated in light of the ongoing discussion and if the measures under the current proposal became effective after a final vote by the people of Glarus. This would likely lead us to reduce the number of notches we factor in for government-related entity (GRE) uplift and the bank's stand-alone credit profile (SACP) and subsequently lead to a multiple-notch downgrade.

Upside scenario

We could revise the outlook to stable if the planned change to the existing cantonal bank law does not materialize and the legislative process indicates that the bank's link to and role for the canton are not going to weaken over the next two years.

Improvements in GLKB's SACP, which we consider very remote, would not translate into an upgrade.

Rationale

We consider GLKB's banking franchise to be weaker than that of most rated cantonal banks. This is because it materially relies on a less stable and more-price-sensitive customer base outside Glarus. GLKB's superior capital position remains its main rating strength, reflected by our projected risk-adjusted capital (RAC) ratio of 23%-24% in the next 18-24 months. The bank's risk profile is characterized by concentration risks in its mortgage loan portfolio, which have been mitigated by sound overcollateralization levels and asset quality in the past decade. The bank managed COVID-19-induced economic stress without material loan loss provisions, which highlights its robust risk management processes and standards. GLKB's funding profile is a rating weakness compared with domestic peers, reflecting relatively high usage of wholesale funding and moderate funding metrics. We view the bank's liquidity buffers as sufficient to meet expected outflows in a stressed scenario.

Our ratings on GLKB include uplift for potential extraordinary government support on top of its 'a-' SACP, resulting in the 'AA-' long-term issuer credit rating. While we still expect GLKB to receive timely and sufficient extraordinary support from Glarus if needed, the local government's intentions to change the cantonal bank law will gradually weaken GLKB's ties to its owner, in our view.

GLKB's SACP also currently incorporates significant ongoing implicit support benefits--for example lower funding costs and a sticky deposit base--which support the bank's overall profitability and stability. Following more clarity on how quickly the likelihood of government support could deteriorate, we would also reassess the implicit ongoing benefits that we currently incorporate into the SACP.

Anchor: 'a-' for banks operating only in Switzerland.

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

We expect Switzerland's economy to have contracted materially in 2020 due to the spread of COVID-19, but to fully recover over the coming two years. Under this base case, we think the Swiss banking sector will remain resilient, supported by very high household income levels and a proven stress-resilient corporate sector. We think the Swiss authorities' material support measures should cushion the short-term effect on Swiss banks' loan books. Additionally, we view positively banks' prudent loan underwriting standards and high collateralization of 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 price growth in the owner-occupied segment will remain muted in the wake of the pandemic. However, a particular risk remains the investment property segment, where we already observed signs of a price correction 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 positively the limited presence of foreign players, the banks' high capitalization levels in an international comparison, and their low reliance on capital markets for funding. In our view, the Swiss regulator is advanced in terms of both regulatory oversight and innovations. We think FINMA's thorough investigations of past international large-scale money-laundering cases has improved market discipline. In particular, we consider compliance with the highest anti-money-laundering standards to be crucial to banking sector stability, reflecting the importance of the wealth management industry.

We expect that banks' interest margins will further gradually decline in a permanent low interest-rate environment. However, 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 as limited as of today given the small size of the market and high barriers of entry, and already technologically well-equipped banks.

Table 1

Glarner Kantonalbank--Key Figures					
	--Year-ended Dec. 31--				
(Mil. CHF)	**2020***	**2019**	**2018**	**2017**	**2016**
Adjusted assets	6,865.7	6,400.8	5,978.7	5,637.5	5,276.7
Customer loans (gross)	5,399.0	5,310.8	4,950.5	4,798.3	4,606.1
Adjusted common equity	334.5	328.1	311.0	301.0	292.1
Operating revenues	45.1	84.3	78.8	73.8	65.8
Noninterest expenses	26.7	52.8	50.2	48.2	45.6
Core earnings	13.2	20.9	21.3	19.4	16.8

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

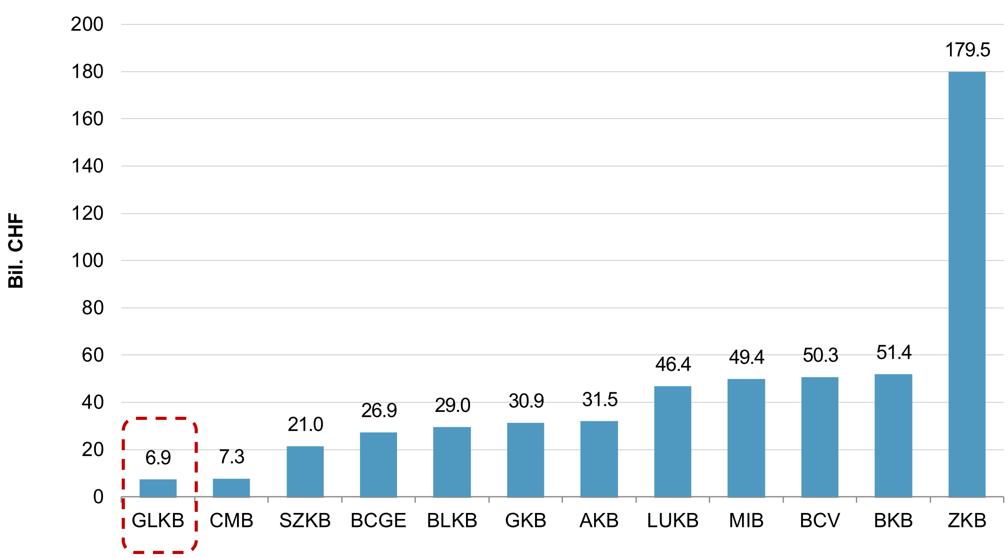
Business position: Growth strategy outside home canton weakens business stability

We consider GLKB's franchise weaker than those of peers in Switzerland and European markets with a similar industry risk profile, such as Germany, Austria, and France. This stems from its focus on expanding its loan book outside the home canton. In our view, this results in a more price-sensitive and less stable customer base, in particular during an economic downturn. That said, the bank has so far demonstrated resilience since the outbreak of COVID-19 and has felt no significant financial impact from the pandemic.

GLKB is a small Swiss cantonal bank (see chart 1) and the leading bank for retail and corporate clients in its home canton with a population of roughly 40,000 people. It focuses on residential mortgage lending near Glarus and online mortgages in German-speaking Switzerland through its online platform, hypomat.

Chart 1

Size Of Rated Swiss Cantonal Banks
GLKB is the smallest rated Swiss cantonal bank



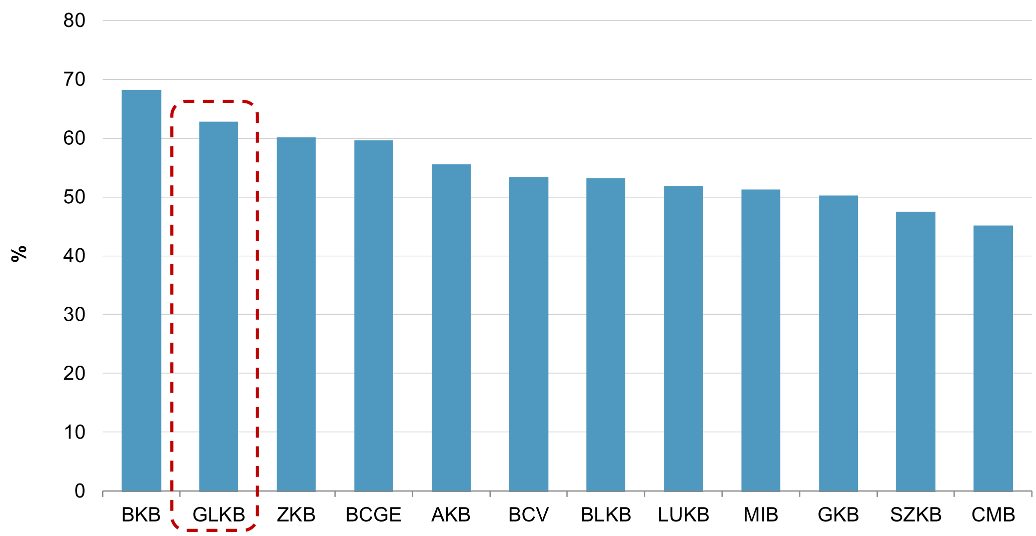
Data relates to June-2020. CHF--Swiss franc. AKB--Aargauische Kantonalbank. BCGE--Banque Cantonale de Geneve. BCV--Banque Cantonale Vaudoise. BLKB--Basellandschaftliche Kantonalbank. BKB--Basler Kantonalbank. CMB - Cembra Money Bank GLKB--Glarner Kantonalbank. GKB--Graubuendner Kantonalbank. MIB--Migros Bank. LUKB--Luzerner Kantonalbank. SZKB--Schwyzer Kantonalbank. ZKB--Zuercher Kantonalbank. Source: S&P Global Ratings.

Small-scale corporate banking and asset management activities round out GLKB's franchise. The bank generates additional income by offering administration services for mortgage loans to third parties and selling hypomat licenses. Both initiatives support our view that GLKB is proactively executing strategic measures to cope with the trends in retail banking toward full digitalization and, in particular, platforms. However, we do not yet consider this business line significant enough to provide substantial diversification in terms of risk and earnings. We also believe that it might cannibalize the bank's residential mortgage franchise, which could result in fewer growth opportunities than previous years.

GLKB has demonstrated sound profitability with increasing revenues since 2009, backed by its growth strategy, which we expect to continue. While the bank's cost-efficiency has steadily improved since 2015, that ratio is weaker than for most of its main cantonal peers, which are typically at 50%-60% (see chart 2). The bank has recently announced some key changes within the management team of GLKB. We expect that the new leadership will not change the current strategic direction of the bank.

Chart 2

Peer Comparison Of Cost-To-Income Ratio
GLKB's cost efficiency remains somewhat weaker than most cantonal bank peers'



Cost-to-income ratio is defined as noninterest expense as % of operating revenues. Data relates to FY-2019. AKB--Aargauische Kantonalbank. BCGE--Banque Cantonale de Geneve. BCV--Banque Cantonale Vaudoise. BLKB--Basellandschaftliche Kantonalbank. BKB--Basler Kantonalbank. CMB - CEMBRA Money Bank. GLKB--Glarner Kantonalbank. GKB--Graubuendner Kantonalbank. MIB--Migros Bank. LUKB--Luzerner Kantonalbank. SZKB--Schwyzer Kantonalbank. ZKB--Zuercher Kantonalbank. Source: S&P Global Ratings.

Table 2

Glarner Kantonalbank--Business Position					
		--Year-ended Dec. 31--			
(%)	2020*	2019	2018	2017	2016
Loan market share in country of domicile	N/A	0.4	0.4	0.4	0.4
Deposit market share in country of domicile	N/A	0.3	0.3	0.3	0.3
Total revenues from business line (currency in millions)	45.1	89.4	79.5	74.5	66.7
Return on average common equity	7.7	7.5	6.9	6.5	5.9

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

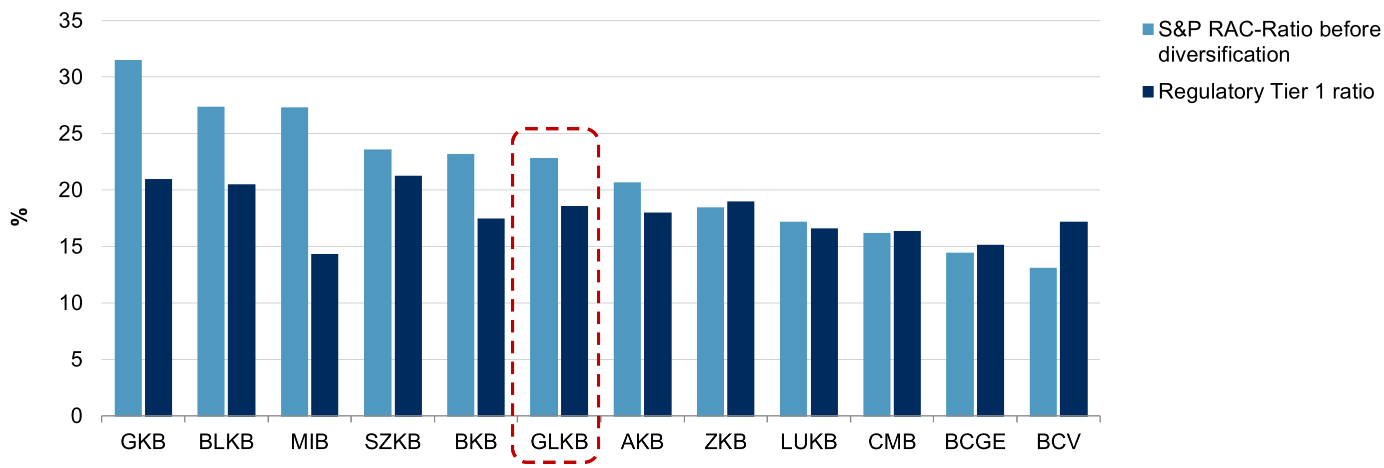
Capital and earnings: Solid capitalization remains a key rating strength

GLKB's capital is its main rating strength, highlighted by our expectation that its RAC ratio will remain 23.0%-24.0% over the next 18-24 months, compared with 22.8% as of Dec. 31, 2019. The ratio is stronger than many rated banks globally and in line with other cantonal banks in Switzerland (see chart 3). We expect loan and risk-weighted-assets growth of roughly 3% on an annual basis until 2022. This is somewhat lower than what we previously projected and reflects muted credit growth opportunities as a result of the pandemic.

Chart 3

Peer Comparison Of Capital Ratios

GLKB's capitalization remains very strong, in a global comparison and among rated cantonal banks



Ratios as of Dec 2019. AKB--Aargauische Kantonalbank. BCGE--Banque Cantonale de Geneve. BCV--Banque Cantonale Vaudoise. BLKB--Basellandschaftliche Kantonalbank. BKB--Basler Kantonalbank. CMB - CEMBRA Money Bank. GLKB--Glarner Kantonalbank. GKB--Graubuendner Kantonalbank. MIB--Migros Bank. LUKB--Luzerner Kantonalbank. SZKB--Schwyzer Kantonalbank. ZKB--Zuercher Kantonalbank. Source: S&P Global Ratings.

GLKB's regulatory Tier 1 ratio was, at 18.5% at Dec. 31, 2019, comparably lower than its RAC ratio because we apply lower risk weights than the Swiss regulator to Swiss retail loans.

The bank has outstanding CHF200 million additional tier 1 (AT1) instruments that we partially classify as a component of our total adjusted capital (TAC), S&P Global Ratings' core capital metric. The proportion of these hybrid instruments in TAC is higher for GLKB (25%) than most cantonal peers, and we therefore assess the bank's capital quality as slightly weaker than peers'.

In our base-case scenario, we forecast net income under Swiss accounting standards will be CHF15 million-CHF20 million until 2022 and expect GLKB will maintain its dividend payout ratio at 50%-60%. The bank is publicly traded with about 31.7% of shares sold to external investors. The canton of Glarus aims to reduce its current majority ownership toward 33% over the next two-to-four years, if planned changes to the cantonal bank law becomes effective. In our view, this could increase the payout ratio as new investors will scrutinize GLKB's very high capital ratios.

Table 3

Glarner Kantonalbank--Capital And Earnings

		--Year-ended Dec. 31--			
(%)	**2020***	**2019**	**2018**	**2017**	**2016**
Tier 1 capital ratio	N/A	18.5	17.9	17.0	17.2
S&P Global Ratings' RAC ratio before diversification	N/A	22.8	23.8	23.0	23.3
S&P Global Ratings' RAC ratio after diversification	N/A	14.6	15.9	16.7	15.0
Adjusted common equity/total adjusted capital	75.2	75.2	75.2	75.2	75.2
Net interest income/operating revenues	77.2	73.1	76.0	75.2	74.0
Fee income/operating revenues	14.7	14.7	13.7	13.7	13.6
Market-sensitive income/operating revenues	4.5	8.7	8.8	9.5	9.2
Cost to income ratio	59.3	62.6	63.6	65.3	69.3
Preprovision operating income/average assets	0.6	0.5	0.5	0.5	0.4
Core earnings/average managed assets	0.4	0.3	0.4	0.4	0.3

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

Table 4

Glarner Kantonalbank--RACF [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 & central banks	701,637.0	0.0	0.0	0.0	0.0
Of which regional governments and local authorities	0.0	0.0	0.0	0.0	0.0
Institutions and CCPs	208,142.0	64,800.0	31.1	48,140.8	23.1
Corporate	268,100.0	164,537.5	61.4	176,818.3	66.0
Retail	5,181,567.0	2,398,750.0	46.3	1,454,516.2	28.1
Of which mortgage	4,590,134.0	1,922,475.0	41.9	1,064,452.1	23.2
Securitization§	0.0	0.0	0.0	0.0	0.0
Other assets†	0.0	0.0	0.0	0.0	0.0
Total credit risk	6,359,446.0	2,628,087.5	41.3	1,679,475.4	26.4
Credit valuation adjustment					
Total credit valuation adjustment	--	28,250.0	--	0.0	--
Market Risk					
Equity in the banking book	9,776.0	61,100.0	625.0	73,320.0	750.0
Trading book market risk	--	2,675.0	--	4,012.5	--
Total market risk	--	63,775.0	--	77,332.5	--
Operational risk					
Total operational risk	--	139,950.0	--	160,525.1	--
(CHF 000s)	**Exposure**	**Basel III RWA**	**Average Basel II RW (%)**	**S&P Global RWA**	**% of S&P Global RWA**
Diversification adjustments					
RWA before diversification	--	2,860,062.5	--	1,917,333.0	100.0

Table 4

Glarner Kantonalbank--RACF [Risk-Adjusted Capital Framework] Data (cont.)					
Total Diversification/ Concentration Adjustments	--	--	--	1,077,059.2	56.2
RWA after diversification	--	2,860,062.5	--	2,994,392.2	156.2
(CHF 000s)		Tier 1 capital	Tier 1 ratio (%)	Total adjusted capital	S&P Global RAC ratio (%)
Capital ratio					
Capital ratio before adjustments		530,467.0	18.5	436,430.2	22.8
Capital ratio after adjustments‡		530,467.0	18.5	436,430.2	14.6

*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 2019', S&P Global Ratings.

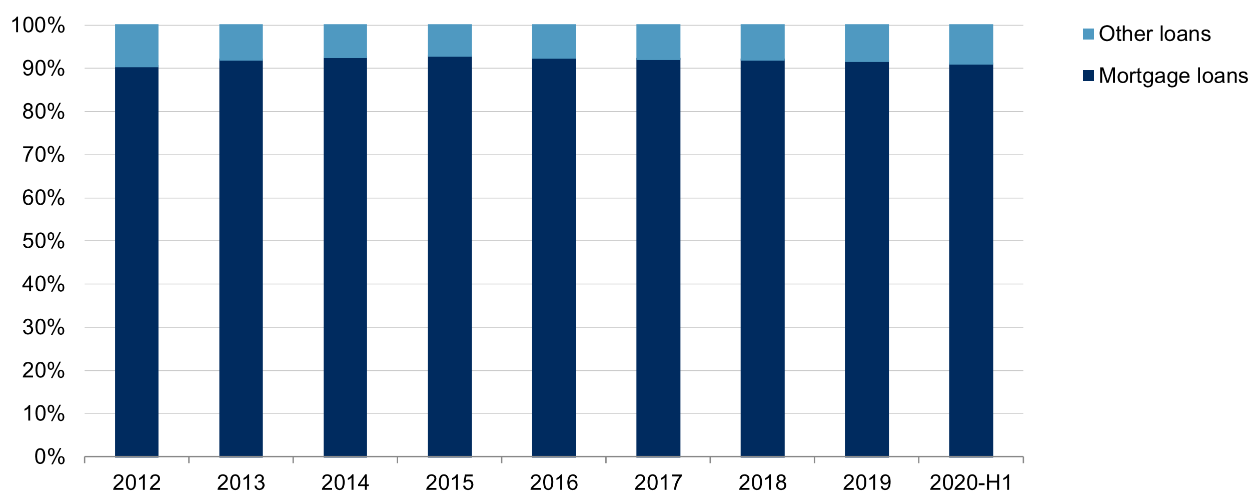
Risk position: Concentration in residential mortgage lending buffered by sound collateralization

GLKB's business model focuses on well-collateralized lending categories, such as mortgages, small and midsize enterprises, and consumer financing. The bank's risk profile is characterized by concentration risks in its mortgage loan portfolio (see chart 4), mitigated by sound overcollateralization levels. The solid collateralization somewhat offsets concentrations risks, in our view, and is rating-neutral.

Chart 4

GLKB's Loan Portfolio Development Since 2012

Concentration risk due to high but well-collateralized mortgage loan book



Source: Glarner Kantonalbank and S&P Global Ratings.

Loans backed by commercial real estate account for about 10% of the total loan book. Since the start of the pandemic in March 2020, the bank has taken operational measures to monitor and stress test the most vulnerable exposures in its loan book to remain proactive when it comes to default risks.

Growth in customer loans has been significantly above market levels, at an average annual rate of about 6%-7% over the last 10 years, because of GLKB's focus on business opportunities in neighboring regions mainly through online mortgage loans. That said, the bank is more restrictive regarding the type of mortgages available on its online platform. Although GLKB's organic loan growth slowed down over 2020, we expect its loan book will continue to be at least in line with the domestic market average, also driven by purchases of Swiss mortgage portfolios from domestic insurance companies.

Despite offering online mortgages nationwide, the bank's regional concentration in mortgage lending remains significant, especially when accounting for exposure to the nearby canton of Zurich and Glarus' direct neighbors. We believe it exposes GLKB to concentration risks, which are partially offset by high collateralization of the mortgage loan portfolio (estimated average loan-to-value ratio of 55% for mortgage loans as of June 30, 2020).

We think that previous house price increases in Switzerland have heightened the risk of correction and subsequently could hamper GLKB's sound asset quality. Positively, the bank mostly avoids complex products, and we expect it to maintain its sound underwriting practices in new mortgage lending, helping it continue to report low levels of nonperforming loans (NPLs; 90 days past due) in its loan book (about 0.2% of the total at Dec. 31, 2019). This supports our estimate that the cost of risk will increase only slightly over the next two years and will stay close to 10 basis points afterward. This remains below our estimate for the Swiss market.

GLKB has limited market risk, including mainly interest rate risk from mismatches in asset-liability management activities, but these are adequately hedged, in our view. We do not see material non-financial risks for GLKB's business model.

Table 5

Glarner Kantonalbank--Risk Position

		--Year-ended Dec. 31--			
(%)	**2020***	**2019**	**2018**	**2017**	**2016**
Growth in customer loans	3.3	7.3	3.2	4.2	7.2
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	56.2	49.3	37.5	54.5
Total managed assets/adjusted common equity (x)	20.5	19.5	19.2	18.7	18.1
New loan loss provisions/average customer loans	0.1	0.1	0.1	0.0	0.0
Gross nonperforming assets/customer loans + other real estate owned	N/A	0.2	0.1	0.0	0.0
Loan loss reserves/gross nonperforming assets	N/A	260.2	485.3	1,693.4	3,470.4

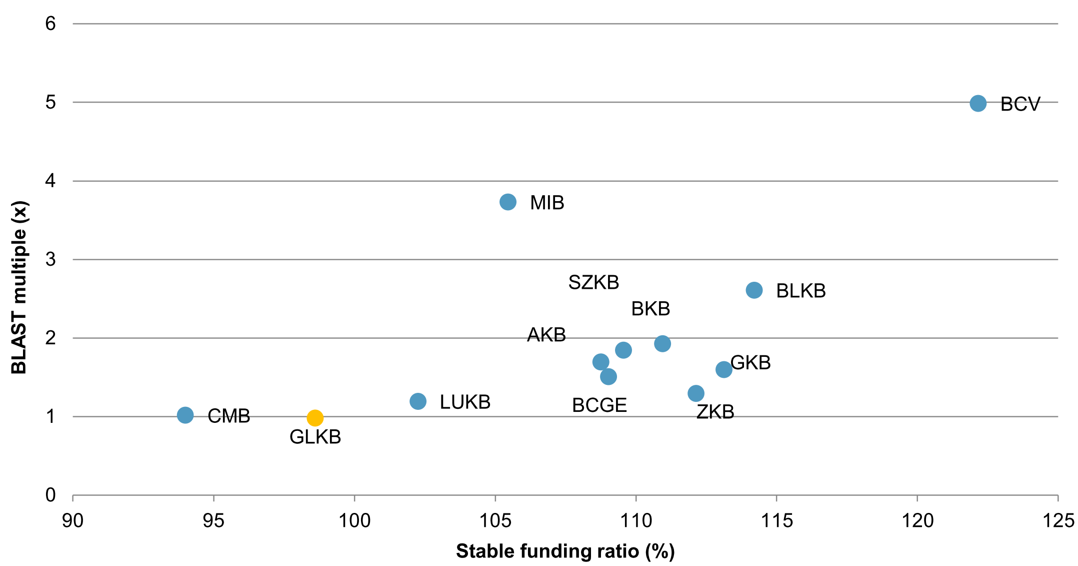
*Data as of June 30. N/A--Not applicable.

Funding and liquidity: Below-average metrics, but funding stability is aided by the cantonal guarantee

We view GLKB's funding profile as weaker than those of most domestic peers, because the bank has a high dependency on wholesale funding sources mainly through interbank and capital market funding (see chart 5). This is owing to a lack of sufficient customer deposits to fund ongoing strong balance sheet growth. Its ratio of customer loans to customer deposits will remain materially weaker than the average of rated peers, in our view, with the ratio hovering near 140%-145% over the coming years. This exposes the bank to the risk of not being able to replace maturing debt with new issuances during times of stress.

Chart 5

Peer Comparison Of Funding And Liquidity Ratios
GLKB among the rated cantonal banks with the weakest funding metrics



BLAST multiple 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. CMB - CEMBRA Money Bank. GLKB--Glarner Kantonalbank. GKB--Graubuendner Kantonalbank. MIB--Migros Bank. LUKB--Luzerner Kantonalbank. SZKB--Schwyzer Kantonalbank. ZKB--Zuercher Kantonalbank. Source: S&P Global Ratings.

GLKB's core customer deposits accounted for 60% of its funding base as of June 30, 2020. However, due to the cantonal guarantee, we expect this to remain very stable for the time being. We do not think that a potential removal of the guarantee will materially change the funding composition. We expect the bank's stable funding ratio will remain below 100% over the next few years--a level at the lower end compared with metrics of other rated cantonal banks.

GLKB benefits from its close ties with, and being guaranteed by, Glarus. We expect the bank's access to liquidity to potentially benefit from a "flight to quality" effect in more challenging economic conditions. The bank's loyal customer deposit base supports its liquidity, and we would not expect large-scale withdrawals in times of stress. When COVID-19 hit, for instance, the bank saw no large liquidity outflows.

We expect the bank to maintain an adequate coverage of short-term wholesale funding sources of total funding by liquid assets (BLAST ratio; 1.0-1.2x). However, most peer cantonal banks demonstrate materially stronger metrics and GLKB's weaker liquidity ratio mirrors the bank's relatively lower cash reserves held at central banks and, in our view, a smaller and less liquid security portfolio than some peers. We also consider the risk that maturing debt issuances could drain a significant portion of GLKB's liquidity in a stress scenario. We see this risk as more pronounced than for peers, given the bank's small size but significant wholesale funding activities. Overall, we expect GLKB could operate for more than six months without access to market funding in an adverse scenario.

Table 5

Glarner Kantonalbank--Funding And Liquidity					
		--Year-ended Dec. 31--			
(%)	2020*	2019	2018	2017	2016
Core deposits/funding base	60.2	63.1	66.5	66.2	68.3
Customer loans (net)/customer deposits	143.3	144.3	136.8	141.3	141.5
Long-term funding ratio	83.0	86.1	89.2	86.0	88.0
Stable funding ratio	98.7	98.6	102.0	96.3	95.2
Short-term wholesale funding/funding base	18.5	15.2	11.8	15.4	13.2
Broad liquid assets/short-term wholesale funding (x)	1.0	1.0	1.3	0.8	0.7
Net broad liquid assets/short-term customer deposits	(0.3)	(0.6)	5.1	(4.3)	(5.5)
Short-term wholesale funding/total wholesale funding	43.0	37.7	31.8	41.4	37.3
Narrow liquid assets/3-month wholesale funding (x)	2.8	2.7	4.8	1.6	1.5

*Data as of June 30.

External support: Likelihood of extraordinary local government support will likely reduce over time

We consider GLKB a government-related entity (GRE). The 'AA-' long-term rating on the bank reflects our view that there is an extremely high likelihood of timely and sufficient extraordinary support from Glarus, if needed. We base this on our view of the bank's still integral link with and very important role for the canton.

That said, we lowered our ratings on GLKB and revised the outlook to negative in December 2020, in light of the potential amendments to the cantonal bank law that will be presented to Glarus' citizens for a direct vote, at the earliest in May 2021. We expect a gradual weakening of GLKB's role and link to the majority owner and a gradual decline in the likelihood of extraordinary government support to the bank over time as a result of the local government's intentions and the proposed changes to the legislation.

We think that the ongoing discussion and the planned measures to reduce the government's ownership and to remove the cantonal guarantee are significant factors, indicating that the government's propensity to timely and sufficiently support GLKB in a stressed scenario is weakening over time. We will monitor the developments until the citizens of Glarus cast their final vote. We could lower or even remove our assessment of the bank's status as a GRE, depending on the people's vote. This would result in our lowering the rating, potentially by multiple notches, as reflected in our negative rating outlook.

That said, the bank remains one of the most important financial institutions in Glarus with its market share of roughly 50% in mortgage loans and 40% in retail deposits. We understand that the government aims to remain an important shareholder in the future with its targeted 33% equity and voting stake to steer the bank's important strategic decisions. As a result, we do not believe that the link with and role for the local government will change abruptly, but rather will likely gradually deteriorate over time, with the pace depending on the outcome of the people's vote.

Environmental, Social, and Governance (ESG) factors

GLKB's ESG credit factors are in line with those of its industry and domestic peers and not a rating differentiator, in our view. Within its ESG strategy, for example, the bank excludes certain corporate sectors from its business undertakings. We will follow management's efforts to improve the bank's ESG standing but we do not think

ESG-related issues will be its key focus for the time being.

Related Criteria

- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Financial Institutions | Banks: Bank Rating Methodology And Assumptions: Additional Loss-Absorbing Capacity, April 27, 2015
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- Criteria | Financial Institutions | Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Criteria | Financial Institutions | Banks: 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: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Banking Industry Country Risk Assessment: Switzerland, Jan. 06, 2021
- Swiss Glarner Kantonalbank Downgraded To 'AA-' On Expected Weakening Of Local Government Support; Outlook Negative, Dec. 11, 2020
- Research Update: Switzerland 'AAA/A-1+' Ratings Affirmed; Outlook Stable, Aug. 21, 2020
- COVID-19: Swiss Banking Sector To Remain Resilient, Jun. 17, 2020
- Potential Revision To Glarus' Cantonal Bank Law Could Lead To Downgrade Of Swiss-Based Glarner Kantonalbank, Jun. 12, 2020
- Tech Disruption In Retail Banking: Swiss Banks Are In No Rush To Become Digital Frontrunners, Feb. 13, 2020
- Swiss Cantonal Banks: Ratings As High As The Alps, Jan. 31, 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 January 28, 2021)*

Glarner Kantonalbank	
Issuer Credit Rating	AA-/Negative/A-1+
Issuer Credit Ratings History	
11-Dec-2020	AA-/Negative/A-1+
09-Mar-2017	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.

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